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REPORT

on the European Semester for economic policy coordination: Annual Growth Survey 2015
(2014/2221(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Dariusz Rosati

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Jean Arthuis, Committee on Budgets

(*) 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 2015 (2014/2221(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Articles 121(2) and 136 thereof,
- 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 Council of 21 May 2013 on the strengthening of economic and budgetary surveillance

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.

of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability¹,

- having regard to the Commission communication of 2 June 2014 on country-specific recommendations 2014 (COM(2014)0600),
 - having regard to its resolution of 25 February 2014 on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2014²,
 - having regard to the Commission communication of 28 November 2014 on the Annual Growth Survey 2015 (COM(2014)0902),
 - having regard to the Commission communication of 10 February 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 the debate with representatives of national parliaments on the implementation of the 2015 priorities of the European Semester,
 - having regard to its resolution of 5 February 2013 on improving access to finance for SMEs³,
 - 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 and the Committee on the Environment, Public Health and Food Safety (A8-0037/2015),
- A. whereas the economic recovery in the EU slowed down considerably in the course of 2014 but, according to the Commission, has a prospect of catching up in 2015 and of doing even better in 2016; whereas six years after the beginning of the financial crisis in 2008, the euro area is still facing record unemployment levels of almost 12 %; whereas weak growth has compounded disinflationary trends; whereas in the aftermath of the financial crisis, the euro area in particular stands out as an area of unsatisfactory growth while a number of countries are recovering faster; whereas, despite deflationary pressure, the Commission predicts that inflation should increase as of mid-2015 and in the course of 2016;
- B. whereas the investment level has fallen by EUR 470 billion since the peak of the crisis, and the investment gap is estimated at around EUR 230-370 billion compared to its long-term trends; whereas the response to the euro sovereign debt crisis and the revealed inefficiency of the European institutional framework has been substantial, but not sufficient to give the euro area economy a strong enough momentum to return to a rapid growth path;

¹ OJ L 140, 27.5.2013, p. 1.

² Texts adopted, P7_TA(2014)0129.

³ Texts adopted, P7_TA(2013)0036.

1. Is of the opinion that the euro area is still struggling with the consequences of an exceptionally long economic downturn after 2008; points out that the recovery is still fragile and should be enhanced if it is to deliver substantially more growth and jobs in the medium term; notes, however, that growth in 2014 is more broadly based; notes that the challenge today is to address both cyclical short-term as well as structural long-term problems; underlines that short-run pressures can lead to measures of a transitory nature which could undermine the long-term capacity for growth; underlines the need to ensure that short and long-term policies reinforce one another;
2. Takes note of the Commission's Annual Growth Survey 2015, which endeavours to promote a return to higher growth levels and to strengthen the recovery; supports the three main pillars approach (boosting investment, accelerating structural reforms and pursuing responsible growth-friendly fiscal consolidation) as the right way to achieve these goals; considers that this approach should be fully incorporated into the upcoming country-specific recommendations (CSRs); supports the Commission's suggestions for improving the European Semester by streamlining existing procedures, including its timetable, and increasing the involvement of national parliaments with a view to strengthening national ownership, considering that only around 9 % of the CSRs were fully implemented by the Member States in 2013; calls on the Commission to come forward rapidly with robust data for the implementation of CSRs in 2014; in this context, highlights the need to streamline the existing procedures of the European Semester, including its timetable, and to increase the involvement of national parliaments, with a view to strengthening national ownership of structural reforms;
3. Highlights the importance and added value of the Single Market Integration reports in the previous years, contributing to the overall priorities set in the Commission's Annual Growth Survey and the identification of country-specific recommendations in the context of the European Semester; finds it, therefore, most deplorable that the Single Market Integration report has been omitted for 2015;
4. Underlines the fact that the European Semester, introduced in 2010, is establishing an annual cycle of economic policy coordination involving a detailed analysis of Member States' plans for budgetary, macroeconomic and structural reforms;
5. Expresses concern that most Member States are still losing market shares globally; believes that the EU economy as a whole needs to boost its competitiveness further in the global economy, particularly by increasing competition in the product and services markets in order to enhance innovation-driven efficiency; insists that labour costs should remain in line with productivity, and that wages should contribute to sustained social security systems; stresses that Member States, when having to manage their expenditure according to the requirements of the Stability and Growth Pact (SGP), should cut back on current expenditure rather than reducing investment commitments, even though the rules do not take into account the fact that investment expenditure and current expenditure have a different impact on growth; takes note of the Commission communication on making the best use of the flexibility within the existing rules of the Stability and Growth Pact (COM(2015)0012), as it clarifies the procedure and explains the link between structural reforms, investment and fiscal responsibility whilst making the best use of the flexibility which exists within its rules; welcomes the proposal by the

Commission to streamline the European Semester; points out that one-size-fits-all approaches in preparing CSRs should be avoided;

Investment

6. Believes that the lack of investment is caused by low confidence, subdued expectations of demand, high indebtedness, risk-aversion of the private sector, absence of measures to encourage productive public investments, fragmentation of the financial markets, slow deleveraging, subdued expectations of demand aggravated by austerity measures seeking to correct overspending, lack of appropriate financing capacity and the fact that in many cases the Member States and the EU fail to take proper action to cope with these factors; underlines that the investment gap can be bridged by targeted public investments and significantly higher levels of investments in private companies and in European businesses; calls for reforms facilitating a new entrepreneurial climate stimulating new business, new investments and innovations, with the possible returns on investments as a crucial factor for attracting financial capital to the European economy; stresses that increased financing of investments calls for a well-functioning financial system where increased stability and existing cross-border institutions can facilitate liquidity and market making, especially for small and medium-sized enterprises;
7. Welcomes the Investment Plan for Europe, which is an important instrument for increasing private and public investment; notes that the plan is meant to trigger additional investment, develop new projects, attract investors and restore confidence; considers, however, that it is far too early to meaningfully assess the actual impact of the plan; notes that boosting investment should not be seen as an alternative but rather a complement to reforms; insists that the resources of the European Fund for Strategic Investments (EFSI) should be used to spend money on projects with economic return or with a positive social cost-benefit effect; emphasises that the EFSI should not merely substitute co-financed European projects for nationally financed ones; stresses that the European funds should lead to additional investment, not just replace national investment funds that would go to consumption; believes that the Investment Plan for Europe should focus in the first place on projects with a European added value which are not yet eligible for banking finance; emphasises the importance of the regulatory components of the Investment Plan in terms of improving the environment for investment; notes that the implementation of the Commission's Investment Plan is key in order for it to carry the desired added value; emphasises that the investment projects need to be carefully selected to avoid the plan failing to deliver sustainable growth and jobs in Europe; recalls that the results of the Commission's Investment Plan should be rigorously assessed, especially on how projects were selected and prioritised, and also to avoid privatising profits or socialising losses; stresses the interdependence between the lever of the Investment Plan and the actual projects being undertaken; underlines that the aim of achieving a high lever should not come at the expense of sound project selection, which should also take into account the projects' geographic locations; underlines the need to ensure a high quality governance and selection process; notes that the Member States in the adjustment programme expect the Investment Plan to significantly enhance and to facilitate grants and loans for small and medium-sized businesses, which have borne the brunt of the crisis;

8. Calls on the Member States actively to support the Investment Plan, and to contribute to the EFSI, supplementing the amounts provided through the EU budget and by the EIB, in order to guide and encourage the private sector to invest;
9. Stresses that there should be a special regime for SMEs under the Investment Plan in order to create a level playing field, as SMEs are easily put at a disadvantage due to their size and market position;
10. Stresses that a lack of access to finance, particularly for SMEs, is one of the greatest obstacles to growth in the EU; is concerned that bank credit is continuously difficult to obtain for SMEs; believes that alternatives to bank financing are needed, in particular by improving the business environment for venture capital, peer-to-peer funds and promotion of credit unions, but also, more broadly, by creating the conditions for an efficient allocation of capital through capital markets; considers that more integrated capital markets and better supervision over financial institutions are fundamental in order to achieve these objectives in the short and medium term; stresses that SMEs should have privileged access to the Investment Plan;
11. Acknowledges that energy is an important factor for economic competitiveness; stresses the need to eliminate barriers to the single energy market by, inter alia, promoting energy independence; calls on the Commission to assess progress in this domain at both EU and national level, supporting measures to tackle fragmentation and implementation difficulties;
12. Is still concerned about the lack of progress in reducing excessive private debt levels; points out that this is not only a concern for financial stability, as it also limits the EU's growth potential and makes the ECB's monetary policy less effective; calls on the Commission to make further proposals for the preparation of effective procedures for private sector deleveraging, including bankruptcy and insolvency procedures, while fostering a fair and transparent burden-sharing of costs, as the huge debt burden weighing on companies and households is one of the key factors limiting private investment;

Structural reforms

13. Notes that structural reforms are still necessary in a number of countries; also notes the fact that those Member States that have successfully implemented adjustment programmes or financial sector programmes have been able to return to the capital markets, where they now access capital at low interest rates; points out that the reasons behind this return were, inter alia, the actions taken by the European Central Bank (ECB); encourages the Member States in the rest of the euro area to be no less ambitious in modernising their economies; notes that due regard should be given to the social and employment impact of reforms; emphasises that a more relaxed ECB monetary policy should be complemented by ambitious and socially sustainable structural reforms by the Member States;
14. Calls on the Member States to make their labour markets more efficient, to develop more active labour market policies aimed at creating well-paid jobs, to modernise the social protection systems, including the pension systems, while safeguarding

inclusiveness, sustainability and fairness, and to improve and streamline the legal and administrative environment for business investment; stresses that structural reforms need to lead to real and sustainable growth, higher employment, strengthened competitiveness and increasing convergence, and should be complemented by well-targeted, longer-term investments in education, research and development, innovation, infrastructure, industry, ICT, sustainable energy and human resources;

15. Calls on the Member States to safeguard and enhance the inclusiveness, sustainability and fairness of social protection, in particular for those most in need, and to improve and streamline the legal and administrative environment for business investment; stresses that jobs must be of quality, to counteract in-work poverty, and should address the gender pay gap; underlines that economic reforms need to be complemented by well-targeted, longer-term investments in education, research and development, innovation, infrastructure, ICT and sustainable energy;
16. Stresses that reducing the EU's dependence on external energy sources must form part of its growth strategy; reiterates, therefore, the need to diversify external energy supplies, to upgrade the EU's energy infrastructure and to complete the EU internal energy market as key priorities of the EU energy security strategy;
17. Stresses that the EU cannot compete on costs alone, but needs to increase productivity through sustainable investment in research and development, education and skills, and resource efficiency, at national as well as European level; calls on the Commission and on governments to give these areas priority in their budgets; underlines that the Member States should pay particular attention to youth unemployment when devising reforms, in order not to deprive young people of their opportunities from the start; urges Member States in this regard to use the available financial means, including those under the Youth Guarantee, more rapidly and efficiently;
18. Urges the Commission and the Member States to incorporate financial assistance and the ad hoc system of the Troika into an improved legal structure compliant with the EU economic governance framework and EU law, thereby guaranteeing democratic accountability; stresses the importance of ensuring the follow-up of the Troika reports adopted in March 2014 by Parliament; calls on the Commission to implement the conclusions of these reports; points out that EU financial assistance to certain Member States, provided on terms combining solidarity with conditionality, is most successful when there is a strong national ownership and commitment to reform; reminds the Commission and the Member States that they need to carry out a comprehensive impact assessment of financial assistance programmes;
19. Calls for urgent action to be taken by the Commission to fight tax fraud and tax evasion; calls for a tax system that is simple and transparent; calls on the Member States to reach an agreement on the proposal on a common consolidated corporate tax basis as an important instrument in that fight, and believes that its legislative resolution of 19 April 2012 on the proposal for a Council Directive on a common consolidated corporate tax base (CCCTB)¹ shall serve as a basis for a reasonable compromise; reiterates its call on the Member States to shift taxes from labour; notes that the measures to fight tax fraud

¹ OJ C 258E, 7.9.2013, p. 134.

and tax evasion should not undermine the prerogatives of the Member States;
welcomes, however, effective cooperation on tax arrangements at European level;

20. Highlights the need for reforms in educational systems to enable future generations to prepare for the needs of the growing labour markets of the future;
21. Believes that the Member States and the Commission have not yet delivered on their commitment to complete the single market, especially the single market for services and the digital economy;
22. Reiterates its call on the Commission to improve the governance of the single market; urges the Commission to align the aims of the Single Market with those of the European Semester and to ensure consistency between the monitoring mechanisms of both; believes that a separate analytical tool, composed of indicators measuring the implementation of the single market, can provide useful guidance in relation to country-specific recommendations and the Annual Growth Survey; highlights the importance and added value of the Single Market Integration reports in the previous years, contributing to the overall priorities set in the Commission's Annual Growth Survey and the identification of country-specific recommendations in the context of the European Semester; finds it, therefore, deplorable that the Single Market Integration report has been omitted for 2015; calls on the Commission to make full use of all existing measures provided for in EU law to enforce the implementation of the European Semester;
23. Is concerned about protectionist tendencies in certain Member States; points out that the Treaty does not provide for the restriction of the free movement of people, services or capital, and recalls that the Commission must safeguard and enforce these freedoms;
24. Underlines the fact that the absence of a well-functioning internal labour market and of a balanced approach to immigration is hampering growth in the EU; is concerned about protectionist tendencies in certain Member States; points out that the Treaty does not provide for the restriction of the free movement of people, goods, services or capital, and recalls that the Commission must safeguard and enforce these freedoms;
25. Reiterates the importance of ensuring labour mobility (both cross-border and cross-sectoral), enhanced labour productivity (connected with skills training to improve employability), job quality and labour market flexibility, while preserving the necessary scope of work security, limiting the use of precarious work and ensuring proper scope for collective bargaining; stresses that improved matching of skills supply and demand, as well as job and career guidance, will be of great importance in the future; believes that more mobility may help to reduce the high levels of unfilled job vacancies that persist alongside high unemployment; underlines the importance of investing in the employability of female workers and young people, especially in the context of emerging technologies and new sectors, given that these sectors hold the potential for job creation;
26. Welcomes measures that make the European Semester process more effective and democratic; acknowledges that the implementation record is better in the area of public finance, in which surveillance tools are stronger; calls for the balanced integration of

employment and socioeconomic indicators;

Fiscal responsibility

27. Welcomes the strong decrease in the number of countries under the excessive deficit procedure – down to 11 in 2014 from 24 in 2011; notes that due to this fiscal improvement the fiscal stance in the EU is now expected to remain broadly neutral in 2015; asks the Commission to assess whether the EU fiscal stance is compatible with the need to increase investment; expresses its concern, however, about growing inequalities, decrease in purchasing power, high long-term unemployment and youth unemployment, and the still very high public and private indebtedness of a number of Member States in the euro area, a circumstance that not only hinders growth but also constitutes a substantial risk in case of possible future shocks; calls on the Commission to adopt a prudent and conservative interpretation of the growth indicators and to review the quality of economic forecasts, as previous Commission forecasts have too often been revised downwards;
28. Agrees with the Commission that most Member States need to continue to pursue growth-friendly fiscal consolidation; invites Member States with sufficient fiscal space to consider reducing taxes and social security contributions with a view to stimulating private investment and job creation; calls on the Commission to come up with concrete recommendations to the Member States, including those still under the economic adjustment programmes, so that they support economic growth with sustainable and socially balanced structural reforms that lead to quality employment creation, strengthened competitiveness and increasing convergence;
29. Notes the Commission assessment of the Member States' draft budgetary plans; stresses that the examination of draft budgetary plans should aim at sustainable finance; insists on the importance of applying fiscal rules and on respect for the equal treatment principle;
30. Notes that only five Member States were found to be fully compliant with the provisions of the SGP; insists that the SGP was developed by consensus among the Member States; underlines that a high proportion of expenditure spent on servicing public debt reduces resources that can be spent on public services and investments; accepts, therefore, that deficit reduction in highly indebted countries remains necessary, but considers that such fiscal consolidation should take place in a way that protects vulnerable users of public services, protects public investment and raises revenue in an equitable way through increased growth;

Strengthened coordination of national policies

31. Welcomes the Alert Mechanism Report; welcomes the gradual reduction of internal imbalances in the Member States; draws attention to the external imbalances of several Member States, including the large trade surpluses; notes a loss of global market shares for the EU as a whole;
32. Points out that the objective of the macroeconomic imbalance procedure is not only meant to avoid strong negative effects on growth and employment inside a country, but

also to prevent the effects of ill-designed national policies from spilling over into other Member States in the euro area; notes the announcement of the December 2014 European Council to move the debate on closer coordination of economic policies in the EMU forward in 2015, through the Four Presidents' Report;

33. Reiterates its view that the current economic governance framework is lacking sufficient democratic accountability in the application of its rules and of the institutions and bodies involved; calls on the Commission to make the necessary proposals to address the lack of proper democratic accountability in EU economic governance;
34. Notes that consideration should be given to the effects of the significant fall in oil prices and to whether this windfall should be passed on entirely to consumers of fossil fuels or shared, with governments increasing taxes on fossil fuels in order to diminish their deficits, finance investments, avoid undermining climate change policies and lessen disinflationary effects;

EU budget

35. Emphasises that the principle of budgetary accuracy in public accounts shall govern the drawing up of national budgets and the EU budget so as to ensure convergence and stability in the EU; is convinced that such accuracy is one factor in the response to the crisis of confidence existing between the Member States and between the Member States and the citizens of the European Union, a loss of confidence which has increased since the recent financial crisis struck;
36. Calls accordingly for the economic assumptions employed in drawing up national budgets to be harmonised; considers in particular that there should be a common assessment of factors in the international economic situation;
37. Calls for greater uniformity in the presentation of public accounts so as to facilitate comparisons and prevent excessive macroeconomic imbalances; calls in particular for the way in which Member States enter their contributions to the EU budget in their accounts to be standardised;
38. Calls on the Commission to offset any democratic deficit in the semester by means of the package of measures announced for 2015 on deepening economic and monetary union;
39. Considers it vital that the European Parliament and the national parliaments collaborate more closely in the context of the European Semester on economic and budgetary governance; undertakes to deepen its relations with the national parliaments in a spirit of constructive partnership;
40. Deplores the fact that the amount of unpaid bills in the EU budget undermines the credibility of the EU and is in contradiction to the goals set at the highest political level for growth and employment – notably youth employment – and support for small and medium-sized undertakings, and fears that this will deepen the gulf between the Union and its citizens;

41. Calls for the post-electoral revision of the multiannual financial framework (MFF) to analyse and therefore enhance the value added by EU funding to the goals of competitiveness, growth, employment and energy transition set by the Union; calls on the Commission to adopt a clearer methodology for better tracing EU funds and expenditure related to the Europe 2020 goals in order to allow improved impact assessments;
42. Calls, furthermore, on the Commission to report on the potential negative impact that the delayed payments issue would have on the commitments made by Member States in the context of the European Semester;
43. Notes that in many Member States public administration has to date not been made more efficient, even though improvements in that area would serve to achieve savings by rationalising organisation and cutting red tape for businesses and citizens;
44. Welcomes the fact that the Commission has, in its Annual Growth Survey 2015, underlined the economic significance of the European Structural and Investment Funds (including the youth employment initiative); recalls that these funds represent 10 % of total public investment on average in the EU but that the situation varies across countries and that in some Member States they can amount to as much as 80 % of public investment; emphasises that the Structural and Investment Funds constitute a good example of the synergy between the European budget and the national budgets on the basis of commonly agreed objectives enshrined in partnership agreements on growth and investment in line with the Europe 2020 strategy; supports all efforts in the direction of an intelligent pooling of European and national budgetary means in order to achieve efficiency gains, economic stimulation and lower national deficits by means of a positive effect of shared resources;
45. Highlights the urgent need to effectively tackle the tax fraud which is potentially depriving the EU budget of substantial resources;
46. Calls on the Commission to submit an analysis of the possible impact of redeploying funds from EU programmes such as the Connecting Europe Facility and Horizon 2020;
47. Calls on the Member States to top up the Investment Plan which seeks to maximise the impact of public spending and attract private investment;
48. Instructs its President to forward this resolution to the European Council, the Council, the Commission, the governments of the Member States, the national parliaments and the European Central Bank.

6.2.2015

OPINION OF THE COMMITTEE ON BUDGETS (*)

for the Committee on Economic and Monetary Affairs

on European Semester for economic policy coordination: Annual Growth Survey 2015
(2014/2221(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. Emphasises that the principle of budgetary accuracy in public accounts shall govern the drawing up of national budgets and the EU budget so as to ensure convergence and stability in the EU; is convinced that such accuracy is one factor in the response to the crisis of confidence existing between the Member States and between the Member States and the citizens of the European Union, a loss of confidence which has increased since the recent financial crisis struck;
2. Calls accordingly for the economic assumptions employed in drawing up national budgets to be harmonised; considers in particular that there should be a common assessment of factors in the international economic situation;
3. Calls for greater uniformity in the presentation of public accounts so as to facilitate comparisons and prevent excessive macroeconomic imbalances; calls in particular for the way in which Member States enter their contributions to the EU budget in their accounts to be standardised;
4. Calls on the Commission to offset any democratic deficit in the semester by means of the package of measures announced for 2015 on deepening economic and monetary union; reiterates its demand that any additional funding or instruments, such as a solidarity mechanism, should fall within the scope of Parliament's budgetary oversight and should be financed over and above the MFF ceiling for 2014-2020;

5. Considers it vital that the European Parliament and the national parliaments collaborate more closely in the context of the European Semester on economic and budgetary governance; undertakes to deepen its relations with the national parliaments in a spirit of constructive partnership in order to enhance parliamentary oversight of the Commission and the Council on the one hand and national governments and government bodies on the other; hopes to see the 2015 European Parliamentary Week and the conference referred to in Article 13 of the Treaty on Stability, Coordination and Governance contribute to this goal;
6. Recalls that the principle of budgetary accuracy applies to the EU budget too and insists on there being sufficient financing for approved commitments; regrets that in spite of Parliament's warnings this principle is being compromised by the current level of outstanding payments and the growing gap between payments and commitments leading to an unprecedented quantity of unpaid bills amounting to EUR 24.7 billion at the end of 2014; recalls that the overall ceiling of payment appropriations as foreseen in the current MFF is historically low; deplores the fact that this insidious debt undermines the credibility of the EU and is in contradiction to the goals set at the highest political level for growth and employment – notably youth employment – and support for small and medium-sized undertakings, and fears that this will deepen the gulf between the Union and its citizens;
7. Repeats its call for the mid-term post-electoral MFF revision to prepare the ground, on the basis of Recital 3 of the MFF 14-20 Regulation and in accordance with the Commission's declaration annexed to it, for the most suitable duration of the MFF post- 2020 with a view to striking the right balance between the duration of the respective terms of both Parliament and the Commission, thus ensuring democratic legitimacy for decisions on the Union's financial perspective while also taking steps to meet the need for stability in programming cycles and investment predictability;
8. Calls for the post-electoral revision of the MFF to analyse and therefore enhance the value added by EU funding to the goals of competitiveness, growth, employment and energy transition set by the Union; calls on the Commission to adopt a clearer methodology for better tracing EU funds and expenditure related to the Europe 2020 goals in order to allow improved impact assessments;
9. Welcomes the Commission's commitment to streamlining the European Semester through a comprehensive single economic assessment per Member State and streamlined reporting; calls for the assessment to emphasise the need to use funds from the EU Budget to implement the country-specific recommendations, and stresses the need to enhance Member States' ownership of the European Semester;
10. Notes that the Council systematically underestimates real payment needs, thereby creating the first stage in the payments crisis process; calls once more on the Council to agree with Parliament and the Commission on a common method of calculating the level of payments necessary to cover the real needs, in order to meet the commitments made by the two arms of the budgetary authority; calls on the Commission, furthermore, to report on the potential negative impact that the delayed payments issue would have on the commitments made by Member States in the context of the European Semester; stresses

that decommitment is not a solution to the payment crisis;

11. Notes that in many Member States public administration has to date not been made more efficient, even though improvements in that area would serve to achieve savings by rationalising organisation and cutting red tape for businesses and citizens;
12. Calls on the Council and Commission to undertake, together with Parliament, a draft revision of the current budgetary procedure and to adapt accordingly the role of the two branches of the budgetary authority and the executive role of the Commission;
13. Notes that the MFF is designed with a system of multiple ceilings to give it stability and predictability over the whole of the programming period; regrets once again that Member States persist in viewing their contribution to the EU budget as something which can be used as an adjustment variable in their consolidation efforts, which in turn leads to an artificial reduction in the volume of payments available in the EU budget; proposes therefore that when examining national budgets special provisions should be made to show each country's share of unpaid invoices, in order to draw attention to the true state of affairs concerning liabilities attributable to each Member State; stresses that this would be in line with the flexibility advocated in 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), which offers favourable treatment for national contributions to the strategic investment fund; points out that the credibility of this fund is based on the solidity of the EU budget, and consequently on a reduction in the number of unpaid invoices;
14. Welcomes the fact that the Commission has, in its Annual Growth Survey 2015, underlined the economic significance of the European Structural and Investment Funds (including the youth employment initiative); recalls that these funds represent 10 % of total public investment on average in the EU but that the situation varies across countries and that in some Member States they can amount to as much as 80 % of public investment; emphasises that the Structural and Investment Funds constitute a good example of the synergy between the European budget and the national budgets on the basis of commonly agreed objectives enshrined in partnership agreements on growth and investment in line with the Europe 2020 strategy; supports all efforts in the direction of an intelligent pooling of European and national budgetary means in order to achieve efficiency gains, economic stimulation and lower national deficits by means of a positive effect of shared resources;
15. Highlights the urgent need to effectively tackle the tax fraud which is potentially depriving the EU budget of substantial resources;
16. Welcomes the EUR 315 billion investment plan presented by President Juncker as a first step, on the one hand to offset the deficit in public and private investment brought about by the reduction of public spending in a context of economic crises, and on the other to stimulate growth and job creation; calls on the Commission to submit an analysis of the possible impact of redeploying funds from EU programmes such as Connecting Europe Facility and Horizon 2020;
17. Confirms its willingness to examine with the utmost vigilance how financial commitments by the EU to the EIB for the setting-up of the European Strategic Investment Fund are

entered in the EU budget, and in the 2015 budget in particular; draws attention in this respect to the fact that the EFSI should finance projects whose value is equal to or greater than the level which would have derived from their financing through the EU programmes from which funds are being redirected in order to set up the EU guarantee for the EFSI; confirms its intention to closely monitor the way in which the EIB will engage its own funds in the ESIF;

18. Calls on the Member States to top up this fund, which seeks to maximise the impact of public spending and attract private investment, and welcomes the Commission's proposal to show flexibility with regard to the national contributions to the EFSI should they lead to a small and temporary breach of the 3 % deficit threshold for a Member State; rejects the idea of any attempts to renationalise the fund or argue for a fair return which could ensue from national contributions; wishes to see trans-European and supranational projects chosen so that citizens can associate the benefits arising from these projects with action by the European Union;
19. Recalls that the existing system of own resources is complex, unfair and incomprehensible to citizens; stresses that the fiscal situation of Member States can be eased through a new system of own resources that will reduce GNI contributions, thus enabling Member States to achieve their consolidation efforts without jeopardising EU funding; recalls, therefore, the importance it attaches to the high-level group on own resources, and supports the debate on a new own resources system, which should lead to a true reform of EU financing while not increasing the taxation burden on citizens; hopes that the three institutions will give appropriate follow-up to the final report of that group in order to hasten the coming-of-age of genuine resources; points out that consent to taxation lies at the very heart of parliamentary democracy in Europe.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	5.2.2015
Result of final vote	+: 19 -: 7 0: 7
Members present for the final vote	Nedzhmi Ali, Jonathan Arnott, Jean Arthuis, Richard Ashworth, Reimer Böge, Lefteris Christoforou, Jean-Paul Denanot, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Ingeborg Gräßle, Carlos Iturgaiz, Zbigniew Kuźmiuk, Vladimír Maňka, Ernest Maragall, Clare Moody, Siegfried Mureşan, Victor Negrescu, Liadh Ni Riada, Jan Olbrycht, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Paul Tang, Indrek Tarand, Inese Vaidere, Marco Valli, Daniele Viotti, Marco Zanni
Substitutes present for the final vote	Lidia Joanna Geringer de Oedenberg, Andrey Novakov, Nils Torvalds, Tomáš Zdechovský

29.1.2015

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 2015
(2014/2221(INI))

Rapporteur: Giorgos Grammatikakis

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. Stresses the fact that moving towards a truly sustainable economy will help contribute towards the achievement of the Union's environmental goals, and towards competitiveness and job creation; finds it regrettable that the lack of a European strategy for sustainable development during the economic crisis may result in further limited growth;
2. Underlines the fact that the European Semester, introduced in 2010, is establishing an annual cycle of economic policy coordination involving a detailed analysis of Member States' plans for budgetary, macroeconomic and structural reforms in order to achieve the Europe 2020 targets for smart, sustainable and inclusive growth, including in the fields of climate change and energy, social exclusion and the fight against poverty;
3. Calls on the Commission to incorporate a European strategy for sustainable development, with a particular focus on resource efficiency and the circular economy, into the European Semester procedure;
4. Is concerned over the lack of clarity as to how the proposed Investment Plan for Europe will prioritise areas which foster sustainable development, such as education, and infrastructure which supports research and innovation;
5. Stresses the fact that without stronger investment the Union will fail to achieve its Europe 2020 targets for sustainable growth and its 2030 climate and energy targets; calls,

therefore, on the Commission to orient the new investment package towards investments which contribute to sustainable development and resource efficiency by promoting the latest technologies in order to maximise its short-term impact on economic activity and job creation, as well as its long-term impact on the sustainability of growth in Europe;

6. Notes that, according to the Commission's Roadmap 2050 for energy, the decarbonisation of our energy system would cost EUR 260 billion annually while generating savings of more than EUR 310 billion;
7. Acknowledges that energy is an important factor for economic competitiveness; stresses the need to eliminate barriers to the single energy market by, inter alia, promoting energy independence; calls on the Commission to assess progress in this domain at both EU and national level, supporting measures to tackle fragmentation and implementation difficulties;
8. Stresses that investments in renewable energy production, energy distribution and the extensive renovation of buildings present high demands for labour force and will therefore contribute significantly to tackling unemployment, while shielding European growth from future fluctuations in energy imports and pricing;
9. Recalls the targets of the EU2020 strategy for renewable energy and greenhouse gas emissions; stresses the need to promote an interconnected infrastructure and closer integration with the transport sector as a cost-efficient means of deploying sustainable power generation technologies;
10. Stresses that reducing the EU's dependence on external energy sources must form part of its growth strategy; reiterates, therefore, the need to diversify external energy supplies, to upgrade the EU's energy infrastructure and to complete the EU internal energy market as key priorities of the EU energy security strategy;
11. Stresses the fact that national policies which are coordinated under the European Semester procedure must be consistent with the European sustainable development strategy; reiterates, therefore, the need to phase out fossil fuel subsidies and to shift taxes away from labour to polluting activities;
12. Stresses the importance of achieving full implementation for the current waste framework and the need to agree on a new ambitious waste policy at EU level in order to boost green growth and create jobs; underlines the crucial and cross-cutting importance of the circular economy package, which covers numerous policy areas and which will be a key driving force for the transition to sustainable economic growth and job creation; calls on the Commission to refrain from withdrawing the proposal for the review of the EU's waste policy;
13. Highlights the need for reforms in educational systems to enable future generations to prepare for the needs of the growing labour markets of the future, such as green technologies and health care;
14. Emphasises that in order for the Member States to boost employment by exploiting the employment potential of the green economy, action is required on three main fronts,

namely boosting labour demand in eco-industries through adequate levels of investment, anticipating and managing skills needs in both green and greening sectors, and ensuring job quality for high-, medium-, and low-skill occupations; stresses that from the point of view of labour market policy, increased attention should be devoted to devising adequate training programmes to tackle specific skills shortages and to considering the dynamic relationship between the availability of skills and the age composition of the workforce in green and traditional industries;

15. Underlines the fact that the European Semester should be a tool for safeguarding high quality and high efficiency in national health systems; calls, therefore, on the Commission to incorporate the sustainability of social protection and healthcare systems into the European Semester priorities, while enhancing the effectiveness, equitability, accessibility and adequacy thereof in meeting social needs, and in reducing inequalities and poverty;
16. Stresses the importance of the sustainability of the healthcare sector, which plays an important role in the overall economy given that it represents 8 % of the total European workforce and 10% of the gross domestic product of the EU; recognises that health is a value in itself and a prerequisite for stability and economic growth, and that investment in both health and adequate access to healthcare services contributes to a healthy workforce and job opportunities in the Member States, better economic prosperity and social cohesion, and can correct negative health externalities of populations;
17. Underlines the fact that the European Semester should be a tool for securing commitments by Member States to strengthen their healthcare systems to ensure high quality, accessible and equitable healthcare for all citizens;
18. Calls on both the Member States and the Commission, in this period of economic crisis, to avoid the most damaging of measures, such as short-term savings, which will lead to high costs in the mid to long term, and instead to concentrate on the further development of high-quality and high-efficiency healthcare systems;
19. Welcomes measures that make the European Semester process more effective and democratic; acknowledges that the implementation record is better in the area of public finance, in which surveillance tools are stronger; calls for the balanced integration of employment and socioeconomic indicators, which enable a more effective response to the divergences between some Member States regarding employment and their socioeconomic situations, as highlighted in the Joint Employment Report which accompanied the Annual Growth Survey 2015;
20. Urges the Commission to, in the context of the European Semester, to take better account of the targets of the Europe 2020 strategy as regards employment, R&D, climate change and energy sustainability, education, and poverty and social exclusion, assessing progress made towards a more sustainable society and proposing measures to reach these goals in a more effective and timely manner.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	29.1.2015
Result of final vote	+: 55 -: 11 0: 0
Members present for the final vote	Marco Affronte, Margrete Auken, Pilar Ayuso, Zoltán Balczó, Catherine Bearder, Ivo Belet, Simona Bonafè, Biljana Borzan, Nessa Childers, Alberto Cirio, Birgit Collin-Langen, Mireille D'Ornano, Miriam Dalli, Seb Dance, Angélique Delahaye, Jørn Dohrmann, Stefan Eck, Bas Eickhout, José Inácio Faria, Francesc Gambús, Elisabetta Gardini, Enrico Gasbarra, Jens Gieseke, Julie Girling, Sylvie Goddyn, Matthias Groote, Françoise Grossetête, Andrzej Grzyb, Jytte Guteland, Anneli Jäätteenmäki, Benedek Jávor, Josu Juaristi Abaunz, Karin Kadenbach, Kateřina Konečná, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Susanne Melior, Massimo Paolucci, Gilles Pargneaux, Piernicola Pedicini, Bolesław G. Piecha, Pavel Poc, Marcus Pretzell, Frédérique Ries, Teresa Rodríguez-Rubio, Davor Škrlec, Renate Sommer, Tibor Szanyi, Nils Torvalds, Glenis Willmott, Jadwiga Wiśniewska
Substitutes present for the final vote	Mark Demesmaeker, Herbert Dorfmann, Giorgos Grammatikakis, Jan Huitema, Peter Jahr, Merja Kyllönen, Nuno Melo, Marijana Petir, Julia Reid, Bart Staes, Kay Swinburne
Substitutes under Rule 200(2) present for the final vote	Clara Eugenia Aguilera García, Damian Drăghici

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2015
Result of final vote	+: 40 -: 20 0: 0
Members present for the final vote	Burkhard Balz, Hugues Bayet, Pervenche Berès, Udo Bullmann, Esther de Lange, Fabio De Masi, Anneliese Dodds, Markus Ferber, Jonás Fernández, Elisa Ferreira, Sven Giegold, Neena Gill, Sylvie Goulard, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Cătălin Sorin Ivan, Petr Ježek, Othmar Karas, Georgios Kyrtos, Alain Lamassoure, Philippe Lamberts, Werner Langen, Sander Loones, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Fulvio Martusciello, Marisa Matias, Bernard Monot, Luděk Niedermayer, Patrick O’Flynn, Stanisław Ożóg, Dimitrios Papadimoulis, Dariusz Rosati, Alfred Sant, Molly Scott Cato, Peter Simon, Renato Soru, Theodor Dumitru Stolojan, Paul Tang, Sampo Terho, Ramon Tremosa i Balcells, Ernest Urtaşun, Marco Valli, Tom Vandenkendelaere, Cora van Nieuwenhuizen, Miguel Viegas, Steven Woolfe, Pablo Zalba Bidegain, Marco Zanni
Substitutes present for the final vote	Frank Engel, Ashley Fox, Eva Kaili, Syed Kamall, Barbara Kappel, Thomas Mann, Siegfried Mureşan, Andreas Schwab, Tibor Szanyi