



EUROPEAN PARLIAMENT

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*Committee on Regional Development*

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**2013/2134(INI)**

26.9.2013

## **OPINION**

of the Committee on Regional Development

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination: implementation  
of 2013 priorities  
(2013/2134(INI))

Rapporteur: Tamás Deutsch

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## **SUGGESTIONS**

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

1. Welcomes the 2013 country-specific recommendations (CSRs) and especially their focus on measures to reignite growth, tackle unemployment and create jobs and enhance the competitiveness of EU economies; notes with concern that, under the persistent pressure of the economic, social, financial and sovereign debt crisis, the CSRs on the whole are not ambitious enough; points, in light of this, to the lack of recommendations to restore urgently needed lending to the real economy and SMEs, strengthen the link between public and private investment capacities, fight tax fraud and address the social dimension of EMU;
2. Reiterates its position on the need to strengthen the democratic legitimacy of the European Semester process; stresses that national parliaments, and regional and local authorities, have very limited access to the European Semester process and that their role is practically ignored within the CSRs, despite the fact that their contribution and participation are necessary if the chances of meeting the Europe 2020 targets are to be improved;

### **Growth and competitiveness**

3. Reiterates the importance of Cohesion Policy as the main investment instrument, playing a central role in combating the crisis, reducing regional disparities and engaging the EU and its regions on a path of sustainable growth; underlines, therefore, the importance of securing adequate budgetary provisions in the context of the MFF negotiations on the European Union Structural and Investment Funds, noting in particular their key share of investment in a range of areas such as employment, innovation, sustainable development and support to SMEs;
4. Is strongly concerned by the sharp downfall in public and private investment in the productive economy and especially at the local and regional level; is of the opinion that decisive measures are needed to reform product and labour markets, adopt cautious wage policies and base the future growth model on innovation and shift production towards high value-added activities; takes the view that a sustainable economic policy depends on very favourable conditions for business start-ups; expresses its firm belief that the Structural and Investment Funds are essential in order to prevent and mitigate any shortfall in the aforementioned respects and to boost public investment; points to the opportunities which could be used in the Member States to support public investment from the Structural Funds by giving the financial procedures for these funds a degree of flexibility, e.g. by increasing the co-financing rates of the states which become involved in an adjustment programme and receive EU financial assistance or by prolonging the decommitment rule by one year for all Member States in the programming period 2007-2013 (as will be the case in the programming period 2014-2020);
5. Points out that, at a time of heavy fiscal constraint and reduced lending capacity in the private sector, the EU Structural and Investment Funds represent an essential lever for stimulating the economy, especially through the use of innovative financial instruments;

believes that increased use of innovative financial instruments within Cohesion Policy can foster public-private partnerships, achieve a multiplier effect with the EU budget, guarantee an important financing stream for strategic regional investment and raise EU growth potential; welcomes, in this regard, the important role that the new innovative financial instruments will play within Cohesion policy in the programming period 2014-2020; urges the Commission to give financial instruments also a clearer position within the CSRs and strengthen the alignment of the European Structural and Investment Funds with the EIB programmes, particularly in the area of loan guarantees for SMEs and microenterprises;

6. Is concerned at the continued massive deindustrialisation of certain regions in Europe, leading to excessive unemployment and numerous demographic problems;
7. Notes with concern that the financing of the productive economy, especially SMEs, has not been restored across the whole EU, with the less developed regions being the worst hit; points out that increasing differences in access to credit can further deepen regional divergences; underlines, therefore, the importance of the European Structural and Investment Fund's ability to link public and private investment and deliver alternative sources of financing for SMEs; calls on the Commission to guarantee, in a timely manner and before the start of the programming period 2014-2020, legal clarity and transparency around the use of off-the-shelf innovative financial instruments;
8. Believes that, whereas financial protection measures enacted by the ECB have contributed to the stability of the euro area and calmed financial markets, the competitiveness problem in the euro area has been left unresolved;

#### **Unemployment and social consequences of the crisis**

9. Welcomes the labour market reforms which were aimed at improving the resilience of the labour market, introducing more internal and external flexibility, reducing fragmentation and facilitating the transition between jobs; recalls, however, that further and more in-depth reforms are needed, notably to improve labour market mobility and especially youth mobility; calls on the Commission, in this regard and connected to the alarming figures of youth unemployment in Europe, to put a special focus on improving professional opportunities and promoting business start-up programmes for young people, in particular those who face difficulties when entering the job market, to provide job-search assistance and to establish clear and transparent links between education and training in order to achieve a better match between skills and available jobs and thus avoid aggravating the shortage of skilled manpower; acknowledges that dual training is eminently suited to the needs of the employment market and makes it easier for young people to find their first job;
10. Highlights the need to prioritise all available measures to tackle the youth unemployment crisis;
11. Considers that, now more than ever, structural reforms at regional, national and EU level are necessary to create employment opportunities targeted at the young workforce; stresses that these efforts should focus in particular on aligning EU employment strategies and the future requirements of the European economy;

12. Stresses the need to continue with programmes designed to encourage entrepreneurship among young people through the creation of special business start-up opportunities for them, accompanied by increased access to European funding and business advice;

#### **Access to financing and internal market fragmentation**

13. Is greatly concerned by the persistent uncertainty of private investors, their lack of confidence and their reluctance to invest, in particular as a consequence of productivity standards with persisting single market fragmentation and changes in industrial policy; Deplores that, as a consequence of the crisis, a low-confidence environment is making both private investors and financial sector institutions highly risk-averse and reiterates that the work to reinforce the banking sector should continue;
14. Considers it necessary to take urgent measures to make the EU more competitive at international level and generate sustainable internal growth; stresses that efforts must be focused on the creation of innovatory schemes involving cheaper and more accessible credit for SMEs and improving the business climate by promoting new sources of capital, including business-to-business lending, and facilitating access to venture capital;

#### **Macroeconomic governance**

15. Welcomes the diminishing number of Member States under the excessive deficit procedure and the fact that Member States are reducing their debts and consolidating their budgets; strongly urges the Commission and the Member States to exploit all margins of flexibility inherent in the preventive arm of the Stability and Growth Pact (SGP) to balance productive public investment needs with fiscal discipline objectives, for example by excluding the aggregate volumes of national co-financing under the Structural and Investment Funds from the limits imposed by the Stability and Growth Pact, or by basing calculations for the purposes of the Pact on a Member State's net cash requirements, as opposed to its gross requirements;
16. Recalls its position macroeconomic conditionality, as proposed in the framework of the MFF negotiations on the European Union Structural and Investment Funds, as, without any link between policy performance at regional and Member State level, this would punish regions for any failure to comply with economic governance procedures at national level;
17. Calls on the Commission to complete the EMU by delivering legislative proposals linked to the social pillar; stresses that a social scoreboard that would serve as a building block for this pillar should also include relevant regional and local specificities.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	24.9.2013
<b>Result of final vote</b>	+: 43 -: 3 0: 1
<b>Members present for the final vote</b>	François Alfonsi, Charalampos Angourakis, Catherine Bearder, John Bufton, Francesco De Angelis, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, Filiz Hakaeva Hyusmenova, Iñaki Irazabalbeitia Fernández, María Irigoyen Pérez, Seán Kelly, Mojca Kleva Kekuš, Constanze Angela Krehl, Jacek Olgierd Kurski, Petru Constantin Luhan, Vladimír Maňka, Iosif Matula, Erminia Mazzoni, Jens Nilsson, Jan Olbrycht, Wojciech Michał Olejniczak, Younous Omarjee, Tomasz Piotr Poręba, Ovidiu Ioan Silaghi, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Lambert van Nistelrooij, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler, Elżbieta Katarzyna Łukacijewska
<b>Substitute(s) present for the final vote</b>	Andrea Cozzolino, Joseph Cuschieri, Ivars Godmanis, Juozas Imbrasas, Karin Kadenbach, Andrey Kovatchev, James Nicholson, Heide Rühle, Elisabeth Schroedter, Richard Seeber, Giommara Uggias, Iuliu Winkler
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	António Fernando Correia de Campos, Sabine Verheyen