European Parliament
2019-2024

Plenary sitting

A9-0044/2023

6.3.2023

REPORT

on the European Semester for economic policy coordination 2023
(2022/2150(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Irene Tinagli

Rapporteur for the opinion of the associated committee pursuant to Rule 57 of the Rules of Procedure:
Petri Sarvamaa, Committee on Budgets

CONTENTS

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for economic policy coordination 2023 (2022/2150(INI))

The European Parliament,

– having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Articles 121(2) and 136 thereof,

– having regard to Protocol No 1 to the Treaty on European Union (TEU) and the TFEU on the role of national parliaments in the European Union,

– having regard to Protocol No 2 to the TEU and TFEU on the application of the principles of subsidiarity and proportionality,

– having regard to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union,

– having regard to the Paris Agreement of the United Nations Framework Convention on Climate Change and the Sustainable Development Goals,

– having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States[1],

– 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 procedure[2],

– 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 area[3],

– 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 area[4],

– 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 policies[5],

– 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

[1] OJ L 306, 23.11.2011, p. 41.
[2] OJ L 306, 23.11.2011, p. 33.
[3] OJ L 306, 23.11.2011, p. 1.
[4] OJ L 306, 23.11.2011, p. 8.
[5] OJ L 306, 23.11.2011, p. 12.

imbalances[6],

– 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 of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability[7],

– 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 area[8],

– having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget[9] (Rule of Law Conditionality Regulation),

– having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[10] (RRF Regulation),

– having regard to the Commission communication of 27 May 2020 entitled ‘Europe's moment: Repair and Prepare for the Next Generation' (COM(2020)0456),

– having regard to the Commission communication of 2 June 2021 entitled ‘Economic policy coordination in 2021: overcoming COVID-19, supporting the recovery and modernising our economy' (COM(2021)0500),

– having regard to the Commission communication of 4 March 2021 entitled ‘The European Pillar of Social Rights Action Plan' (COM(2021)0102),

– having regard to the Porto Social Commitment of 7 May 2021 of the Council, the Commission, Parliament and social partners,

– having regard to the European Fiscal Board assessment of 16 June 2021 on the fiscal stance appropriate for the euro area in 2022,

– having regard to its resolution of 10 June 2021 on the views of Parliament on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans[11],

– having regard to its resolution of 13 November 2020 on the Sustainable Europe Investment Plan – How to finance the Green Deal[12],

– having regard to the European Fiscal Board annual report of 26 October 2022,

---

[6] OJ L 306, 23.11.2011, p. 25.
[7] OJ L 140, 27.5.2013, p. 1.
[8] OJ L 140, 27.5.2013, p. 11.
[9] OJ L 433 I, 22.12.2020, p. 1.
[10] OJ L 57, 18.2.2021, p. 17.
[11] OJ C 67, 8.2.2022, p. 90.
[12] OJ C 415, 13.10.2021, p. 22.

– having regard to its resolution of 8 July 2021 on the review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability[13],

– having regard to the Commission communication of 9 November 2022 on orientations for a reform of the EU economic governance framework (COM(2022)0583),

– having regard to the Commission communication of 22 November 2022 entitled 'Annual Sustainable Growth Survey 2023' (COM(2022)0780),

– having regard to the Commission report of 22 November 2022 entitled 'Alert Mechanism Report 2023' (COM(2022)0781) and to the Commission recommendation of 22 November 2022 for a Council recommendation on the economic policy of the euro area (COM(2022)0782),

– having regard to the proposal for a joint employment report from the Commission and the Council of 22 November 2022 (COM(2022)0783),

– having regard to the Commission's Autumn 2022 Economic Forecast of 11 November 2022,

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the opinion of the Committee on Budgets,

– having regard to the letters from the Committee on the Environment, Public Health and Food Safety and the Committee on Regional Development,

– having regard to the report of the Committee on Economic and Monetary Affairs (A9-0044/2023),

A. whereas the European Semester plays an important role in coordinating economic and budgetary policies in the Member States, thereby safeguarding the macroeconomic stability of the Economic and Monetary Union; whereas this process should ignore neither the objectives of the European Pillar of Social Rights and the European Green Deal nor other issues related to the financial sector and taxation; whereas the integration of these issues should not detract from its mainly economic and fiscal focus;

B. whereas according to the Commission's winter economic forecast the gross domestic product (GDP) growth rate for 2022 is expected to be 3.5 % for both the EU-27 and the euro area, but is expected to fall in 2023 to 0.9 % and 0.8 % for the euro area and the EU-27 respectively; whereas some Member States will not be able to achieve pre-pandemic GDP until 2024, while the euro area as a whole is already two percentage points above it; whereas the Commission's assessment of the euro area Member States' draft budgetary plans indicates an expansionary fiscal stance in some Member States; whereas the Commission recommendation on the economic policy for the euro area as a whole is for a neutral fiscal stance for 2023;

C. whereas according to the Commission's winter forecast, inflation in the euro area

[13] OJ C 99, 1.3.2022, p. 191.

should peak at 8.4 % in 2022 and then gradually decrease to 5.6 % in 2023 and 2.5 % in 2024; whereas, however, according to the estimates in the European Central Bank (ECB) projections, inflation, excluding energy and food, is expected to rise from 3.9 % in 2022 to 4.2 % in 2023; whereas wage growth is expected at the moment to only partially mitigate losses in real incomes, without triggering a persistent feedback loop between wages and inflation; whereas the level of inflation varies across Member States and income groups, with low-income groups suffering proportionately more, particularly as inflation is mainly driven by price developments in essential goods that cannot be substituted;

D. whereas, according to the Commission's autumn forecast, the government deficit is expected to increase to 3.6 % of GDP in 2023 (3.7 % in the euro area) and to decrease to 3.2 % of GDP in 2024 (3.3 % in the euro area);

E. whereas according to the Commission's autumn forecast, the debt-to-GDP ratio is expected to fall to 86 % in the EU at the end of 2022 (94 % in the euro area) from the historically high level of 91.5 % recorded in 2020 (99 % in the euro area); whereas the debt-to-GDP ratio is expected to decline marginally in the EU to around 85 % in 2023 and 84 % in 2024 (92 % and 91 % in the euro area); whereas the high debt-to-GDP ratios, significantly above the reference value of 60 %, combined with rising interest rates in a highly uncertain macroeconomic situation may jeopardise long-term debt sustainability and may represent a drag on the recovery;

F. whereas the climate-neutral and digital transformation can only succeed at European level, and whereas it is of the utmost importance for the future viability of the EU to stabilise targeted growth-enhancing investments at a higher level in the long term; whereas it is therefore necessary to provide a timely answer on the issue of how to ensure a higher level of private and public investment, even after the expected expiry of the Recovery and Resilience Facility (RRF) in 2026;

G. whereas the EU's productivity growth remains low; whereas enhancing the EU's productivity and global competitiveness requires structural, socially balanced, growth-enhancing and sustainable reforms, and a substantial level of investment, in particular the strategic investments;

H. whereas inflation and economic forecasts are operating under conditions of heightened uncertainty; whereas such uncertainty compels the EU and the Member States to remain vigilant and to take rapid action if risks materialise;

I. whereas the differences regarding the national forecasts for GDP growth, inflation, unemployment, the general government balance, gross public debt and the current account balance demonstrate the need for flexible and tailor-made approaches; whereas a clear and unambiguous framework is needed for the successful implementation of the new economic governance by Member States;

Economic prospects for the EU

1. Is concerned that the EU is one of the most exposed advanced economies to downward risks, given its geographical proximity to Ukraine and heavy reliance on energy imports, particularly on gas from Russia; stresses that the impact of high energy prices and inflation leads to the erosion of household purchasing power and industry

competitiveness, in particular of small and medium-sized enterprises (SMEs); acknowledges the initiatives of the Commission and the Council to tackle this problem; recalls that an inflation rate approaching the ECB target level will be a condition for long-term sustainable economic growth; highlights that a reduction in aggregate demand, combined with less favourable financing conditions, could lead to a sharp decline in investment and therefore in economic growth; worries that investment in renewables and energy efficiency could also suffer, although these are precisely the investments required to reduce reliance on imported fossil fuels and limit inflation driven by energy prices;

2. Understands that government debt-to-GDP levels have risen in recent years, partially owing to the exceptional circumstances; underlines that government debt-to-GDP ratios in many Member States are historically high, which, in combination with the rising interest rates, have led to a steep increase in debt servicing costs; recognises the need for adequate and predictable public revenue to ensure the sustainability of public finances in times of pressing investment needs and frequent economic shocks; highlights the various observations made by the Commission as part of the European Semester on the tax mix; underlines that in the current circumstances, Member States may also consider raising revenues on windfall profits, in particular of the energy companies that have benefited excessively from the energy crisis; reiterates that robust economic growth, sound fiscal policies and a healthy balance between government revenues and expenditure are necessary to reduce legacy debt, make debt sustainable in the long term and to create the required fiscal space to address future challenges;

3. Agrees with the Commission's observation that deteriorating economic conditions have increased the vulnerabilities and risk associated with the pre-existing imbalances, and that new imbalances may emerge; notes that the European Systemic Risk Board has issued a warning calling for heightened awareness with regard to financial stability risks resulting from sharply falling asset prices; is concerned that rising mortgage rates and the deterioration in debt servicing capacity resulting from the decline in real household income may cause further distress for families and for financial markets;

4. Stresses that the primary objective of the ECB is to maintain price stability, whereas the aim of the Union as a whole should be to minimise the impact of current turbulences on the real economy, thereby defending the well-being of its citizens, in particular the most vulnerable, and preserving its production structure and the international competitiveness of its companies, as well as decent working conditions, in line with Article 3 TEU; underlines, in this regard, the importance of adequate and coordinated fiscal, structural and regulatory policies and reforms that complement the ECB's monetary policy actions to bring down inflation to its target level, which are also capable of supporting household incomes and providing targeted and temporary support to companies and SMEs suffering from supply bottlenecks and high energy costs; notes that further increases of the ECB's key policy rates or quantitative tightening put considerable pressure on highly indebted Member States and may further contract economic activity;

5. Concurs with the Commission's conclusion that a broad-based fiscal impulse to the economy would not be appropriate in 2023; welcomes the Commission's call on Member States to deliver targeted measures to offset the impact of high energy prices on vulnerable households and companies; agrees with the Commission in stressing that

such measures should maintain incentives for energy savings; notes with concern the Commission's analysis that 70 % of the measures introduced so far by Member States to cushion the economic and social impact of the exceptional increase in energy prices were not focused on vulnerable households and exposed firms, and two thirds of them did not include provisions to reduce energy demand; recalls that the Member States find themselves in starkly diverging fiscal spaces when it comes to implementing measures aimed at combating the energy crisis; notes that this situation entails the risk of furthering divergence between Member States as the energy crisis continues;

6. Concurs with the Commission's recommendation that fiscal policies should aim to achieve prudent medium-term fiscal positions and ensure fiscal sustainability through gradual consolidation and investment and reforms which enhance sustainable growth;

7. Highlights the role of the Support to mitigate Unemployment Risks in an Emergency (SURE) instrument as a crucial element to protect citizens and mitigate the economic and social consequences of the COVID-19 pandemic; underlines that this instrument provided EU macroeconomic stabilisation through support for national counter-cyclical fiscal policies; calls on the Commission to encourage all Member States to strengthen their national unemployment benefit schemes; calls on the Commission to build on the loan-based SURE experience for crisis situations in which national schemes temporarily lack sufficient resources, thereby limiting potential macroeconomic stabilisation; asks the Commission to take into account the observations made by the European Court of Auditors as regards the implementation and the transparency of the SURE instrument;

8. Believes that greater European energy self-sufficiency, the diversification of energy sources and enhanced intra-European energy connections would strengthen the EU economy and achieve the targets of the European Green Deal;

The European Semester and the Recovery and Resilience Facility (RRF)

9. Observes the sizeable impact of the NextGenerationEU (NGEU) instrument as estimated by the Commission, the ECB and the International Monetary Fund, in particular an increase in GDP growth of up to 1.5 % higher than without NGEU investment if the instrument is implemented effectively; stresses that the majority of the reforms and investments, which are key to increasing the long-term potential output levels of the Member States, are yet to be completed; agrees with the Commission that strengthening the EU's competitiveness and its long-term potential for sustainable growth remain key to contributing to economic prosperity and social welfare;

10. Notes that many Member States are suffering from structural challenges and a lack of investment, hindering their growth potential; highlights that tackling these two elements in a balanced way is crucial for a sustainable recovery and continued growth, and is key not only to improving the EU's ability to withstand and cope with the existing challenges but also to accomplish the twin transitions in a sustainable and fair manner;

11. Recalls that the European Semester for economic policy coordination is the established framework for coordinating the budgetary, economic, social and employment policies across the European Union, thereby safeguarding its macroeconomic stability and its social cohesion; recalls that the Commission has underlined that the European Semester aims to identify relevant policy options, clarify policy priorities, provide policy

guidance and ensure policy monitoring and follow-up;

12. Believes that future reforms of the European Semester should aim for a more transparent and democratic process relating to the definition of policy objectives and the conduct of policy coordination, as well as the involvement of Parliament in monitoring and scrutiny;

13. Welcomes the close link between the European Semester and the implementation of the RRF, whereby the national recovery and resilience plans (NRRPs) must be consistent with the relevant country-specific challenges and priorities identified in the context of the European Semester, as well as those identified in the most recent Council recommendations on the economic policy of the euro area for the Member States which have the euro as their currency; highlights the key role being played by the NRRPs in driving the Member States' reform and investment agendas; calls for effective monitoring of the implementation of the country-specific recommendations (CSRs); notes that beyond the scope of the RRF, the recommendations that are not addressed will continue to be monitored under the European Semester framework;

14. Recalls that since 2019, six Member States have received CSRs aimed at addressing features of the tax system that may facilitate aggressive tax planning; notes that these Member States made commitments in their NRRPs to reform their tax policies in order to fight aggressive tax planning; welcomes the fact that some jurisdictions have already implemented some of those changes; regrets the delays in implementation in the other jurisdictions; recalls that, in the Commission's recommendations for 2022, only two Member States received a CSR on aggressive tax planning, while some have not implemented any changes yet, but did not receive a recommendation nevertheless;

15. Highlights the essential role played by the RRF in contributing to equipping the Union with the tools needed to successfully face the global challenges stemming from the green transition and the digital transformation of the economy; recalls that the RRF does not replace the specific role of national public and private investments to achieve the EU policy objectives in this regard;

Communication on orientations for a reform of the EU economic governance framework

16. Notes that the policy leeway created by the activation of the general escape clause contributes to strengthening Member States' competitiveness as well as their economic and social resilience in the current circumstances; concurs with the analysis of the European Fiscal Board that the continued suspension of the Stability and Growth Pact is creating a harmful vacuum and calls for an urgent review of the EU fiscal framework, preferably to be completed prior to the deactivation of the general escape clause;

17. Welcomes the publication of the Commission's communication on orientations for a reform of the EU economic governance framework; expresses concern about its delay; stresses the need to adopt and implement legislative proposals before time runs out and the current legislature comes to an end; underlines that the effectiveness of every framework also depends on its proper enforcement;

18. Agrees with the Commission's orientations as regard the simplification of the framework, differences in Member States' debt reduction paths and the use of a comprehensive debt sustainability analysis; welcomes the Commission's intention to

strengthen the national ownership of fiscal trajectories, based on a transparent and risk-based EU surveillance framework, thereby pursuing a path of greater flexibility and accountability; recalls that enhanced flexibility for Member States goes hand in hand with greater responsibility, in particular with regard to the effective and timely implementation of the agreed investments and reforms; notes that some tools suggested by the Commission might make the process of economic governance more opaque;

19. Stresses that the revised regulatory framework should allow Member States to have sufficient leeway to deliver decisive crisis resolution measures when they are needed; is of the opinion that the implementation of such measures should not require the suspension of regulatory provisions by means of escape clauses; notes that, in the future, the activation of escape clauses should remain a measure of last resort in the event of unforeseen circumstances;

20. Welcomes the choice of nationally financed net primary expenditure as a single operational indicator; notes that this indicator, given that it is anchored in debt sustainability, could help the framework to become both more transparent and easier to manage; calls for the provision relating to the accounting of investment expenditure in the calculation of Member States' expenditure laid down in the Commission's communication on flexibility in the Stability and Growth Pact of 13 January 2015[14] also to be applied in the calculation of net expenditure in the envisaged revised framework for EU economic governance; is of the opinion that, alongside the types of expenditure specified by the Commission in its communication of 9 November 2022[15] and which already provide for a degree of structural adjustment of the indicator, investment in the resolution of macroeconomic imbalances as part of the Macroeconomic Imbalances Procedure (MIP) should be exempted from the net expenditure indicator;

21. Notes that the Commission's communication puts debt sustainability analyses (DSAs) at the centre of the fiscal rules and suggests using them to determine multi-year fiscal-structural plans; underlines that DSAs still require estimating unobservable variables, thereby undermining transparency and hampering ownership and predictability, and therefore leaving space for discretion;

22. Notes that owing to different starting points and with the aim to stimulate investment and reforms, the Commission suggests allowing Member States to have different debt reduction paths, provided that these enhance growth and avoid procyclicality, improve debt sustainability and are in line with the EU's objectives, in particular those of the green and digital transition, social resilience and strategic autonomy; highlights the need for common criteria to ensure that, in spite of more country-specific flexibility in debt reduction, all Member States are assessed according to the same standards, are treated equally, and that flexibility must by no means lead to the unequal enforcement of the overall framework; notes that the common criteria should include criteria for the definition of Member States' debt reduction paths; stresses that debt reduction should be delivered in a growth-friendly way and that underlying regulatory criteria should be defined in relation to Member States' output and expenditure growth;

23. Underlines that the European Semester takes into account the future economic policy

[14] Commission communication of 13 January 2015 entitled 'Making the best use of the flexibility within the existing rules of the Stability and Growth Pact' (COM(2015)0012).
[15] COM(2022)0583.

coordination framework; stresses that this medium-term focus should not result in necessary fiscal consolidation efforts being pushed too far back in time;

24. Stresses that further action to counter tax avoidance and evasion in the EU and in global forums is a necessary complement to the reform of the EU economic governance framework;

25. Stresses the role that national budgets will need to play in financing the twin transitions, as well as in preserving strategic autonomy; takes note of the proposal of the Commission for the establishment of an European Sovereignty Fund; recalls its position regarding this instrument as expressed in its resolution of16 February 2023 on an EU strategy to boost industrial competitiveness, trade and quality jobs[16];

26. Notes that while monetary policy is conceived and designed as a single instrument, the overall fiscal policy is the result of aggregating national fiscal policies; underlines that, apart from the recommendation on the economic policy of the euro area, coordination of actions has thus far been limited and the situation and challenges of the euro area have not been easy to factor in; observes that it is still largely random if the aggregation of national fiscal policies results in a euro area fiscal stance which is appropriate and consistent with monetary policy; stresses that while solid public finance would enable national automatic stabilisers to help Member States in reaching an appropriate national fiscal stance, the Commission’s communication does not identify any appropriate mechanisms to ensure that the actual euro area fiscal stance is in line with the recommended one; calls on the Commission to do more to encourage better fiscal coordination;

27. Welcomes the Commission’s intention to enhance the effectiveness and the enforcement of the MIP as part of a larger review of the fiscal rules; notes that the Commission’s Communication acknowledges the potential inconsistencies between the application of the fiscal rules and the recommendations under the MIP; notes that the communication of 9 November 2022 does not encompass any instrument that allows for the correction of such inconsistencies;

28. Welcomes the fact that the Commission’s communication of 9 November 2022 recognises the need to reinforce the enforcement mechanism and its proper application by relying on a broader set of sanctions; calls on the Commission to complement this toolbox with an incentive-based approach;

29. Notes the Commission’s statement that independent fiscal institutions should pay an important role in the economic governance process; invites the Commission to further clarify the role of the European Fiscal Board in this regard;

30. Recalls that the better law-making agreement reiterates that the European Parliament and the Council are to exercise their powers as co-legislators on an equal footing and that the Commission therefore needs to treat them equally, fully respecting the competences defined by the Treaties; recalls the importance for the economic governance framework to be subject to democratic accountability; stresses that Parliament should therefore be fully involved in the reform of the economic governance framework, as well as in the future conduct of economic governance in the EU; stresses

[16] Texts adopted, P9_TA(2023)0053.

the role and responsibility of national parliaments in scrutinising the collective actions of national governments; calls for the necessary respect for the principles of subsidiarity and proportionality;

°

° °

31. Instructs its President to forward this resolution to the Council and the Commission.

10.2.2023

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination 2023
(2022/2150(INI))

Rapporteur for opinion (*): Petri Sarvamaa

(*) Associated committee – Rule 57 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. Underlines the exceptionally uncertain EU economic and social outlook resulting from the lasting impact of the COVID-19 pandemic, in particular in health and education, from the consequences of Russia's criminal, unlawful and unjustified war against Ukraine, from inflation and from the energy and cost of living crisis; highlights the role of NextGenerationEU (NGEU) in the swift, coordinated and united economic policy response to the COVID crisis and its contribution to the fast and fair recovery, with real GDP expanding by 5.4 % in 2021; welcomes the robustness of the EU labour market; highlights the stabilising effect of national work schemes supported by the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE), in particular in mitigating the social and economic consequences of the pandemic, preserving human capital in companies and facilitating the ramping up of companies' activity; calls for the timely establishment of a permanent special instrument over and above the multiannual financial framework (MFF) ceilings with a view to increasing EU budget readiness to quickly react to ongoing and other upcoming crises and their social and economic effects and to finance EU emerging strategic priorities; calls on the Commission to ensure this common instrument can be effectively and swiftly activated as needs arise; expects the Commission to support the community method in its future proposals and reiterates that any new instrument should be under the purview of the budgetary authority; welcomes Commission's intention to propose a European sovereignty fund in the MFF mid-term revision with a view to securing the Union's strategic autonomy and reducing dependence on non-EU countries in key sectors; expects the Commission to propose this fund through the ordinary legislative procedure and to fully incorporate it into the MFF, thereby ensuring full oversight by Parliament, with the MFF ceilings adjusted to accommodate the new fund;

2. Welcomes the fact that the Recovery and Resilience Facility (RRF) contributes to mitigating the uncertainty of the EU economic and social outlook and to the just

transition, digitalisation and more broadly to a competitive, sustainable and resilient Union which reconciles sustainable growth with social and climate goals; calls for the swift implementation of RepowerEU amendment to the RRF Regulation and in particular for the speeding up of investments in renewables and energy efficiency in order to decrease dependence on fossil fuels as fast as possible; stresses that the successful implementation of Recovery and Resilience Plans also requires the achievement of well adapted milestones and targets, and in particular compliance with the rule of law and the general regime of conditionality, which should be monitored transparently and thoroughly and allow no backsliding on achievements; underlines the importance of compliance with the rule of law and the general regime of conditionality, as the protection of the Union budget is a fundamental prerequisite for accessing the fund; reiterates the need for Member States to have the necessary monitoring, audit and enforcement mechanisms in place in order to ensure respect for the rule of law and to protect the EU's financial interests, in particular to prevent fraud, corruption and conflicts of interest and ensure transparency;

3. Notes that the EU economy is facing a risk of stagflation in 2023, with a real GDP growth set to reach only 0.3 % in 2023 and an expected inflation rate of 7 %; underlines that the weak economic outlook for the Union weakens its international competitiveness; stresses the importance of maintaining significant, targeted and well-coordinated investment at national and EU level with a view to mitigating economic and social - and thus also political - consequences and fuelling the competitive sustainability of the EU; stresses that much of the success of the RRF is due to the mobilisation of financial support for reforms and investments undertaken by Member States; calls on the Commission and the Member States to place the RRF implementation at the heart of the 2023 European Semester cycle in order to reap the Facility's full potential for supporting and giving more visibility to broad and ambitious reforms and investment which contributes to the Sustainable Development Goals in areas such judicial systems, the green and digital transition, the economic and business environment, digitalisation, health, education and lifelong learning, culture, employment and social care; believes that future reforms of the European Semester should draw on the lessons learned from the NGEU, the RRF and the SURE instrument, especially as regards more transparent and democratic processes, as well as policy coordination and collaborative approaches to the setting of common priorities;

4. Considers that a revision of the Stability and Growth Pact is needed in order to promote a just, sustainable and future-oriented economy; calls on the Commission and the Member States to urgently reform the EU economic governance framework well in advance of the deactivation of the general escape clause in order to effectively promote fair, inclusive and sustainable growth, enhance democratic accountability and avoid a new debt crisis; acknowledges the Commission's orientations on the simplification of the EU economic governance framework, differences in Member States' fiscal paths, the use of a more comprehensive debt sustainability analysis and the general escape clauses; calls on the Commission and the Member States, in the revision of the framework, to treat gross national income-based contributions to the Union budget in the same way as national investment commitments, since the Union budget supports strategic, targeted and growth-enhancing investment and entails a lower risk of inflationary pressure compared to national fiscal stimulus programmes; stresses that Parliament should be fully involved in the reform of the economic governance

framework as well as the future conduct of economic governance in the EU, including in the establishment and management of fiscal instruments;

5. Is concerned about the economic and social impact of the aforementioned crises on the Union budget and on national budgets; stresses that crisis responses have led Member States to adopt necessary extensive economic and social measures; highlights the long-term impact of these measures on economic sustainability, and considers that it should be possible to return to a sustainable budgetary approach in the long run; stresses the key role that national budgets will need to play in financing the green transition and the importance of preventing the draining of tax resources; recalls that Member States significantly diverge on the fiscal space available to them; notes that this situation entails the risk of increasing divergence between Member States and of potential distortions in the single market as the energy crisis continues and progresses; highlights that operating through the EU budget mitigates this risk; calls on all actors, in this context, to make effective use of the EU budget and its headroom, including by using all available RRF resources and more broadly by learning the lessons from the RRF, its positive impact on European economy and its potential to ensure all Member States have the fiscal leeway to allow sufficiently high levels of strategic public investment under fiscal rules, including to accelerate the just transition, while preserving fair competition;

6. Recalls that the swift and timely roll-out of the NGEU fiscal stimulus is underpinned by the issuing of bonds; acknowledges and welcomes the fact that the Commission has steadily and successfully issued a total of EUR 170.8 billion in long-term funding since the start of the programme despite the increasingly challenging market conditions; underlines that by making the Union one of largest bond issuers in Europe, NGEU can contribute to mitigating the current volatility of EU capital market; notes that the financing of Macro Financial Assistance Plus instrument for Ukraine will further extend this role; is concerned, however, about the potential impact of the Union's increasing debt repayment obligations if not appropriately handled; is of the opinion that new own resources are crucial for debt repayments in order to safeguard the integrity of EU policies and its budget, as well as for EU borrowing capacity to be fully sustainable; stresses that safeguarding the integrity of the EU's budget, policies and its financial capacity, as well as preserving investors' trust in the Union as a quasi-sovereign issuer, require a clear-cut arrangement for the repayment of debt; calls on the Member States. therefore, to speed up the negotiations on the proposal for an own resources decision based on the EU Emissions Trading System, the Carbon Border Adjustment Mechanism and Pillar I of the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting on the minimum taxation of multinationals; calls on the Commission and the Council to respect in full the timeline for the introduction of new own resources included in the legally-binding roadmap as agreed in the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management; calls on the Commission to put forward a proposal for the second basket of new own resources in the third quarter of 2023 at the latest so that the NGEU debt can be re-financed without detriment to future programmes.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	9.2.2023
Result of final vote	+: 28 –: 2 0: 4
Members present for the final vote	Rasmus Andresen, Pietro Bartolo, Olivier Chastel, Andor Deli, Pascal Durand, José Manuel Fernandes, Eider Gardiazabal Rubial, Matteo Gazzini, Alexandra Geese, Vlad Gheorghe, Valentino Grant, Francisco Guerreiro, Valérie Hayer, Niclas Herbst, Hervé Juvin, Moritz Körner, Pierre Larrouturou, Camilla Laureti, Janusz Lewandowski, Margarida Marques, Siegfried Mureşan, Dimitrios Papadimoulis, Bogdan Rzońca, Nils Ušakovs, Rainer Wieland
Substitutes present for the final vote	Anna-Michelle Asimakopoulou, Jonás Fernández, Fabienne Keller, Eva Maria Poptcheva, Monika Vana
Substitutes under Rule 209(7) present for the final vote	Asim Ademov, Alexander Bernhuber, Alicia Homs Ginel, Ivan Štefanec

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
PPE	Asim Ademov, Anna-Michelle Asimakopoulou, Alexander Bernhuber, José Manuel Fernandes, Niclas Herbst, Janusz Lewandowski, Siegfried Mureşan, Ivan Štefanec, Rainer Wieland
Renew	Olivier Chastel, Vlad Gheorghe, Valérie Hayer, Fabienne Keller, Eva Maria Poptcheva
S&D	Pietro Bartolo, Pascal Durand, Jonás Fernández, Eider Gardiazabal Rubial, Alicia Homs Ginel, Pierre Larrouturou, Camilla Laureti, Margarida Marques, Nils Ušakovs
The Left	Dimitrios Papadimoulis
Verts/ALE	Rasmus Andresen, Alexandra Geese, Francisco Guerreiro, Monika Vana

2	-
NI	Andor Deli, Hervé Juvin

4	0
ECR	Bogdan Rzońca
ID	Matteo Gazzini, Valentino Grant
Renew	Moritz Körner

Key to symbols:
+ : in favour
- : against
0 : abstention

09.2.2023

LETTER OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

Ms Irene Tinagli
Chair
Committee on Economic and Monetary Affairs
BRUSSELS

Subject: Opinion on the European Semester for economic policy coordination 2023 (2022/2150(INI))

Dear Madam Chair,

The coordinators of the Committee on the Environment, Public Health and Food Safety (ENVI) decided on 19 January 2023 that ENVI would provide an opinion on the *European Semester for economic policy coordination 2023 (2022/2150(INI))* in form of a letter.

The Committee on the Environment, Public Health and Food Safety considered the matter at its meeting[1] of 9 February 2023. At that meeting, it decided to call on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

[1] The following were present for the final vote: Pascal Canfin, Bas Eickhout, Anja Hazekamp, César Luena, Marian-Jean Marinescu, João Albuquerque, Eric Andrieu, Mathilde Androuët, Aurélia Beigneux, Hildegard Bentele, Alexander Bernhuber, Michael Bloss, Karolin Braunsberger-Reinhold, Clare Daly Delara Burkhardt, Traian Băsescu, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Ilan De Basso, Jarosław Duda, Cyrus Engerer, Agnès Evren, Heléne Fritzon, Malte Gallée, Jens Geier, Helmut Geuking, Andreas Glück, Nicolás González Casares, Catherine Griset, Robert Hajšel, Teuvo Hakkarainen, Niclas Herbst, Martin Hojsík, Pär Holmgren, Jan Huitema, Billy Kelleher, Ska Keller, Beata Kempa, Petros Kokkalis, Ewa Kopacz, Joanna Kopcińska, Peter Liese, Karsten Lucke, Sara Matthieu, Liudas Mažylis, Tilly Metz, Silvia Modig, Dolors Montserrat, Johan Nissinen, Ljudmila Novak, Jutta Paulus, Sirpa Pietikäinen, Stanislav Polčák, Erik Poulsen, Frédérique Ries, Manuela Ripa, María Soraya Rodríguez Ramos, Robert Roos, Sándor Rónai, Massimiliano Salini, Christel Schaldemose, Christine Schneider, Ivan Vilibor Sinčić, Maria Spyraki, Véronique Trillet-Lenoir, Achille Variati, Petar Vitanov, Alexandr Vondra, Jörgen Warborn, Witold Jan Waszczykowski, Pernille Weiss, Sarah Wiener, Emma Wiesner, Michal Wiezik, Jadwiga Wiśniewska, Tiemo Wölken, Anna Zalewska.

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. Welcomes the Annual Sustainable Growth Strategy 2023 (ASGS 2023) pledge to continue placing a sustainable, fair and green transition at the heart of the European Semester (Semester) process, enshrining environmental sustainability, climate neutrality, biodiversity protection and restoration, public health and the wellbeing of citizens as guiding principles for the EU's recovery, alongside macroeconomic stability as well as economic and social coordination.

2. Takes note of the identification by the ASGS 2023 of high energy prices, supply shortages and high inflation rates as some of the main challenges affecting households and the economy; notes that inflation in turn is to a large extent driven by high energy prices and material supply shortages; stresses that the European Green Deal and its policies can help to address these challenges;

3. Stresses the importance of accelerating the alignment of the Semester process with the EU's long-term environmental and climate objectives as set up under the European Green Deal and reinforced in the Fit for 55 package, in particular given the pressure of high energy prices and the need for clean energy sources and greater EU energy self-sufficiency to foster a sustainable, resilient and competitive economy and face the challenges raised by the war in Ukraine; further stresses that the US Inflation Reduction Act is also challenging Europe's industry competitiveness in particular in terms of location of green industries; further notes that the Union should develop a clear Climate neutrality investment plan as part of the Net zero industry act proposed by the European Commission President;

4. Underlines the ASGS 2023's analysis that inflation is quickly eroding households' purchasing power and that it is affecting vulnerable households disproportionately, increasing the rates of energy poverty; strongly supports the Commission's call for targeted and coordinated measures against energy poverty and its causes;

5. Welcomes the proposed changes to the EU's economic governance framework, as presented by the Commission on 9 November 2022 with the introduction of a simpler and more integrated architecture, while calling for a comprehensive approach where environmental sustainability, climate neutrality, biodiversity protection and restoration, public health and the wellbeing of citizens are guiding criteria; calls for measuring progress with analysis and indicators beyond economic indicators only, thus better reflecting the current challenges faced by the Member States in reducing their ecological footprint and making the process a driver of change towards

sustainable well-being for all in Europe; underlines that economic growth is not an end in itself, but that sustainable development should deliver shared prosperity for all; calls on the Commission to follow up with concrete legislative proposals to reform the Stability and Growth Pact in a way that allows the EU to frontload investment for the delivery of the green and just transition while maintaining debt sustainability in a changing climate;

6. Notes that, meeting the EU's ambitious Green Deal agenda will require significant investment and that, according to the Commission, the private and public investment gap to cater for the green transition are estimated at nearly EUR 520 billion per year, for the next decade; notes that reducing the fossil fuel dependence from third countries and accelerating the EU energy transition away from fossil fuels will require an estimated EUR 210 billion of additional investments by the end of 2027; further notes that whereas a substantial share of the investment will be borne by the private sector, public investment will have to significantly increase as well; believes that both types of investment activities must follow the Do No Significant Harm principle;

7. Notes that the reform of the Stability and Growth Pact must go hand in hand with a reform of the Semester and of the indicators for monitoring and coordinating investments related to the EU Green Deal policies; stresses that updating the Semester must ensure detailed monitoring of investments and reforms to ensure the achievement of the objectives laid down in the European Climate Law and particularly climate neutrality by 2050 at the latest; underlines that as part of the reform of the EU economic governance framework each Member State should identify the strategic investments needed to ensure our open strategic autonomy and that our Green Deal objectives, such as transitioning to a circular economy, recovering Europe's biodiversity by 2030 or the zero pollution goal, are met;

8. Stresses that the Semester should support the Union's effort to achieve climate neutrality by 2050 at the latest; calls therefore on the Commission to assess the discrepancy between the structure of the Member States' budgets and a Paris-aligned scenario for each of their national budgets; thus enabling the Commission to provide recommendations on Member States' climate debt and climate-friendly investment gap associated to the Union's 2030 objective and the objective of climate neutrality by 2050 at the latest;

9. Welcomes the inclusion of the Sustainable Development Goals (SDGs) in the Semester process and the fact that the 2023 country reports will assess progress and challenges for each Member State on SDG implementation; calls for taking this assessment's findings into account in country-specific recommendations; calls on the Commission to continue including SDG implementation monitoring and recommendations as a regular aspect of every Semester cycle;

10. Recalls the importance of ensuring the Semester and country-specific

recommendations are fully aligned with the Recovery and Resilience Facility and the need to swiftly address the impacts of the war in Ukraine and the remainders of the COVID 19 pandemic impact on the European economy; highlights that the RRF presents an unprecedented and unique opportunity for all Member States to address key structural challenges and investment needs and transform their economies to make them sustainable and more resilient to future shocks; stresses the importance of implementing investment policies and sustainable reforms in line with the European priorities identified in the RRF; is of the view that the RRF should serve as an inspiration for the review of the framework for macroeconomic governance, notably in identifying common structural challenges and investment needs; further stresses that this review should design an enabling framework for Member States to accelerate their green transition and close their climate and environment friendly investment gap;

11. Calls on the Commission and the Member States to speed up work on a definition of environmentally harmful subsidies and on a methodology for reporting direct and indirect environmentally harmful subsidies; reminds the Commission and Member States of their commitments under the 8th Environmental Action Programme to phase-out environmentally harmful subsidies and in particular fossil fuel subsidies without delay and to monitor this phase-out also in the context of the Semester;

12. Further calls on the Commission to ensure the involvement of the European Parliament, as well as of regional and local authorities, social partners, civil society and other key stakeholders throughout the overall process of the Semester, including during the implementation phase as well as monitoring and evaluation.

Yours sincerely,

Pascal Canfin

27.1.2023

LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Ms Irene Tinagli
Chair
Committee on Economic and Monetary Affairs
BRUSSELS

Subject: Opinion on the European Semester for economic policy coordination 2023 (2022/2150(INI))

Dear Ms Chair,

Under the procedure referred to above, the Committee on Regional Development has been asked to submit an opinion to your committee. At its meeting of 6 October 2022, the committee decided to send the opinion in the form of a letter.

The Committee on Regional Development considered the matter at its meeting of 25 January 2023. At that meeting[1], it decided to call on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into their motion for a resolution.

Yours sincerely,

Younous Omarjee

SUGGESTIONS

The REGI Committee

— having regard to Articles 174 and 175 of the Treaty on the Functioning of the European Union (TFEU),

1. Reminds that Article 175 TFEU provides that Member States shall conduct their

[1] The following were present for the final vote: Younous Omarjee (Chair), Isabel Benjumea Benjumea (Vice-Chair), Krzysztof Hetman (Vice-Chair), Nora Mebarek (Vice-Chair), François Alfonsi, Pascal Arimont, , Adrian-Dragoş Benea, Stéphane Bijoux, Franc Bogovič, Karolin Braunsberger-Reinhold, Daniel Buda, Corina Crețu, Rosa D'Amato, Christian Doleschal, Matthias Ecke, Chiara Gemma, Mircea-Gheorghe Hava, Hannes Heide, Ondřej Knotek, Elżbieta Kruk, Martina Michels, Denis Nesci, Niklas Nienaß, Andrey Novakov, Jan Olbrycht, Alessandro Panza, Mauri Pekkarinen, Rovana Plumb, Caroline Roose, Bronis Ropė, Marcos Ros Sempere, André Rougé, Susana Solís Pérez, Jordi Cañas (for Alin Mituța, pursuant to Rule 209(7)), Gilles Lebreton (for Eric Minardi, pursuant to Rule 209(7))

economic policies and coordinate them in such a way as, in addition, to attain the objectives set out in Article 174; and that in accordance with Article 174 TFEU, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion; further reminds that, in addition to articles 174 and 175 TFEU, the formulation and implementation of Union policies, including the economic semester as a coordination of economic policies, shall fully comply with this aim and promote the overall harmonious achievement of the objectives of the Union and the reduction of disparities between the levels of development of the different regions;

2. Points out that Article 174 TFEU also instructs the European Union and its Member States to strengthen the economic, social and territorial cohesion of the Union and aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions (Article 3(3) TEU) with particular attention paid to rural areas, areas affected by industrial transition, regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions and regions with very low population density, islands, cross-border regions and mountain regions. Furthermore, this mandate is binding on all other EU policies, in particular those under the European Semester framework, which should not undermine the goal of territorial cohesion between these territories;

3. Stresses that the conclusions of the European Semester and Country specific recommendations have important implications in the regions that should be regularly monitored in the context of cohesion policy; calls on the Commission to improve in the European Semester the focus on the achievement of the economic, social and territorial cohesion objective, and to address the challenges faced by European areas and regions in the relevant country reports and country-specific recommendations;

4. Stresses that the green and digital transitions, the need to ensure energy security, as well as social and economic resilience, will require sustained high levels of investment in the years to come; stresses the importance that investments which fulfil these objectives and do not deviate from objectives of the Paris Agreement, shall be adequately taken into account in the assessment of the Member States' fiscal position in the context of the Stability and Growth Pact;

5. Suggest that the better integration of the Sustainable Development Goals (SDGs) within the European Semester should be considered and recalls that this governance framework is already used in regions and cities. The OECD, in turn, estimates that 65 % of SDG targets cannot be reached without the involvement of regions and cities;

6. Stresses that the conclusions of the European Semester and Country specific recommendations have important implications in the regions and may have negative social and economic consequences for European citizens; Stresses the necessity to consider regional specificities in the implementation of the structural reforms set out in the European Semester in order to mitigate the effects of the crisis that is severely affecting citizens due to an excessive increase in the cost of living;

7. Considers that the possible inclusion of the SDGs as well as that of the European Pillar of Social Rights in the scope of the European Semester requires the assessment of existing indicators to monitor the implementation of the EU economic, environmental

and social policies; Notes that the eventual integration of the SDGs into the European Semester needs to take into account different territorial starting points and requires an appropriate statistical basis for monitoring the SDGs at regional level;

8. Calls on the European Semester to pay more attention to Member States specific support to regions suffering from natural or demographic handicaps and most affected by the transition to a more sustainable and greener economy, that can stimulate job opportunities, and to address the structural challenges faced by middle-income regions stuck in the development trap, as well as to outermost and northernmost sparsely populated regions, islands and mountainous regions;

9. Considers that the territorial dimension, should be more taken into account, within the European Semester; furthermore stresses that territorial differences should be addressed by place-based policies, supported by territorial impact assessments;

10. Calls on the need to further strengthen the focus and link between quality employment, gender equality, sustainable growth, social and climate goals, within the European Semester, with the objective of improving quality of life and citizens' wellbeing;

11. Notes that recent crises such as the COVID-19 pandemic and the Russian war against Ukraine have plunged many countries into a sudden and profound recession resulting in rapidly rising energy costs and inflation with many uncertainties. Believes that these crises and their economic and social impact differ from country to country, with an increase in poverty, inequalities and disparities between EU regions. Emphasizes that more should be done to fight these inequalities and to encourage a quick and sustained recovery in particular by supporting SMEs which are affected by the increase of the energy costs;

12. Considers that the socio-economic crisis of the EU, caused by the consequences of the COVID-19 pandemic and the Russian war against Ukraine, makes necessary the continuation of the suspension of the Stability and Growth Pact until an agreement is possibly reached between the Member States to review the current economic governance rules;

13. Recalls that the Recovery and Resilience Facility (RRF) is based on Article 175 TFEU, which aims to achieve objectives as set up in article 174 TFEU and is thus complementary to Cohesion Policy as a long-term structural investment;

14. Underlines the importance of the rapid and efficient implementation of the Recovery and Resilience Facility, recognized by the Council as a cohesion instrument, and one of the main tools for the recovery with EUR 672.5 billion in loans and grants of financial support in the first years of the recovery; The importance of achieving a high degree of resilience of domestic economies is one of the lessons learnt from the last global economic, social and financial crisis and it is crucial to avoid punitive approaches to economic governance in the framework of the European Semester; considers it fundamental to establish complementarity within and between the cohesion programs and the RRF, and to avoid overlaps in their implementation;

15. In the light of the current economic crisis and the increase of inflation and energy costs, to ensure that available funds continue to be used efficiently, encourages the

Commission to authorize and support Member States to adapt their National Recovery and Resilience Plans to the new situation as established in Article 21 of the RRF;

16. Underlines the importance of the rapid and efficient implementation of cohesion policy for the 2021-2027 period; stresses that it is necessary to speed up this process in order to avoid further delays;

17. Calls on the Recovery and Resilience Facility to help build a more sustainable, resilient and fairer Europe for the next generation, and through investments and legislations in environmental sustainability, renewable energy, renovation, sustainable mobility, biodiversity, productivity; highlights that to achieve a climate mainstreaming target of 30% for both the multiannual financial framework and Next Generation EU in line with the UN Sustainable Development Goals (SDGs), each recovery and resilience plan will have to include a minimum of 37% of expenditure related to climate; calls on the Commission and the Member States to ensure consistency, coherence and synergies with the UN 2030 Agenda;

18. Stresses that the involvement of regional and local authorities, as well as economic and social partners, professional associations and relevant bodies representing civil society, such as NGOs, is crucial for the successful implementation of the Recovery and Resilience Facility in light of a rapid recovery from the current crisis; Regrets in this regard the lack of involvement of regional and local authorities in the conception and implementation of the RRF; Calls on the Commission to put forward an assessment tool to ensure that the criteria of Member States' consultations with local, regional and national civil society organizations is respected;

19. Emphasizes the role of local and regional authorities in promoting the social economy and reducing social and economic disparities to meet the needs of the community, especially following the adverse impact of the COVID-19 pandemic and the war in Ukraine on businesses and society as a whole; Highlights that many local small and medium-sized enterprises provided essential services in regions where public authorities did not have well functioning social-care infrastructure; Stresses that the development of the social economy shall harness the full potential of social economy enterprises and organizations to ensure a strong economic recovery, support entrepreneurship and create high-quality jobs in all EU regions;

20. Considers that flexibility needs to be used in order to respond to the rapid changes of the current crisis and to ensure adequate investments to boost key sectors, in particular those hit the most by the crisis, fostering creation and preservation of high-quality jobs and ensuring equal access to the labour market in conformity with the European Pillar of Social rights; stresses that special attention should be given to the most vulnerable segments of the population; Notes that the pandemic has highlighted the need to strengthen local production in order to avoid future shortages in the economic sectors of agriculture, industry and health; supports short circuits and local production to significantly reduce greenhouse gas emissions and to strengthen local economies weakened by the crisis;

21. Reiterates the crucial role of cohesion policy, as the main investment policy in Europe, including in the recovery process; Underlines the need to increase the budget for

cohesion policy for post 2021-2027 period, in order to maintain its European added value, thus contributing to economic growth, social inclusion, innovation and environmental protection;

22. Stresses that gender equality policies shall be anchored and mainstreamed in all phases of economic governance, especially in light of the gendered impact of the covid-19 pandemic that has had a negative impact on women's participation in the economy.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	1.3.2023
Result of final vote	+: 49 –: 6 0: 4
Members present for the final vote	Rasmus Andresen, Anna-Michelle Asimakopoulou, Manon Aubry, Gunnar Beck, Isabel Benjumea Benjumea, Stefan Berger, Gilles Boyer, Markus Ferber, Jonás Fernández, Giuseppe Ferrandino, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Valentino Grant, Claude Gruffat, José Gusmão, Enikő Győri, Eero Heinäluoma, Michiel Hoogeveen, Danuta Maria Hübner, France Jamet, Billy Kelleher, Ondřej Kovařík, Georgios Kyrtsos, Aurore Lalucq, Aušra Maldeikienė, Siegfried Mureşan, Denis Nesci, Luděk Niedermayer, Piernicola Pedicini, Lídia Pereira, Kira Marie Peter-Hansen, Eva Maria Poptcheva, Evelyn Regner, Dorien Rookmaker, Alfred Sant, Joachim Schuster, Ralf Seekatz, Pedro Silva Pereira, Paul Tang, Irene Tinagli, Ernest Urtasun, Johan Van Overtveldt, Stéphanie Yon-Courtin, Roberts Zīle
Substitutes present for the final vote	Marc Angel, Nicola Beer, Karima Delli, Herbert Dorfmann, Gianna Gancia, Eider Gardiazabal Rubial, Elisabetta Gualmini, Valérie Hayer, Chris MacManus, Fulvio Martusciello, Jessica Polfjärd, Clara Ponsatí Obiols, René Repasi
Substitutes under Rule 209(7) present for the final vote	Joachim Kuhs, Alessandro Panza

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

49	+
ECR	Michiel Hoogeveen, Denis Nesci, Dorien Rookmaker, Johan Van Overtveldt, Roberts Zīle
NI	Clara Ponsatí Obiols
PPE	Anna-Michelle Asimakopoulou, Isabel Benjumea Benjumea, Stefan Berger, Herbert Dorfmann, Markus Ferber, Frances Fitzgerald, José Manuel García-Margallo y Marfil, Danuta Maria Hübner, Aušra Maldeikienė, Fulvio Martusciello, Siegfried Mureşan, Luděk Niedermayer, Lídia Pereira, Jessica Polfjärd, Ralf Seekatz
Renew	Nicola Beer, Gilles Boyer, Giuseppe Ferrandino, Valérie Hayer, Billy Kelleher, Ondřej Kovařík, Georgios Kyrtsos, Eva Maria Poptcheva, Stéphanie Yon-Courtin
S&D	Marc Angel, Jonás Fernández, Eider Gardiazabal Rubial, Elisabetta Gualmini, Eero Heinäluoma, Aurore Lalucq, Evelyn Regner, René Repasi, Alfred Sant, Joachim Schuster, Pedro Silva Pereira, Paul Tang, Irene Tinagli
Verts/ALE	Rasmus Andresen, Karima Delli, Claude Gruffat, Piernicola Pedicini, Kira Marie Peter-Hansen, Ernest Urtasun

6	-
ID	Gunnar Beck, France Jamet, Joachim Kuhs
The Left	Manon Aubry, José Gusmão, Chris MacManus

4	0
ID	Gianna Gancia, Valentino Grant, Alessandro Panza
NI	Enikő Győri

Key to symbols:
+ : in favour
- : against
0 : abstention