



Economic rescue plans need EU-level coordination

National economic rescue plans may harm Europe's global competitiveness if they are not well coordinated at EU level, says the Economics Committee in a report adopted on Wednesday.

Stimulating the EU economy and its competitiveness and making financial markets function again are essential to avoid mass unemployment and create new jobs, according to the report drawn up by Elisa Ferreira (PES, PT) on the Commission's European economic recovery plan.

The committee is concerned that differences between national measures in response to the economic and financial crisis could hamper the functioning of the common market and thus weaken EU's role as a global actor.

Urgent steps to release EU funds, a better financial supervision system and a new global financial regulatory framework also figure among the reports recommendations.

Tackling the effects on real economy

Guaranteeing minimum living standards for all EU citizens is one of priority targets for action at EU level, according to MEPs. The committee calls for the adoption of adequate and urgent measures to support an active labour market and social inclusion.

A real European Pact for Employment should also be agreed to safeguard jobs, according to the committee. Members support the Commission's initiative to bring forward European Social Fund spending and to facilitate access to the European Globalisation Adjustment Fund.

Access to credit for individuals and firms, especially small and medium-sized enterprises, has to be guaranteed, says the committee, and this justifies exceptional public expenditure. MEPs suggest EU governments should set incentives and sanctions to achieve this goal.

More effective supervisory system

The European Central Bank's role should be enhanced, says the committee, enabling it to monitor the financial stability of the Euro area and involve it in supervision of the EU banking sector.

Rescue plans for banks should not be unconditional, according to the committee, which suggests requirements on monetary incentives, provision of credit, restructuring of the sector and protection of social policy terms in return for the help the banks receive.

Member States should consult and coordinate on economic policies

To ensure better coordination, the Economics Committee calls for the establishment of binding rules for national governments to consult each other and the Commission before taking major economic policy decisions.

MEPs are concerned that the European Economic Recovery Plan amounts only to €30 billion (0.2% of European GDP), while the remaining €170 billion is supposed to come from Member States' own initiatives. They therefore call for a new strong initiative at EU level to avoid risks of conflicts between the different national actions. At the same time, the committee stresses the responsibility of each Member State to ensure fiscal discipline and to continue investment and structural reforms.

A new global financial regulatory framework?

The EU should lead negotiations in international bodies - such as the G20, the International Monetary Fund and the Financial Stability Forum - to implement new rules on international financial markets, say MEPs. The aims should be to strengthen the international supervisory system.

Stability and Growth Pact: flexibility and prudence

The flexibility provided by the revised Stability and Growth Pact allows national governments to adopt policies to address the recession, say MEPs in the committee. Nevertheless, they point out that Member States' decisions have to be compatible with medium term budgetary targets and long term Lisbon Strategy goals for a more competitive economy.

Parliament's role in the recovery plan

Ms Ferreira's report, once adopted by the full Parliament, will be MEPs' main political reaction to the Commission's recovery plan. Some of the proposed spending plans require a legislative framework which will need to be adopted under the co-decision procedure. Changes to the EU budget for 2009 will also need backing from both the Parliament and the Council in order to be enacted.

Contact :

Federico de Girolamo

Press Service

BXL: (32-2) 28 31389

PORT: (32) 0498.983.591

EMAIL: econ-press@europarl.europa.eu