

P7_TA-PROV(2012)0048

Contribution to the Annual Growth Survey 2012

European Parliament resolution of 15 February 2012 on the contribution to the Annual Growth Survey 2012 (2011/2319(INI))

The European Parliament,

- having regard to the Communication from the Commission of 23 November 2011 on the Annual Growth Survey 2012 (COM(2011)0815),
 - having regard to the legislative package on economic governance adopted on 16 November 2011 and, in particular, 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 imbalances¹,
 - having regard to its resolution of 15 December 2011 on the Scoreboard for the surveillance of macroeconomic imbalances: envisaged initial design²,
 - having regard to its resolution of 1 December 2011 on the European Semester for Economic Policy Coordination³,
 - having regard to its resolution of 6 July 2011 on the financial, economic and social crisis: recommendations concerning the measures and initiatives to be taken⁴,
 - having regard to the conclusions of the European Council of 9 December 2011,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A7-0018/2012),
- A. whereas the latest statistical evidence highlights rising inequalities and unemployment in the European Union;
- B. whereas most Member States have lost sight of the headline targets of the EU2020 objectives;

Economic challenges and main macroeconomic policies

1. Welcomes the Annual Growth Survey (AGS) 2012 as presented by the Commission as a good basis for this year's European Semester; stresses that the solutions specifically targeting the current sovereign debt and financial crisis, on which all the institutions are working on a daily basis, should go hand in hand with a major focus on medium- and long-

¹ OJ L 306, 23.11.2011, p. 25.

² Texts adopted, P7_TA(2011)0583.

³ Texts adopted, P7_TA(2011)0542.

⁴ Texts adopted, P7_TA(2011)0331.

term growth-enhancing measures, as well as an overhaul of the general economic framework, in order to improve the sustainability and competitiveness of the European economy and ensure its long-lasting success;

2. Deems however that the Annual Growth Survey falls short of what is necessary to restore confidence among European households and enterprises as well as financial markets, since it overlooks the need to take urgent action to support short-term activity and employment in investing in the EU 2020 objectives;
3. Recalls that the Annual Growth Survey 2011 and a number of other initiatives, which need to be implemented through national and European legislation, already contained most of the elements which are necessary to restore confidence, increase competitiveness and promote smart and sustainable growth and job creation;
4. Recalls its requests addressed to the Council and the Commission in its resolution of 1 December 2011 on the European Semester for Economic Policy Coordination and demands a public response to the elements contained in that resolution;
5. Deplores the lack of, or unevenness in, the implementation in the Member States of guidelines agreed at the EU level, bearing in mind the necessary margin of discretion which the Member States enjoy to pursue their own policies, which prevents the agreed guidelines from unleashing their full potential to achieve EU 2020 goals; welcomes the fact of this year's Annual Growth Survey's emphasis being put on the need for implementation as well as on growth-enhancing actions; underlines the fact that the democratic legitimacy and national ownership of the changes which have been decided in terms of future economic governance need to be substantially increased;
6. Agrees that the AGS and the official positions taken by the European Parliament and the other European Institutions in this regard set out priorities for action at national and EU level for the next twelve months, including for the achievement of the EU 2020 targets, which should feed into national economic and budgetary decisions, in line with the EU's country-specific recommendations;
7. Agrees with the Commission's analysis that efforts at national and EU level should concentrate on the following five priorities:
 - pursuing differentiated growth-friendly fiscal consolidation while ensuring economic recovery and job creation;
 - ensuring long-term financing of the real economy;
 - promoting sustainable growth through more competitiveness and investments;
 - tackling unemployment and the social consequences of the crisis;
 - modernising EU public administration and services of general interest;
8. Welcomes the evaluation of the progress of the flagship initiatives of the EU 2020 Strategy, but underlines that the fight against social exclusion and poverty should remain a high priority of every policy;
9. Believes that access to basic banking services remains a key factor for social inclusion and

therefore encourages the Commission to take bolder action to guarantee this access;

Pursuing differentiated growth-friendly fiscal consolidation while ensuring economic recovery and job creation

10. Acknowledges the interdependence and therefore spill-over effects between Member State economies and fiscal policies; stresses that the growth prospects of all Member States, whether they are currently in the Euro area or not, are highly dependent on how decisively the debt crisis is dealt with and how coordinated economic policies effectively ensure a better focus on investment for sustainable growth and job creation; urges Member States to take the appropriate steps to correct their excessive deficits by the deadlines set by the Council and to reduce their sovereign debts to a sustainable level;
11. Takes note of the new legislative proposals on economic governance; believes that such proposals should offer the opportunity to enhance the role of the European Parliament regarding the definition and implementation of economic policy surveillance procedures within the European Semester framework in conformity with the provisions of Articles 121 and 136 of the Treaty;
12. Recalls that, in the current context, where several Member States are confronted with stringent and difficult choices in terms of allocation of public resources it is urgent to ensure the consistency of different economic policy instruments and in particular policies conducive to respect for EU 2020 objectives and headline targets on an equal basis;
13. Recalls in that perspective the need to explicitly identify, assess and address spill-over effects of Member States' economic policies as well as to carry out social impact assessments of economic policy instruments included in the EU Semester framework;
14. Underlines the fact that Member States should pursue differentiated strategies according to their budgetary situations and insists that Member States must keep their public expenditure growth below the rate of medium-term trend GDP growth provided that increased expenditure is not matched by additional discretionary revenue measures; invites the Member States to prioritise, on the expenditure and revenue sides of the budget, growth-friendly policies, such as education, research, innovation, infrastructure and energy, and to ensure the efficiency of such expenditures and revenues; calls for efficient, socially just and sustainable reform:
 - of the pension and social security systems,
 - growth-friendly tax policies in the Member States, better tax coordination and where appropriate harmonisation in the EU; encourages the Member States to improve their domestic fiscal frameworks as agreed with a view to promoting efficient and sustainable fiscal policies¹; calls on the Commission to ensure the coordination of measures against tax evasion;

Ensuring long-term financing of the real economy

15. Welcomes the fact that a major overhaul of regulation and supervision of the financial

¹ See, for instance, Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L 306, 23.11.2011, p. 41).

sector is underway; believes that more diligent and ambitious measures are required in order to enhance the resilience of the EU financial system; stresses that this would enhance the competitiveness of the European Union; stresses that this must be undertaken in a way that discourages regulatory arbitrage and which does not encourage capital flight or the relocation of financial activity from the EU;

16. Underlines the fact that restoring investor confidence will require a strengthening of the banks' capital positions and measures to support their access to funding, as far as possible curtailing short-term remuneration systems and inadequate business models; believes that further reform of the regulation and supervision of the financial sector will be necessary in order to reflect heightened risks in the sovereign and private debt markets, which includes a strengthening of the capital positions of systemic banks, although this must not undermine the competitive position of non-systemic financial institutions; stresses that, after having been correctly capitalised, banks should not unduly restrict lending to the real economy and therefore regulatory actions should lay the basis for an increase in their lending capacity; invites the Commission to ensure that the European system of financial supervision maintains bank lending, in particular by those institutions that benefited from crisis-related State aid and the support of ECB liquidity lines; expects the Commission to make its proposals on crisis bank management before Summer 2012; deplores the socialisation of private losses through injections of liquidity in the banking sector and any speculative behaviour by rating agencies and international financial centres;
17. Supports the creation of project bonds designed to contribute to the financing of key infrastructure projects in order to promote sustainable growth and jobs;
18. Underlines the key role of the EIB group in supporting the real economy and SMEs in particular and in ensuring investment in long-term infrastructure projects in line with the EU 2020 strategy; believes that the EU should use the existing resources and create innovative financing instruments for those Member States with limited room for financial stimulus;

Promoting sustainable growth through more competitiveness and investments

19. Is worried by the macroeconomic imbalances within the EU and the fact that many Member States, in particular those under market pressure, are falling behind in terms of productivity; insists on the role of enhanced coordination of economic policies as well as structural reforms in tackling these problems in both deficit and surplus countries in an adequate way; is worried by the fact that the bulk of global growth is expected to come from outside the EU in the coming years, which will necessitate a strengthening of the export capacity of Member States, as well as providing a stable framework for value-creating foreign direct investment destined for the EU's real economy;

Tackling unemployment and the social consequences of the crisis (competence of the EMPL Committee)

20. Believes that the structural mismatch between supply and demand for labour will hinder recovery and long-term growth and therefore calls for structural reforms in the labour market, while respecting the subsidiarity principle and ensuring social cohesion; draws attention to the role and responsibilities of the social partners in the design and implementation of structural reforms;

Modernising EU public administration and services of general interest

21. Recalls that the quality of public administration at EU, national, regional and local level is a determining element of competitiveness and an important productivity factor; notes that public-sector reforms are an imperative part of restoring competitiveness; considers that a high quality of public administration needs adequate budgetary resources and reforms while respecting the subsidiarity principle as laid down in Protocol No 26 on Services of General Interest;
22. Takes note of the Quality Framework on Services of General Interest to enhance clarity and legal certainty as to how EU rules apply to services of general interest (SGI), ensure access to essential services and promote quality;
23. Regrets the slow pace of the implementation of EU legislation by certain Member States and urges them to deliver the agreed results concerning the quality of statistics; is firmly convinced that the availability of reliable, accurate and up-to-date data provides a key element of the political decision-making process; welcomes the efforts of the Commission to improve the reliability of the data provided by Member States for the Commission (Eurostat); calls on the Member States to implement the recently adopted Council Directive on Requirements for the Budgetary Framework of the Member States as soon as possible;
24. Calls for more efficiency in the delivery of public services as well as an increase in the transparency and quality of public administration and the judiciary, and further encourages reductions in the unnecessary administrative burden and red tape; underlines the importance of monitoring and evaluating civil service performance in conformity with the subsidiarity principle;
25. Encourages the Commission, considering that the AGS covers much more than just economic elements, to develop programmes for specific policy sectors, such as defence, where joint management or joint ownership between multiple Member States would provide economies of scale, which would bring added value and financial savings to the Member States involved;
26. Underlines, in the current economic context, the even more crucial role played by EU-funded programmes and encourages the Commission to put forward a proposal to fund EU 2020 strategy actions through the transfer of unused payment appropriations;

Procedural framework

27. Deplores the fact that the involvement of the European Parliament in the elaboration of the BEPG (Broad Economic Policy Guidelines)/AGS is not formally provided for by the Treaty, whilst Parliament's contribution to employment topics is made under the consultation procedure (Article 148(2) TFEU); recalls that the AGS should be subject to a codecision procedure that should be introduced by the next treaty change; wishes to step up dialogue between EU and national institutions, in particular parliamentary institutions, where appropriate and with mutual respect and consent;
28. Recalls that the European Semester is now part of EU secondary legislation (see Article 2(a))

of Regulation (EU) No 1175/2011)¹;

29. Recalls that the economic governance legal framework (the ‘six pack’) provides the tool of economic dialogue: ‘in order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss decisions taken... The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views’; calls for this tool, which enables economic cooperation and mutual understanding, to be utilised as much as possible;
30. Notes that the 2012 edition of the European Semester is the first under the agreed enhanced economic governance legal framework (the ‘six pack’), which includes strengthened rules for the Stability and Growth Pact and national fiscal rules, as well as new procedures for monitoring and correcting macroeconomic imbalances;
31. Invites the Commission to present future surveys under the title ‘Annual Sustainable Growth Guidelines’;
32. Urges the Commission to provide a detailed assessment of the implementation by Member States of the country-specific recommendations that it will make public before the June 2012 European Council;
33. Asks the Commission to work in close cooperation with the Council in order to develop a genuine and common budget and accounting nomenclature;
34. Recalls the fact that the Council should explain its position publicly as part of the economic dialogue in Parliament when it diverges significantly from Commission recommendations and proposals;
35. Stresses in this regard that the Commission recommendations and proposals must respect and preserve Member State policy discretion required for implementation in conformity with the principle of subsidiarity and the provisions of Article 126 TFEU, as several means can be conducive to the attainment of the goals and targets recommended;
36. Urges the Commission to explain thoroughly the reason why it assessed negatively the National Reform Programme (NRP) or Stability and Convergence Programme (SCP) and any other document the Member States have submitted in the economic governance framework; expects that, in doing so, the Commission will provide the Member State concerned with its detailed methodology and the working hypothesis underpinning its assessment;
37. Recalls that the new legal framework stipulates that the European Parliament is to be duly involved in the European Semester in order to increase the transparency and accountability

¹ See Regulation (EU) No 1175/2011 of the European Parliament and 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 policies (OJ L 306, 23.11.2011, p. 12).

of the decisions taken, in particular by means of the economic dialogue as specified in the relevant secondary legislation;

38. Applauds the Commission for having published its Annual Growth Survey by the end of November and expects this schedule to be made permanent so that Parliament has time enough to express its views before annual guidelines are decided upon by the Spring European Council;
39. Underlines the fact that the President of the Council, the Commission, in accordance with Article 121 TFEU, and, where appropriate, the President of the Eurogroup are to report annually to the European Parliament and the European Council on the results of multilateral surveillance;
40. Urges the Commission, the Council and the European Council to agree with Parliament on a streamlined timetable for the European Semester in order to make it as effective, transparent and legitimate as possible;
41. Mandates its President to defend this position during the Spring European Council (1-2 March 2012);

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42. Instructs its President to forward this resolution to the Council, the Commission and the European Council.