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REPORT

on the European Semester for economic policy coordination: Annual Growth Survey 2016
(2015/2285(INI))

Committee on Economic and Monetary Affairs

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(*) Associated committees – Rule 54 of the Rules of Procedure

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(*) Associated committees – Rule 54 of the Rules of Procedure

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for economic policy coordination: Annual Growth Survey 2016 (2015/2285(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Articles 121(2), 136 and 148 thereof,
- having regard to Article 9 TFEU (horizontal social clause),
- having regard to Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies¹,
- having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States²,
- having regard to Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area³,
- having regard to Council Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure⁴,
- having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances⁵,
- having regard to Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area⁶,
- having regard to Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area⁷,
- having regard to Regulation (EU) No 472/2013 of the European Parliament and of the

¹ OJ L 306, 23.11.2011, p. 12.

² OJ L 306, 23.11.2011, p. 41.

³ OJ L 306, 23.11.2011, p. 8.

⁴ OJ L 306, 23.11.2011, p. 33.

⁵ OJ L 306, 23.11.2011, p. 25.

⁶ OJ L 306, 23.11.2011, p. 1.

⁷ OJ L 140, 27.5.2013, p. 11.

Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability¹,

- having regard to the conclusions of the European Council of 25-26 March 2010 and 17 June 2010, as well as to the Commission communication of 3 March 2010 entitled ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to Council Recommendation (EU) 2015/1184 of 14 July 2015 on broad guidelines for the economic policies of the Member States and of the European Union²,
- having regard to Council Decision (EU) 2015/1848 of 5 October 2015 on guidelines for the employment policies of the Member States for 2015³,
- having regard to Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments⁴,
- having regard to the Commission communication of 13 January 2015 on making the best use of the flexibility within the existing rules of the stability and growth pact (COM(2015)0012),
- having regard to its resolution of 24 June 2015 on the review of the economic governance framework: stocktaking and challenges⁵,
- having regard to the Report on completing Europe’s economic and monetary union (‘Five Presidents’ Report’),
- having regard to the Commission communication of 21 October 2015 on steps towards Completing Economic and Monetary Union (COM(2015)0600),
- having regard to the G20 Leaders’ communiqué from the Antalya Summit of 15-16 November 2015,
- having regard to the International Monetary Fund’s Update of Staff Sustainability Assessments for the G-20 Mutual Assessment Process on Imbalances and Growth (October 2015),
- having regard to the COP 21 agreement adopted at the Paris Climate Conference on 12 December 2015,
- having regard to the Commission’s European Economic Forecast of Autumn 2015,

¹ OJ L 140, 27.5.2013, p. 1.

² OJ L 192, 18.7.2015, p. 27.

³ OJ L 268, 15.10.2015, p. 28.

⁴ OJ L 169, 1.7.2015, p. 1.

⁵ Texts adopted, P8_TA(2015)0238.

- having regard to the studies and in-depth analyses on economic policy coordination in the euro area under the European Semester prepared for the Economic and Monetary Affairs Committee (November 2015),
 - having regard to the Commission communication of 26 November 2015 on the Annual Growth Survey 2016 (COM(2015)0690), the Alert Mechanism Report 2016 (COM(2015)0691) and the draft Joint Employment Report (COM(2015)0700),
 - having regard to the proposal for a regulation of the European Parliament and of the Council on the establishment of the Structural Reform Support Programme for the period 2017 to 2020 and amending Regulations (EU) No 1303/2013 and (EU) No 1305/2013 (COM(2015)0701),
 - having regard to its resolution of 25 November 2015 on tax rulings and other measures similar in nature or effect¹,
 - having regard to its resolution of 17 December 2015 on completing Europe’s economic and monetary union²,
 - having regard to the Council recommendation on the economic policy of the euro area,
 - having regard to the debate with representatives of national parliaments on the priorities of the 2016 European Semester,
 - having regard to the Commission’s report of 14 December 2015 on Public Finances in the EMU 2015 (Institutional Paper 014),
 - having regard to the debate with the Commission in the European Parliament on the European Semester package – Annual Growth Survey 2016,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets, the Committee on the Environment, Public Health and Food Safety and the Committee on Regional Development (A8-0030/2016),
- A. whereas economic recovery in the European Union is under way, but recovery remains weak and uneven between and within Member States and is partly driven by temporary and external factors, including low oil prices;
- B. whereas some Member States face the persistent problem of very low growth rates;
- C. whereas global economic growth is slowing down amid economic and financial turmoil in several emerging economies, resulting in new strategic challenges to which the European Union needs to adjust appropriately;
- D. whereas Europe still faces an important investment gap, which significantly weakens the EU’s longer-term growth potential, while the euro area’s current account surplus is

¹ Texts adopted, P8_TA(2015)0408.

² Texts adopted, P8_TA(2015)0469.

rising; whereas public and private debt remains high in many countries even though current account deficits have been reduced; whereas several Member States should step up efforts to implement meaningful structural reforms;

- E. whereas despite several Member States having experienced significant reductions in their current account deficits and the reduction in unit labour costs, net external debt in percentage of GDP has not decreased in most Member States;
- F. whereas the employment rate is improving but is still insufficient to significantly curb unemployment, particularly youth and long-term unemployment, as well as poverty;
- G. whereas Europe is the economic area that is the most dependent on imported resources, compared with its competitors; whereas building a truly circular economy in Europe is thus a prerequisite for future economic growth;
- H. whereas the 2008 crisis was not only cyclical, but also structural, in nature, which explains its lasting effects;
- I. whereas the free movement of people, goods, services and capital is the cornerstone of sustainable economic growth in the European Union's Single Market;
- J. whereas tax avoidance, tax evasion and aggressive tax planning have caused billions of losses in potential revenues for the public finances of several Member States, to the benefit of large corporations, undermining the basis for solidarity between countries and fair competition between enterprises;

Policy mix

1. Welcomes the 2016 Annual Growth Survey package and the proposed policy mix of investment, structural reform and fiscal responsibility, aiming to further promote higher growth levels and strengthen European recovery and upward convergence; underlines that major national efforts in terms of effective implementation of structural reforms, as well as stronger European coordination, are needed to achieve a more robust economic recovery and sustainable, widely shared prosperity;
2. Welcomes the improvements in public finances, in particular the gradually declining debt/GDP ratios for the EU and euro area and falling headline budget deficits; notes, however, that public debt ratios continue to rise in several Member States with low nominal GDP growth and low inflation, and that the Excessive Deficit Procedure is still ongoing for nine Member States; points out that many Member States have limited fiscal space to cope with possible new economic shocks and that stronger European coordination should therefore be considered in order to support fiscal consolidation without hindering growth;
3. Notes that the European Union's global competitiveness remains an important objective and points to the importance of structural reforms, investment in R&D, resource efficiency, productivity-enhancing innovation and a reduction of macroeconomic imbalances; at the same time considers that the worsening global outlook also calls for domestic demand to be strengthened in order to make Europe's economy more resilient; is concerned notably by a possible slow-down in global demand;

4. Considers that macroeconomic imbalances should be addressed through a coordinated effort involving all the Member States, building on relevant reforms and investments; stresses that each Member State must deliver on its individual responsibilities in this context; notes that high current account surpluses imply the possibility of greater domestic demand; stresses that high public and private debt levels represent a significant vulnerability and that responsible fiscal policies and higher growth are needed to reduce them faster;
5. Calls for further efforts to support recovery and foster convergence towards the best performers and correct macroeconomic imbalances, including by increasing productivity and boosting investment;
6. Is encouraged by mild improvements in labour market indicators, while recognising that divergence between Member States remains wide, and unemployment still remains unacceptably high; notes the need to build on recent improvements by also increasing the quality of jobs created and their productivity; calls for a greater effort to step up investment in skills, make labour markets more inclusive, create quality employment and reduce poverty, social exclusion and growing inequalities in income and wealth while maintaining budgetary discipline; stresses that employment indicators should be given the same status as existing indicators, allowing an in-depth analysis to be triggered, in order to avoid a two-class approach, and that they should be properly taken into account in EU policy and guidance to the Member States;
7. Welcomes the renewal of the Europe 2020 Integrated Guidelines, and calls for a strengthening of the role of the Europe 2020 Strategy in guiding the European Semester, in line with Treaty objectives and applicable legislation, and preventing the recurrence of a sovereign debt crisis; highlights the importance of ambitious policies and instruments to ensure that Europe makes the best out of the energy and digital transitions, also thanks to adequate investment in R&D&I and skills, reducing Europe's gap vis-à-vis its main global competitors in terms of total factor productivity; considers it crucial to tackle economic inequalities which act as an obstacle to long-lasting economic growth; calls on the Commission to address environmental fiscal reforms in country-specific recommendations, also in the context of fiscal responsibility; calls for consistent and holistic monitoring of convergence towards best performers on the targets of the Europe 2020 Strategy;

Investment

8. Calls for the European Fund for Strategic Investments (EFSI) to be used to maximum effect to support strategic projects not otherwise financed, in line with its mandate; calls on Member States and the EFSI vehicle to closely involve local and regional authorities in developing project pipelines and investment platforms, with the help of the European Investment Advisory Hub and the European Investment Project Portal; stresses also the importance of achieving synergies between EFSI and European Structural and Investment Funds;
9. Calls on the Commission and the Member States to use the European Structural and Investment Funds (ESIF) to their full potential and in line with the Europe 2020 Strategy in order to strengthen cohesion and mitigate divergence in the Single Market by enabling all regions to develop their competitive advantages and facilitating

additional private investment; considers that these investments should serve a consistent industrial policy and should involve a particular focus on quality job creation, especially for young people; underlines the need for adequate administrative capacity, an active role for the regions and better coordination at all levels of government and among them; calls for consideration of further possible policy action to reduce the investment gap in the EU;

10. Is aware of the ongoing deleveraging process in the private sector; stresses that Europe's investment rate is well below the pre-crisis period; points in this context to the importance of rapidly implementing the banking union and bank structural reform, as well as the importance of boosting equity investments in SMEs thanks to a Capital Markets Union; calls for maximum use of the EFSI and the COSME in order to improve SMEs' access to finance; considers that greater regulatory predictability in the Single Market would improve investors' confidence;
11. Highlights the need for greater investment in human capital, notably education and innovation, also in the context of labour market reforms; stresses the need to improve national education, vocational training and lifelong learning systems and to adapt them to the new skill and knowledge demands of the EU labour market; underlines that all this will enable innovation as a key driver of growth, productivity and competitiveness; calls on the Member States, in this context, to improve the productivity of public investments;
12. Welcomes the country-specific investment profiles identifying some of the main challenges to investment in individual Member States; invites the Commission and the Member States to involve all levels of government and relevant stakeholders in the identification of obstacles to investments, focusing in particular on the internal market, subdued domestic demand and structural reforms, as well as on making available adequate instruments bringing together public and private financing; points to the importance of high levels of productive investment for a sustained economic catch-up process between Member States; notes that an appropriate balance between current expenditure, long-term sustainability of public finances and investment in economic growth potential needs to be found in each country, and that the Single Market and European instruments such as EFSI and ESIF have an important role to play in supporting a healthy level of investment; stresses that low public investment in research and innovation in several countries might further anchor them within a middle-income trap;

Structural reforms

13. Considers that, after a long period of macroeconomic adjustment, focus should be put on delivering structural reforms and investments with the aim of strengthening growth potential based on quality jobs and productivity, of promoting fair, robust, efficient and fiscally sustainable welfare systems, and of fostering a sustainable transition of Member States' economies towards greater resource efficiency;
14. Calls for sustainable reforms in the product, services and labour markets, as well as in connection with pension schemes, and for better regulation, which promotes innovation, job creation and welfare-enhancing, fair competition without watering down consumer protection;

15. Highlights the importance of greater resource and energy efficiency, including through the development of the circular economy; underlines the importance of developing further a true Energy Union based on solidarity, efficiency and diversity while not ignoring indigenous energy sources, including renewable energy; calls on the Commission to include these concerns in country-specific recommendations where they are most relevant for competitiveness and sustainable growth;
16. Urges that further steps be taken towards stimulating quality job creation and creating resilient labour markets with reduced segmentation; stresses the importance of sustainable and effective welfare systems; recalls that an important factor for maintaining the sustainability of pension systems is to ensure a high employment rate;
17. Emphasises the need for modern, efficient, democratic and citizen-friendly public administration at all levels of government, as well as for efficient and transparent public procurement rules; stresses the importance of taking further steps towards a true e-administration in and among the Member States; asks the Commission and the Member States to identify and correct deficiencies in their respective administrations, which can prove detrimental in crisis situations;
18. Calls for a greater shift of taxation away from labour, to be decided at national level, while ensuring the sustainability of social protection systems;
19. Takes note of the proposal for a Structural Reform Support Programme, designed to strengthen the implementation of growth-friendly reforms in the Member States, which is to be decided under the ordinary legislative procedure; reiterates that it is the Member States that are responsible for the implementation of structural reforms;

Fiscal responsibility

20. Reiterates the need for responsible, growth-friendly fiscal policies, ensuring debt sustainability and taking account of the economic cycle and investment gaps, while at the same time respecting citizens' social rights; recalls that the very high indebtedness of some Member States constitutes a substantial risk in the event of possible future shocks within the euro area; emphasises that efforts to increase the resilience of public finances and boost growth will need to be stepped up in countries with high debt/GDP ratios in order to place them on a sustainable downward path;
21. Insists on implementation of the Stability and Growth Pact, while making full use of its existing flexibility clauses, in line with the Commission communication of 13 January 2015 (COM(2015)0012), inter alia to support greater investment and structural reforms, as well as to deal with security threats and refugee inflows;
22. Emphasises the need for improving tax collection, combating tax fraud and evasion, enforcing action against aggressive tax planning and tax havens, as well as for improved tax policy coordination within the EU; calls for tax systems that are effective and transparent in order to increase tax collection, prevent tax avoidance and fight organised crime; takes the view, therefore, that the tax and customs authorities should be provided with sufficient human, material and financial resources;
23. Supports rational and country-specific efforts towards improving the quality, efficiency

and growth-friendly character of public expenditure, especially by shifting unproductive expenses towards growth-enhancing investments, but without jeopardising essential provision of public and social services;

Specific focus on the euro area

24. Welcomes the recommendation on the economic policy of the euro area, proposed by the Commission six months before country-specific recommendations, as a step towards deepening policy coordination in the follow-up to the Five Presidents' Report and relevant resolutions of the European Parliament;
25. Emphasises that, given its high level of interdependence and the singleness of its monetary policy, the euro area is an economic entity where convergence towards best performers must be promoted and supported by stronger coordination of national policies; emphasises the importance of enhanced action by all national governments to implement inside their Member States the economic reforms and investments needed to reduce macroeconomic imbalances and to prevent negative spillover effects of national policies into other Member States; calls therefore for an in-depth assessment of these macroeconomic imbalances and spillovers to complement the assessment of each country's specific vulnerabilities and the Macroeconomic Dialogue; insists on full coherence between the euro area recommendation and country-specific recommendations;
26. Welcomes increased attention to the euro area's aggregate fiscal stance, which does not divert attention away from individual Member States' responsibilities; recalls that a fiscal deficit in one Member State cannot be offset by a fiscal surplus in another as far as the Excessive Deficit Procedure is concerned; calls for regular monitoring of whether the aggregate fiscal stance is appropriate in view of the existing investment gap;
27. Supports the recommendation to differentiate fiscal effort by individual Member States, taking into account their respective positions vis-à-vis Stability and Growth Pact requirements and stabilisation needs, as well as spillover effects; notes that for many Member States this implies pursuing growth-friendly fiscal consolidation; notes on the other hand that some countries have increasing fiscal space vis-à-vis the requirements of the Stability and Growth Pact, which could be used at the present juncture to help to support the domestic economy;
28. Notes that while the euro area's high current account surplus is a welcome sign of the euro area's external competitiveness, its current level also reflects lack of internal investment, with adverse effects on growth and employment; considers that stronger domestic demand would be better for the euro area's sustainable growth, as well as from a global viewpoint; is aware that some Member States' current account surplus goes together with positive spillover effects across the value chain, which can benefit some other Member States in various ways; acknowledges also the role of the single currency in helping more competitive countries to maintain high surpluses vis-à-vis the rest of the world; welcomes the finding in the Commission's 2016 winter forecast that economic growth in some Member States in 2015 has been driven mainly by domestic demand; considers it important that Member States with higher current account surpluses continue to expand their domestic demand for their own and general benefit; at the same time calls on less competitive Member States to implement effectively structural

reforms and high-quality investments in order to modernise their economies and establish a sustainable business environment for long-term investment in line with the Europe 2020 Strategy; considers this to be the best way to reduce macroeconomic imbalances inside Member States rather than internal devaluation, which weakens demand and slows down economic growth across the euro area;

29. Emphasises the need to foster real economic and social convergence driven by improvements in productivity and non-cost factors; underlines the importance of all Member States effectively implementing structural reforms, improving the quality of public expenditure and having sufficient investment capacity, in order to enable balanced and sustainable growth, which is crucial also to reducing debt/GDP ratios; acknowledges that high public and private debt significantly reduce the capacity to invest and thus slow down growth;
30. Recalls that wage-setting is a matter of autonomous collective bargaining, and calls on relevant actors to ensure both responsible and growth-friendly wage developments that should reflect increases in productivity; in particular, calls on relevant actors in countries with current account deficits or near-balance to continue efforts at strengthening productivity and maintaining competitiveness; at the same time calls on relevant actors in high-surplus countries to use excess savings to support domestic demand and investment;
31. Calls for measures preventing a race to the bottom in terms of taxation and social standards, which leads to an increase in inequalities; recalls the need to maintain international competitiveness based on productivity and upward convergence; welcomes the increased attention to three employment-related indicators in the macroeconomic imbalances scoreboard and asks the Commission to put them on an equal footing with the others; also considers that analysis of the existing scoreboard of key employment and social indicators and relevant indicators of resource efficiency should be properly taken into account in policy guidance;
32. Notes the December 2015 European Council conclusions on Economic and Monetary Union and calls on the Commission to start preparing the longer-term measures as soon as possible;

More effective European Semester with stronger democratic accountability

33. Deplores the poor implementation of country-specific recommendations and believes that, in order to improve implementation, there is a need to better identify clearly articulated priorities at European level as well as to increase genuine public debate, political willingness and commitment at national level, leading to greater relevance and national ownership; welcomes in this respect the visits made by members of the Commission to Member States in order to discuss the European Semester process and its documents;
34. Calls for the right balance to be struck between making country-specific recommendations focused on key priorities and ensuring that they address all key challenges, including the need to prevent a recurrence of a sovereign debt crisis, as well as the need to increase competitiveness, growth and employment, taking into account Europe 2020 Strategy targets;

35. Welcomes the plenary debate with the Presidents of the Commission and of the Eurogroup on the draft euro area recommendation on 15 December 2015, and requests that such plenary debates become a regular feature of the European Semester; considers that such debates strengthen and complement existing democratic dialogue, notably the economic dialogue, helping to increase the accountability of the executive;
36. Underlines that the spring European Council should remain the central moment where policy priorities are defined; welcomes the discussion with the Commission in plenary on the Annual Growth Survey priorities before and after its adoption; recalls that the setting of the economic policy following the recommendation by the Council to the Member States is an executive act which needs to be subjected to democratic scrutiny and debate by the European Parliament; calls therefore on the Council to adopt the euro area recommendations and conclusions on the Annual Growth Survey package after Parliament has been able to express its views on them; affirms its resolve to consider these documents swiftly and to take a position well before the Spring European Council; welcomes the invitation extended to the European Parliament to have its President convey its position to the Spring European Council; points out, furthermore, that the Treaty requires the European Parliament to be informed after the Council has adopted recommendations, as well as on the results of the multilateral surveillance;
37. Highlights the importance of national parliaments debating country reports and country-specific recommendations and voting on national reform programmes, as well as national convergence or stability programmes; calls on the Member States to involve the social partners, local and regional authorities and other relevant stakeholders in a structured manner, taking advantage of the early publication of country reports; highlights the irreplaceable role of the social partners in wage-setting and the vital role they should play in wider economic discussions, particularly when it comes to promoting productivity; calls, furthermore, for stronger cooperation by national parliaments with the European Parliament;
38. Urges the Commission to launch negotiations on an interinstitutional agreement on economic governance; insists that this IIA should ensure that, within the framework of the Treaties, the structure of the European Semester allows for meaningful and regular parliamentary scrutiny of the process, in particular as regards the Annual Growth Survey priorities and the euro area recommendations;

Budgetary policies

39. Deplores the fact that there is no satisfactory lever available, given the modest scale of the EU budget, while it is impossible to modify the own-resources system, and economic forecasts, economic policy priorities, and the annual and multiannual budget-making process do not stand in any form of coherent relationship;
40. Points out that the EU budget helps directly to achieve two out of the three objectives charted in the Annual Growth Survey 2016 (relaunching investment, pursuing structural reforms, and implementing responsible and honest fiscal policies that are commensurate with stated political commitments); welcomes the Commission's proposal to channel EU funding into technical assistance to support structural reforms;
41. Considers that the EU budget could help relieve the strain on national budgets and

bolster fiscal consolidation efforts by providing own resources as well as rationalising expenditure; firmly believes that wider-ranging forms of management of public money at EU level would make it possible to achieve economies of scale and hence cut spending, for example in the diplomatic and military fields, while not calling into question the principle of shared management, particularly for the Structural Funds;

42. Stresses that it is illegal for the EU budget to be in deficit; notes that the Member States are making the EU budget an adjustment variable of national budgets;
43. Stresses that greater integration within the euro area is indispensable in order to complete economic and monetary union (EMU), and that budgetary union is a cornerstone of the proper operation of the euro;
44. Calls, as regards Parliament's position on the euro area and its budget capacity, for account to be taken of the conclusions of the own-initiative report on the budgetary capacity of the euro area, which will be prepared in the course of 2016;
45. Calls on the Commission to carry out the review of the multiannual financial framework (MFF) provided for in the political agreement concluded between Parliament, the Commission and the Council in June 2013; points out that the financial and humanitarian crises that hit the EU between 2009 and 2014 highlighted the inadequacy of the current MFF; stresses, furthermore, the need for a far-reaching reform of EU financial programming that will take proper account of the objectives, funding and duration of the instruments available.

Environment, Public Health and Food Safety policies

46. Stresses that if the reform of waste legislation and the action plan on the circular economy are to advance the transition of the European economy into a circular model, it is essential to integrate recommendations to this effect into the European Semester process to boost competitiveness, create jobs and generate sustainable growth; recommends that the principles of the circular economy should be integrated into country-specific recommendations;
47. Reiterates the need for a fiscal framework that rewards development of sustainable policies and is in accordance with the 'polluter pays' principle, providing the right signals for investment in resource efficiency, the modernisation of production processes and the manufacturing of more repairable and durable products; reiterates the need to phase out environmentally harmful subsidies, including fossil fuels, and to shift taxes away from labour to environmental pollution;
48. Considers it important to assess the performance and sustainability of healthcare systems in the framework of the European Semester and supports a shift to an outcome-based approach as well as the focus on disease prevention and health promotion; calls on the Commission to develop tools, together with all stakeholders, to monitor health outcomes, measure access to high-quality healthcare and encourage transparency of medical research costs with the aim of reducing social divergences and health inequalities between and within Member States; calls on the Commission to take into account in country-specific recommendations the long-term health and fiscal impacts of measures targeting prevention programmes;

49. Stresses the importance of the sustainability of the healthcare sector, which plays an important role in the overall economy as it accounts for 8 % of the total European workforce and 10 % of GDP in the EU, and of being able to provide equal access to healthcare services for all citizens, as health is an essential factor for stability, sustainability and further development of Member States and their economies;

Regional policies

50. Notes the significance of EU investment for less developed regions and the importance of ensuring its capacity to attract further investment, thus promoting economic, social and territorial cohesion;
51. Notes the links between the objectives of the European Semester process and the programming of the ESI Funds for 2014-2020, reflected in the Partnership Agreements; considers therefore that, following the 2014-2020 reform, cohesion policy instruments could play a very important role in the implementation of the relevant CSRs, thus supporting structural reforms and contributing to the fulfilment of the EU's strategic goals and the effective implementation of the Partnership Agreements; underlines nevertheless the multiannual and long-term nature of programmes and objectives under the ESI Funds in contrast to the annual cycle of the European Semester, and the need for coordination between the European Union's priorities, national needs, regional needs and local needs;

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52. Instructs its President to forward this resolution to the Council and the Commission, and to the governments of the Member States, the national parliaments and the European Central Bank.

EXPLANATORY STATEMENT

This report represents the European Parliament's contribution to the definition of economic policy priorities for the 2016 European Semester process of policy coordination, responding to the Commission's Annual Growth Survey and related documents, including a draft recommendation for the economic policy of the euro area. In parallel, reports on the employment and social aspects and the single market aspects of the European Semester are also being drawn up. All three reports will be discussed with the Commission and the Council in preparation for the Spring European Council.

This discussion should be framed and conducted in such a way by the institutions as to strengthen democratic character of European economic governance, pending an Inter-Institutional Agreement called for in the Five Presidents' Report¹.

The present report aims to stimulate debate at European level, also with the involvement of national parliamentarians, social partners and civil society, on three main questions:

- What combination of fiscal, monetary and structural policies should the European Union implement over the 12-18 months?
- How should policy coordination be deepened at the level of the euro area?
- How can decision-making on the European Semester's priorities and recommendations be made more democratic and how can fuller implementation of recommendations be ensured?

Rebalancing the policy mix for a stronger recovery

The European Union is emerging from a long economic crisis which caused severe social hardship and eroded economic growth potential. At the same time, it is confronted with new challenges, notably the threat of terrorist attacks, geopolitical instability in the Neighbourhood and unprecedentedly large arrivals of asylum-seekers. To ensure its political legitimacy, the European Union needs to develop the means to address these challenges.

Citizens are yearning for a stronger economic recovery, creating quality jobs and bringing back equality of opportunity. We also all want to live in a clean environment and to benefit from opportunities offered by the digital revolution and other technological innovations. However, we face major longer-term challenges such as climate change, robotisation, fragmentation of work tasks, demographic changes and an on-going shift towards a multipolar world.

The economic policy mix to be implemented by the EU, the euro area and individual Member States in 2016 needs to strengthen the recent economic recovery while addressing structural challenges and contributing to a long-term strategy for sustainable growth. The Europe 2020 Strategy² has undergone mid-term review and has been re-confirmed by the European

¹ Completing Europe's Economic and Monetary Union, Report by J.-C. Juncker in close cooperation with D. Tusk, J. Dijsselbloem, M. Draghi and M. Schulz, 22 June 2015.

² Conclusions of the European Council, 25-26 March 2010 and 17 June 2010.

Parliament¹ and the Commission² as the overall framework for building smart, sustainable and inclusive growth in Europe. Its Integrated Guidelines have also been renewed earlier this year.

In order for this Strategy to be meaningful and realistic, it is vital that the priorities agreed and recommendations issued in the framework of the European Semester are fully consistent with it and focused on its implementation.

The exact content of the economic policy mix is what the first part of this report seeks to define. The rapporteur's view is that in the current economic circumstances, the 'virtuous triangle' of investment, fiscal responsibility and structural reform, promoted by the European Commission, should be enlarged into a 'solid square', with domestic demand as the fourth component.

Strengthening domestic demand requires greater investment by both private and public sectors, over and above the Investment Plan for Europe presented by the Commission in 2014. The slow deleveraging process makes new investment difficult, as many governments, financial institutions, companies and households are largely preoccupied by reducing their old debts, which is naturally more difficult in the context of low growth and low inflation. Attention therefore needs to focus on ways in which deleveraging can be accelerated and wise new investments undertaken in support of sustainable and inclusive growth. Efficient regulatory environment and well-functioning public administration are also important in this regard.

Crucially, short-term domestic demand and longer-term growth potential could become stronger if today's level of prosperity was more widely shared, with reduced inequalities in income and wealth. The OECD, IMF and other institutions have repeatedly stated over the recent years that redistributive policies play an important role for sustainable growth, including from a purely economic point of view.

Boosting growth potential through reducing inequalities is consistent with the principle of fiscal responsibility and implies - on the revenue side - more effective tax collection and prevention of tax avoidance, as well as progressive income taxation and greater shift of taxation away from labour towards wealth, capital gains, financial transactions and pollution. This needs to be matched with efficient public expenditure, especially in high-quality social investments such as education, childcare, healthcare and adequate social protection that empowers people throughout their lives. Infrastructure development, energy efficiency investments and business start-ups also need public support.

Furthermore, our understanding of 'structural reforms' needs to evolve, reflecting past experience and challenges ahead. The concept of 'structural reforms' has long been associated mainly with reducing the state's role in the economy and making markets more flexible. Unfortunately, this has not always led to improved productivity, while contributing to deflationary pressures and rising inequalities.

It is now time to move towards a 'second generation' of structural reforms whose main

¹ European Parliament resolution of 16 September 2015 on the Commission Work Programme 2016 ([2015/2729\(RSP\)](#)).

² COM(2015) 690.

objectives should be strengthening the growth potential through higher employment and productivity, promoting fair and sustainable welfare systems, and reducing social inequalities to restore equality of opportunity. The newly proposed Structural Reforms Support programme should also reflect this.

Deepening EMU governance for stability and convergence

Since the euro crisis erupted in 2010, EU governments and institutions have taken important steps to preserve the integrity of the euro area, but much more remains to be done to strengthen resilience of our Economic and Monetary Union, as explained in the Five Presidents' Report. One important aspect is to deepen the coordination of economic and social policies in the euro area. This requires, first of all, in-depth understanding of the overall fiscal position of the euro area and an aggregate view of macroeconomic and macro-social imbalances. The early presentation of the draft recommendation on the economic policy of the euro area is welcome in this context.

In its overall assessment of the euro area's Draft Budgetary Plans for 2016, the Commission concluded that, balancing the objectives of debt sustainability and counter-cyclical economic stabilisation, "the largely neutral aggregate euro area fiscal stance expected for next year appears broadly appropriate, when also taking into account the historically low interest rates and the high external surplus, which would indicate the need for some degree of demand support." At the same time, it pointed at "still insufficient orientation in [certain] Member States towards making use of the available fiscal space"¹.

As regards macroeconomic imbalances, the 2016 Alert Mechanism Report notes that the euro area's current account surplus is projected to reach approximately € 390 billion or 3.7% GDP in 2015. This is considered "above what fundamental economic characteristics imply", reflecting "economic inefficiencies and subdued domestic demand". While the saving-investment balance in the euro area should be broadly balanced, the Commission says, the current account surplus signifies excess savings that are not channelled to the domestic economy. The euro area investment-to-GDP ratio stood at 19.8% in 2Q 2015, which is markedly below the 1998-2007 average of 22.1%².

In the rapporteur's view, the need for higher investment clearly emerges from this analysis, especially given the context of low interest rates. Sustainable character of this investment is crucial, given high existing levels of public and private debt. Obvious investment gaps need to be filled to prevent deterioration of useful existing capital (fixed assets as well as human capital), while new investments need to be carefully planned, with focus on innovation, resource efficiency, good-quality education and creation of quality jobs.

That said, the euro area faces a paradoxical situation: Countries with greatest available fiscal space are among the strongest performers in terms of output and employment, hence their fiscal multipliers are relatively lower, partly explaining reluctance to increase public investment. On the other hand, countries with higher fiscal multipliers (related to low growth, high unemployment and large investment gaps) have limited fiscal space in view of SGP rules and pre-existing sovereign debt. This severely limits prospects for real economic convergence and for achieving Treaty objectives of balanced and sustainable growth.

¹ COM(2015) 800, pp. 13-14.

² European Commission, European Economic Forecast – Autumn 2015, p. 27.

One key to solving this paradox would probably be greater willingness of countries with available fiscal space to use it fully, taking into account positive impact on the euro area as a whole. Another key is to improve the financial conditions for the other countries to invest, reform and converge, by completing the Banking Union and developing instruments for a complementary fiscal capacity.

Strengthening democracy for more accountability, relevance and effectiveness

The 2016 European Semester is divided into a European part, culminating with the Spring European Council, and a national part, starting with the publication of country reports. In order for priorities and recommendations to be relevant, accepted and acted upon, deep democratic debate and close involvement of social partners are needed at both levels.

In practical terms, this calls in particular for a European Parliament debate with the Commission and the President of the Eurogroup on the draft recommendation to the euro area, as well as closer dialogue between Parliament and Council before the latter adopts this recommendation and its conclusions on the AGS package. The joint debate of European and national parliamentarians with the Commission on 16-17 February 2016 is also an important moment. The European Parliament will also participate in the Semester through debates before and after the AGS presentation, before and after the Spring European Council and through a final assessment of the European Semester's implementation.

At the national level, in-depth parliamentary debates with Members of the Commission and national governments will be crucial, based on the euro area recommendation (where relevant), European Council conclusions, the Commission's country reports and the country-specific recommendations. The good practice of national parliaments debating and voting on National Reform Programmes and Stability or Convergence Programmes should also be extended.

New bodies proposed by the Commission in follow-up to the Five Presidents' report, namely national competitiveness boards and the advisory European fiscal board, are expected to be established during 2016 and possibly to get involved already in this European Semester cycle.

It is the rapporteur's hope that all actors will actively engage in the 2016 European Semester with the objective of achieving stronger economic recovery and greater resilience of Europe's social market economy to shocks and structural challenges, proving that European democracy works and is able to deliver sustainable, widely-shared prosperity.

15.2.2016

OPINION OF THE COMMITTEE ON BUDGETS(*)

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination: Annual Growth Survey 2016
(2015/2285(INI))

Rapporteur (*): Jean Arthuis

(*) Associated committee – Rule 54 of the Rules of Procedure

SUGGESTIONS

The Committee on Budgets calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Deplores the fact that the European Semester has little in the way of a parliamentary dimension and that the proposals in the Five Presidents' Report are lacking in ambition on that point; considers it disappointing that the first annual growth survey following that report has not been so produced as to be subject to the ordinary legislative procedure, as Parliament is calling for;
2. Considers that the EU has no economic policy other than the sum of national policies; condemns the lack of a common strategic vision and the incapacity to design and implement sector-specific industrial policies; calls for a common economic policy in view of the enormous economic, social and political disparities existing between Member States; deplores the fact that there is no satisfactory lever available, given the modest scale of the EU budget, while it is impossible to modify the own-resources system, and economic forecasts, economic policy priorities, and the annual and multiannual budget-making process do not stand in any form of coherent relationship;
3. Recalls the important role of the European Structural and Investment Funds (ESIFs) and European Fund for Strategic Investments (EFSI) concerning the achievement of the Europe 2020 goals, and stresses that a stronger link should be established between the implementation of the country-specific recommendations and the ESIFs in order to increase the effectiveness of EU spending in the Member States and support structural reform efforts, thereby making Member States less vulnerable to crises;

4. Points out that the EU budget helps directly to achieve two out of the three objectives charted in the Annual Growth Survey 2016 (relaunching investment, pursuing structural reforms, and implementing responsible and honest fiscal policies that are commensurate with stated political commitments); welcomes the Commission's proposal to channel EU funding into technical assistance to support structural reforms;
5. Considers that the EU budget could help relieve the strain on national budgets and bolster fiscal consolidation efforts by providing own resources as well as rationalising expenditure; firmly believes that wider-ranging forms of management of public money at EU level would make it possible to achieve economies of scale and hence cut spending, for example in the diplomatic and military fields while not calling into question the principle of shared management, particularly for the Structural Funds;
6. Stresses that it is illegal for the EU budget to be in deficit; notes that the Member States are making the EU budget an adjustment variable of national budgets;
7. Stresses that greater integration within the euro area is indispensable in order to complete economic and monetary union (EMU), and that budgetary union is a cornerstone of the proper operation of the euro;
8. Urges that the euro area move forward with measures to deepen the budgetary integration of EMU, with a view to counteracting asymmetric shocks by supporting national reform efforts; stresses that any instrument or governance structure established to this end must be fully integrated into the Treaties and be subject to democratic control, and should not in any way overlap with or take over the remit and role of the general budget of the EU as provided for in the Treaties;
9. Calls, as regards Parliament's position on the euro area and its budget capacity, for account to be taken of the conclusions of the own-initiative report on the budgetary capacity of the euro area, which will be prepared in the course of 2016;
10. Calls for budgetary policy and monetary policy to be brought into a policy mix aimed at boosting sustainable growth and decent job creation;
11. Recalls that the Investment Plan for Europe, financed from the EFSI, is intended for the financing of high-risk investments which would not be possible without the risk coverage borne by the EFSI; calls on the Commission to verify that only high-risk projects which fulfil the additionality principle receive funding under the EFSI; underlines in this respect that Parliament will evaluate the projects as well as their leverage effect, in order to ensure that the EFSI guarantee fund in the EU budget is used in an appropriate way;
12. Calls on the Commission to carry out the review of the multiannual financial framework (MFF) provided for in the political agreement concluded between Parliament, the Commission and the Council in June 2013; points out that the financial and humanitarian crises that hit the EU between 2009 and 2014 highlighted the inadequacy of the current MFF; stresses, furthermore, the need for a far-reaching reform of EU financial programming that will take proper account of the objectives, funding and duration of the instruments available.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	15.2.2016
Result of final vote	+: 17 -: 8 0: 0
Members present for the final vote	Jean Arhuis, Reimer Böge, Lefteris Christoforou, Gérard Deprez, Eider Gardiazabal Rubial, Jens Geier, Monika Hohlmeier, Bernd Kölmel, Vladimír Maňka, Clare Moody, Siegfried Mureşan, Liadh Ní Riada, Younous Omarjee, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Indrek Tarand, Isabelle Thomas, Monika Vana, Marco Zanni
Substitutes present for the final vote	Stanisław Ożóg, Andrej Plenković, Pavel Poc, Marco Valli, Tomáš Zdechovský

22.1.2016

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Economic and Monetary Affairs

on European Semester for economic policy coordination: Annual Growth Survey 2016
(2015/2285(INI))

Rapporteur: Andrey Kovatchev

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Reiterates that the European Semester process was introduced to help achieve Europe 2020 targets for smart, sustainable and inclusive growth; in this context, calls on the Commission to integrate the revised Europe 2020 strategy more firmly into the European Semester and to mainstream the Union's environmental and public health objectives into the process, acknowledging the substantial prospects for growth, investment and job creation in these areas as well as their contribution to the wider objectives of the strategy, namely ensuring that Member States return to higher growth levels and continue their path towards the development of sustainable societies;
2. Stresses that greening the economy and investing in more efficient healthcare systems will contribute to restoring the European economy's competitive edge, to increasing security of energy supply, to improving the health and well-being of European citizens and to creating quality jobs; notes, in this regard, that short-term fiscal implications of structural reforms should be taken into account along with their long-term environmental, economic and social effects, and also with the aim of achieving more efficient coordination across policies, and calls, to this end, for the increased involvement of civil society; recalls that health expenditure is an investment towards healthier, safer, more productive and competitive societies;
3. Notes that several of the projects approved for financing by the European Fund for Strategic Investments are oriented towards infrastructure and innovation in the environment and health sectors; underlines the importance of mobilising the full potential of the Investment Plan to help implement the structural reforms needed to transform our economy into a green, sustainable and resource-efficient one aimed at kick-starting jobs

and growth; calls on the Commission to carefully monitor the progress of the European Fund for Strategic Investments in order to achieve the political objectives of relaunching investment, modernising the economy and fostering economic and social convergence across the EU;

4. Stresses that the European Semester is one of the means of mainstreaming and integrating environmental concerns into other relevant policies, in line with the approach defined by Article 11 TFEU; reiterates, therefore, that the environmental dimension should play a full role, together with the economic and social dimensions, in the European Semester process to ensure that Member States return to higher growth levels while continuing their path towards the development of sustainable societies;
5. Underlines the need for increased involvement of EU Environment and Health Ministers in the European Semester process at Council level;
6. Emphasises that action is required in order to boost employment by exploiting the potential of the green economy; calls on the Commission to use the European Semester to support investments in education and training for green jobs and contribute to efforts to foster green employment and reduce ecological footprints, thus facilitating the move towards a truly sustainable economy;
7. Stresses that if the reform of waste legislation and the action plan on the circular economy are to advance the transition of the European economy into a circular model, it is essential to integrate recommendations to this effect into the European Semester process to boost competitiveness, create jobs and generate sustainable growth; recommends that the principles of the circular economy should be integrated into country-specific recommendations;
8. Considers it important that the change towards a new economic model based on a circular economy and inspired by the universally applicable Sustainable Development Goals (SDGs) should be properly reflected in the priorities of the Annual Growth Survey and the country-specific recommendations;
9. Reiterates the need for a fiscal framework that rewards development of sustainable policies and is in accordance with the ‘polluter pays’ principle, providing the right signals for investment in resource efficiency, the modernisation of production processes and the manufacturing of more repairable and durable products; reiterates the need to phase out environmentally harmful subsidies, including fossil fuels, and to shift taxes away from labour to environmental pollution;
10. Stresses that reducing external resource and energy dependence and a move from fossil fuels to renewable energies are keys to achieving long-term growth and will enhance the competitiveness of the EU; underlines the economic advantages of a bigger commitment in this sense; stresses the need to eliminate barriers to the single energy market by diversifying external energy supplies, upgrading the EU’s energy infrastructure, investing in greater energy interconnections and renewable sources of energy and completing the EU internal energy market, these being key priorities of the EU’s Energy Union strategy; considers that the European Semester should also incorporate reporting on renewable energy, energy efficiency and interconnectivity on the basis of targets set at EU level;

11. Calls on the Commission to use the European Semester as an instrument to fulfil EU commitments emanating from the 2030 Agenda for Sustainable Development, and in particular to include in the process policies and effective measures addressing climate change, sustainable production and consumption, food security and biodiversity;
12. Stresses that the mid-term review of the Europe 2020 strategy and the European Semester must tie in closely with the new sustainable development agenda; reiterates the need to extend the EU's planning horizon beyond 2020 in order to implement the SDGs by introducing an integrated strategy for a sustainable Europe in a globalised world, with a time horizon of at least 2030;
13. Welcomes the Commission's renewed focus on promoting upward economic and social convergence through the progressive introduction of benchmarks and cross-examination exercises across policy or thematic areas, and considers that this could strengthen the resilience of Europe's economy to future crises; urges the Commission to make better use, in the European Semester process, of social, environmental and health indicators in order to assess convergence across the EU; calls for significant investment in research, development and innovation in environmental health;
14. Considers it important to assess the performance and sustainability of healthcare systems in the framework of the European Semester and supports a shift to an outcome-based approach as well as the focus on disease prevention and health promotion; calls on the Commission to develop tools, together with all stakeholders, to monitor health outcomes, measure access to high-quality healthcare and encourage transparency of medical research costs with the aim of reducing social divergences and health inequalities between and within Member States; calls on the Commission to take into account in country-specific recommendations the long-term health and fiscal impacts of measures targeting prevention programmes;
15. Stresses that a more comprehensive assessment of health systems within the European Semester, not solely limited to the fiscal dimension but also addressing access, effectiveness and quality of health systems, would provide a more accurate picture of the performance of health systems and strengthen the usefulness of the European Semester in the field of health; stresses that prevention policies for both communicable and non-communicable diseases are crucial in order to reduce the costs of national healthcare; calls on the Commission to use the European Semester to promote the role of prevention in increasing the efficiency of national healthcare;
16. Underlines the fact that ensuring equal access to healthcare contributes to social cohesion, social justice and tackling social exclusion, and also contributes to sustainable development as it adds to intergenerational solidarity and can correct negative external factors affecting population health;
17. Stresses the importance of the sustainability of the healthcare sector, which plays an important role in the overall economy as it accounts for 8 % of the total European workforce and 10 % of GDP in the EU, and of being able to provide equal access to healthcare services for all citizens, as health is an essential factor for stability, sustainability and further development of Member States and their economies;
18. Calls on both the Member States and the Commission, in this period of economic crisis, to

avoid the most damaging measures such as short-term savings, which will lead to high costs in the mid to long-term, and instead to concentrate on further development of high-quality and high-efficiency healthcare systems.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	21.1.2016
Result of final vote	+: 53 -: 11 0: 4
Members present for the final vote	Marco Affronte, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Simona Bonafè, Soledad Cabezón Ruiz, Nessa Childers, Birgit Collin-Langen, Mireille D'Ornano, Miriam Dalli, Seb Dance, Angélique Delahaye, Jörn Dohrmann, Ian Duncan, Stefan Eck, Bas Eickhout, Eleonora Evi, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Jens Gieseke, Julie Girling, Sylvie Goddyn, Matthias Groote, Françoise Grossetête, Jytte Guteland, György Hölvényi, Anneli Jäätteenmäki, Jean-François Jalkh, Benedek Jávor, Karin Kadenbach, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Miroslav Mikolášik, Piernicola Pedicini, Bolesław G. Piecha, Marcus Pretzell, Frédérique Ries, Daciana Octavia Sârbu, Annie Schreijer-Pierik, Davor Škrlec, Renate Sommer, Tibor Szanyi, Claudiu Ciprian Tănăsescu, Estefanía Torres Martínez, Nils Torvalds, Glenis Willmott, Damiano Zoffoli
Substitutes present for the final vote	Paul Brannen, Herbert Dorfmann, Christofer Fjellner, Luke Ming Flanagan, Elena Gentile, Martin Häusling, Karol Karski, Andrey Kovatchev, Merja Kyllönen, Marijana Petir, Christel Schaldemose, Bart Staes, Mihai Țurcanu, Tom Vandenkendelaere, Carlos Zorrinho
Substitutes under Rule 200(2) present for the final vote	Daniel Dalton

17.2.2016

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination: Annual Growth Survey 2016
(2015/2285(INI))

Rapporteur: Iskra Mihaylova

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Acknowledges the new approach for a more streamlined European Semester organised in two successive phases, including publishing the recommendations for the entire euro area early on, together with this annual growth survey (AGS), preceding the country-specific recommendations (CSRs), thus giving Member States the opportunity to take those into account and involve local and regional authorities and other relevant stakeholders in national policymaking and thereby raising the ownership of the implementation of CSRs; stresses that the Member States should draw up budget policies that also take account of the priorities set at regional level;
2. Expresses concern that despite moderate signs of recovery, the economies of many EU Member States are still in a period of slow growth, high long-term and youth unemployment, increased poverty levels and widening regional disparities in terms of GDP per capita; calls on the Commission and Member States, therefore, to speed up the implementation of the 2014-2020 ESI Funds and all activities which support the implementation, such as simplification, the work of the Taskforce for Better Implementation and institutional capacity building; stresses that the unprecedented inflow of refugees and asylum seekers over the last year has represented a major challenge in some Member States and requires an EU-level response; stresses that the Member States' specific recommendations should pursue achievable objectives, in the light of the new challenges;
3. Urges the Commission to take better account of the Europe 2020 strategy, which is key to the creation of growth and jobs, and address its key targets properly by improving its implementation, carrying out a further review and strategy analysis in the context of the

European Semester, and proposing measures and a methodology for improved monitoring of the EU Funds expenditures related to Europe 2020 goals; believes that the forthcoming Multiannual Financial Framework (MFF) review will provide an opportunity to analyse, evaluate and, where necessary, improve the added value of and support from EU funding, and in particular the ESI Funds, towards delivering the goals of the Europe 2020 strategy; welcomes the concept of performance-based budgeting and expects more clarification in the future; stresses the need also to consult local and regional authorities and other stakeholders in the context of the MFF mid-term review; stresses that the review of the MFF should be carried out in combination with the mid-term review of the EU 2020 strategy;

4. Notes that resources from the ESI Funds in 2014-2016 are expected to account for approximately 14 % of total public investment on EU average, with the highest share reaching beyond 70 % in some Member States; highlights the crucial importance of ESI Funds support for public investment programmes;
5. Notes the significance of EU investment for less developed regions and the importance of ensuring its capacity to attract further investment, thus promoting economic, social and territorial cohesion;
6. Underlines that the new European Fund for Strategic Investments (EFSI), as part of the Investment Plan for Europe, should not undermine the rationale behind local and regional investment strategies and the European Structural and Investment (ESI) Funds but should be in line with them, and that Member States should encourage local and regional authorities, closely involving all relevant stakeholders, including SMEs and NGOs, to promote project pipelines and investment platforms; calls for further steps to be taken to ensure complementarity and synergies between the ESI Funds, the EFSI and other EU-subsidised programmes and initiatives, together with national public investments and private financial instruments, in order to obtain maximum added value and synergy by exploiting the full potential of such investments; welcomes the intention of the Commission to draft guidelines on the complementarities of the funds;
7. Notes the links between the objectives of the European Semester process and the programming of the ESI Funds for 2014-2020, reflected in the Partnership Agreements; considers therefore that, following the 2014-2020 reform, cohesion policy instruments could play a very important role in the implementation of the relevant CSRs, thus supporting structural reforms and contributing to the fulfilment of the EU's strategic goals and the effective implementation of the Partnership Agreements; underlines nevertheless the multiannual and long-term nature of programmes and objectives under the ESI Funds in contrast to the annual cycle of the European Semester, and the need for coordination between the European Union's priorities, national needs, regional needs and local needs;
8. Urges the Member States and the Commission to ensure adequate administrative capacity in order to improve the quality of public services to users, and to ensure improved transparency, efficiency and accountability in public procurement, e.g. by using innovative solutions such as e-procurement and tackling corruption; recalls, in this context, the importance of sound financial management and good economic governance; calls, therefore, for the efficient use of ESI Funds in order to contribute also to reform structures and processes, human resource management and service delivery; stresses the

need to set performance criteria in the field of budget execution;

9. Stresses that the ESI Funds can play a vital role in implementing structural reforms by making key investments in the real economy and, if targeted wisely and implemented effectively, can achieve the objectives set in the 2014-2020 cohesion policy reform; acknowledges that there is an urgent need to focus on improving the investment environment and points out that both CSRs and ex ante conditionalities within the 2014-2020 cohesion policy have a key role to play in this context, as they have important positive spillover effects on the broader investment environment; urges the Commission and the Member States to ensure that EU funding is used to its full potential and as effectively and efficiently as possible while adhering to the principle of subsidiarity;
10. Notes the proposal by the Commission to set up the Structural Reform Support Programme (SRSP); urges the Commission to ensure that the programme funding, designed to deliver support upon a Member State's request and through the management modes intended is deployed with a view to strengthening economic, social and territorial cohesion, as outlined in Article 174 of the TFEU and that the programme is implemented in such a way as i) to avoid additional administrative complexity and ii) to be consistent with existing resources and arrangements for structural reform; highlights the need for the co-legislators to amend the Commission proposal, specifying in greater detail the methodology and indicators to be used for monitoring the implementation and effectiveness of the programme, while avoiding unnecessary secondary legislation; calls on all the services concerned to work together upstream in order to coordinate activities and avoid overlaps when offering assistance for the efficient and effective use of Union funds;
11. Calls on the Commission – in order to increase democratic control over economic management – to involve Parliament more fully in the whole process by means of an interinstitutional agreement, as proposed in the Five Presidents' Report of 22 June 2015; considers that this agreement should therefore, inter alia, also provide for regular exchanges of views between Parliament, the Council and the Commission before publication of the Annual Growth Survey and of the CSRs.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	16.2.2016
Result of final vote	+: 31 -: 5 0: 3
Members present for the final vote	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Mercedes Bresso, Steeve Briois, Andrea Cozzolino, Rosa D'Amato, Tamás Deutsch, Bill Etheridge, Iratxe García Pérez, Anna Hedh, Krzysztof Hetman, Ivan Jakovčić, Constanze Krehl, Sławomir Kłosowski, Andrew Lewer, Iskra Mihaylova, Andrey Novakov, Younous Omarjee, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Maria Spyrali, Ruža Tomašić, Ramón Luis Valcárcel Siso, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Viorica Dăncilă, Ivana Maletić, Bronis Ropė, Davor Škrlec, Hannu Takkula, Damiano Zoffoli, Marco Zullo

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	18.2.2016
Result of final vote	+: 37 -: 18 0: 1
Members present for the final vote	Gerolf Annemans, Burkhard Balz, Hugues Bayet, Pervenche Berès, Udo Bullmann, Fabio De Masi, Markus Ferber, Jonás Fernández, Elisa Ferreira, Sylvie Goulard, Gunnar Hökmark, Othmar Karas, Georgios Kyrtsov, Alain Lamassoure, Philippe Lambert, Sander Loones, Olle Ludvigsson, Ivana Maletić, Notis Marias, Costas Mavrides, Bernard Monot, Stanisław Ożóg, Dimitrios Papadimoulis, Pirkko Ruohonen-Lerner, Alfred Sant, Molly Scott Cato, Peter Simon, Renato Soru, Paul Tang, Ramon Tremosa i Balcells, Marco Valli, Tom Vandenkendelaere, Cora van Nieuwenhuizen, Jakob von Weizsäcker, Pablo Zalba Bidegain, Marco Zanni, Sotirios Zarianopoulos
Substitutes present for the final vote	Enrique Calvet Chambon, Bas Eickhout, Ildikó Gáll-Pelcz, Ramón Jáuregui Atondo, Danuta Jazłowiecka, Eva Kaili, Jeppe Kofod, Morten Messerschmidt, Eva Paunova, Michel Reimon, Maria João Rodrigues, Antonio Tajani, Romana Tomc, Nils Torvalds, Beatrix von Storch
Substitutes under Rule 200(2) present for the final vote	Jens Gieseke, Sven Schulze, Mihai Țurcanu