



**2016/2306(INI)**

25.1.2017

# **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 2017  
(2016/2306(INI))

Rapporteur: Krzysztof Hetman



## 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. Welcomes the Commission's Annual Growth Survey 2017 as an important part of the European recovery process based on a strategy of investment, structural reforms, job creation and responsible public finances, aiming to further promote higher growth levels, strengthen European recovery and reach an upward convergence;
2. Is concerned that there is still evidence of macroeconomic imbalances and limited convergences, notably within the euro area;
3. Is concerned about patchy implementation of country-specific recommendations (CSRs) in the European economic recovery, as well as the substantial investment gap in the EU, which jeopardises the EU's longer-term growth potential; calls on the Member States to make strong commitments to implement structural reforms and to reduce their debt-to-GDP ratio and their budget deficit in order to foster growth and create jobs; believes that Member States should remain primarily responsible for CSR implementation and for deciding on the best way this should be done; highlights the role of local and regional authorities and other relevant stakeholders, as well as European Structural and Investment Funds (ESI Funds) themselves, in supporting these structural reforms, job creation and investments; asks the Commission to consider involving local and regional authorities in the European Semester, where relevant;
4. Calls for European Semester policies which aim at boosting domestic demand in order to make the European economy more resilient within a framework of worsening global outlook and slowdown in global demand;
5. Recognises the objective of the European Fund for Strategic Investments (EFSI), which is designed to support high-risk investment projects with the aim of strengthening growth potential based on quality jobs and productivity; is concerned, however, about the enormous imbalance in use of the Fund between the EU15 (91 % of funding) and the EU13 (9 % of funding); notes the Commission's proposal to strengthen synergies and complementarities between the EFSI and the ESI Funds, as well as to provide more targeted local and regional technical assistance, in order to mitigate divergence in the Single Market by enabling all regions to develop their potential and to improve the geographical coverage of the EFSI across the EU; calls on the EIB and the Commission to ensure that the distribution of the funds is based on prudent financial analysis, with applications assessed fairly on their merit; emphasises, however, that there is still a lack of evidence regarding the impact of the EFSI's contribution to growth and jobs; from this perspective, underlines that the EFSI must be additional to the ESI Funds and should by no means undermine the role of Cohesion Policy as the main investment policy of the Union, which brings the EU closer to its citizens; calls on the Commission to propose further measures aiming at reducing and better balancing the above-mentioned discrepancy;
6. Shares the view of the Commission that the Advisory Hub must be enhanced to enable it to work on a more local and regional scale and to improve its cooperation with National

Promotional Banks, and in order for it to be a useful tool to help project promoters develop better projects, in particular for regions or sectors where additional outreach and technical capacity are needed; asks the Commission to promote better use of the EFSI by the local and regional authorities across the EU, in particular through investment platforms; to this end, invites the Commission to help by disseminating information and to address the current lack of administrative and institutional capacity at subnational level; calls on the Commission and the Member States to use the EFSI and the ESI Funds to their full potential and in line with the Europe 2020 Strategy in order to reduce the investment gap in the EU;

7. Underlines that, in the context of the European Semester and efforts to simplify the Cohesion Policy, such as the activities of the Taskforce for Better Implementation, Member States need to step up their actions to implement the necessary structural reforms and all other measures which support this implementation, including institutional capacity building, with the aim of boosting growth and jobs and by removing obstacles encountered by beneficiaries of the Cohesion Policy; underlines, nevertheless, the need for coordination between the EU's priorities and national, regional and local needs; stresses the importance of ex-ante conditionalities in order to improve capacity building in the Member States; stresses the need to intensify communication to European citizens of the results obtained in order to make European added value more visible;
8. Reiterates the need to accelerate the implementation of the ESI Funds during the 2014-2020 financial programming period; while acknowledging that Member States should remain responsible for the designation of programmes, believes that tailor-made recommendations should follow the analysis of the implementation deficiencies and be included in the CSR formulation process; calls on the Commission to engage in close dialogue with the Member States to define such measures;
9. Underlines that in order to better respond to economic challenges and boost growth, the Member States must be given a higher level of flexibility in implementation when making use of the investment clauses; shares, in this context, the view of the European Court of Auditors that public procurement, while being a perennial problem, needs to be addressed also at Commission level, with the Commission acting as an advocate for improvements in this field;
10. Welcomes the fact that the Commission's proposal to suspend parts of the ESI Funds for Spain and Portugal is being held in abeyance in the face of constructive criticism from Parliament, which has shown conclusively that this proposal is superfluous and based on an assessment from the Commission which claims both nations are making progress towards their deficit reduction targets; shares the Commission's view that the euro area needs to adopt a more collective approach, which takes into account the budgetary situation differences between Member States; recalls in this respect the role of the Commission as guardian of the Treaties; is expecting, furthermore, a report from the Commission on the application of Article 23 of Regulation (EU) No 1303/2013, due in 2017, which takes into consideration the opinion of Parliament expressed during the structured dialogue of 2016;
11. Welcomes the Commission's declaration on the importance of investment in knowledge, innovation, education and ICT as drivers of growth; advocates the adoption of policies

that will enable basic access to connectivity for every European citizen;

12. Believes that the Investment Plan for Europe will only deliver on its targets through improved engagement with SMEs, local authorities and other grass-roots actors; calls on the EIB and the Commission to ensure that these stakeholders are able to successfully design and lead applications for project financing, have appropriate support and are not exposed to unnecessary regulatory burdens; in particular, notes the positive impact that community-led local development can have on ensuring that the voices of local actors are heard;
13. Welcomes support for SMEs through EFSI's SME Window and the SME Initiative; is encouraged by the ongoing recovery of the SME sector since the 2008 financial crisis; calls on the Commission to cooperate with Member States to ensure that problem areas are addressed, including the slow increases in the numbers employed by SMEs and the stagnant growth in the manufacturing, construction and retail sectors;
14. Believes that access to finance remains the primary challenge for growing SMEs; notes that the commercial banking sector, primarily regulated by Member States, remains the primary source of financing for most SMEs; notes, therefore, that it will be Member States who remain the primary actors in the recovery of the SME sector and that the Commission should ensure that its actions play an effective supporting role.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	24.1.2017
<b>Result of final vote</b>	+: 31 -: 6 0: 0
<b>Members present for the final vote</b>	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Andrea Cozzolino, Rosa D'Amato, Tamás Deutsch, Iratxe García Pérez, Michela Giuffrida, Ivan Jakovčić, Constanze Krehl, Sławomir Kłosowski, Andrew Lewer, Louis-Joseph Manscour, Martina Michels, Jens Nilsson, Andrey Novakov, Younous Omarjee, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Maria Spyraiki, Ruža Tomašić, Ramón Luis Valcárcel Siso, Monika Vana, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan
<b>Substitutes present for the final vote</b>	Petras Auštrevičius, Ivana Maletić, Dimitrios Papadimoulis, Maurice Ponga, Laurențiu Rebegea, Bronis Ropė, Iuliu Winkler