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## REPORT

on the European economic situation - preparatory report on the Broad  
Economic Policy Guidelines  
(2004/2269(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Robert Goebbels

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the European economic situation - preparatory report on the Broad Economic Policy Guidelines (2004/2269(INI))

*The European Parliament,*

- having regard to the Commission recommendation of 24 April 2003 on the Broad Guidelines of the Economic Policies of the Member States and the Community (for the 2003-2005 period) (COM(2003)0170),
- having regard to the Commission recommendation of 7 April 2004 on the 2004 update of the Broad Guidelines of the Economic Policies of the Member States and the Community (for the 2003-2005 period) (COM(2004)0238),
- having regard to the Commission's autumn 2004 economic forecasts for the eurozone and the European Union (2004-2006),
- having regard to the report of 20 February 2004 from the Commission to the Spring European Council 'Delivering Lisbon' - Reforms for the Enlarged Union (COM(2004)0029),
- having regard to the Presidency Conclusions of the Lisbon European Council of 23 and 24 March 2000, the Göteborg European Council of 15 and 16 June 2001 and the Barcelona European Council of 15 and 16 March 2002,
- having regard to the Presidency Conclusions of the Brussels European Councils of 20 and 21 March 2003, 16 and 17 October 2003, 25 and 26 March 2004 and 4 and 5 November 2004,
- having regard to the report entitled 'Facing the challenge' by the high level group chaired by Wim Kok,
- having regard to the Communication from the Commission of 11 November 2003 entitled 'A European Initiative for Growth - Investing in Networks and Knowledge for Growth and Jobs - Final Report to the European Council' (COM(2003)0690),
- having regard to the Opinion of the European Economic and Social Committee of 30 October 2003 on the 'Assessment of the experiences gathered by the EESC to evaluate the economic, social and employment impact of structural reforms in the EU'<sup>1</sup>,
- having regard to its resolution on 12 March 2003 on the state of the European economy - preparatory report with a view to the Commission recommendation on the Broad Economic Policy Guidelines<sup>2</sup>, its resolution of 15 May 2003 on the Commission recommendation on the broad guidelines of the economic policies of the Member States

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<sup>1</sup> OJ C 32, 5.2.2004, p. 103.

<sup>2</sup> OJ C 61E, 10.3.2004, p. 294.

and the Community (for the 2003-2005 period)<sup>1</sup> and its resolution of 23 October 2003 on the results of the Brussels European Council on 16 and 17 October 2003<sup>2</sup>,

- having regard to its resolution of 26 February 2004 on the state of the European economy - preparatory report on the broad guidelines for economic policies<sup>3</sup> and its resolution of 22 April 2004 on the Commission recommendation on the 2004 update of the Broad Guidelines of the Economic Policies of the Member States and the Community (for the 2003-2005 period)<sup>4</sup>,
- having regard to its resolution of 26 February 2004 on the preparation of the spring summit 2004<sup>5</sup>,
- having regard to Article 99, paragraph 2, of the EC Treaty,
- having regard to Rules 45 and 112(2) of its Rules of Procedure,
- having regard to the report of its Committee on Economic and Monetary Affairs (A6-0026/2005),

- A. whereas growth in the eurozone and European Union of 25 is unable consistently to achieve its potential and remains weak; whereas household consumption is still faltering and the economic outlook for 2005 and 2006 remains poor, contributing to a continuing high level of unemployment which will only slowly decline; whereas, despite the lowest interest rates since the Second World War, there is little willingness to invest and no change is foreseeable, at least in the short term; whereas the structural reforms which are, after all, universally regarded as necessary have not been carried out in all the Member States with the requisite care, and whereas reforms at Community level are making only slow progress,
- B. whereas the Lisbon Strategy requires the mobilisation of all existing instruments, in particular the Broad Economic Policy Guidelines (BEPGs) and the appropriate use of the financial perspective ,
- C. whereas the pursuit of lasting growth must be based on social, employment and environmental policies mindful of their responsibility towards future generations as of the need to strengthen social cohesion; whereas social cohesion can only be strengthened if an appropriate level of social protection and a high level of employment are maintained, in accordance with the objectives set by the Treaty, and the sustainability of pension systems can be assured only if the competitiveness of the European economy is improved so that it generates growth, investment and new businesses,
- D. whereas the excessive budget deficits in some Member States are a symptom of a lack of structural reforms and point to a positive correlation between growth and budgetary

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<sup>1</sup> OJ C 67E, 17.3.2004, p. 295.

<sup>2</sup> OJ C 82E, 1.4.2004, p. 592.

<sup>3</sup> OJ C 98E, 23.4.2004, p. 162.

<sup>4</sup> Text adopted, P5\_TA(2004)0378.

<sup>5</sup> OJ C 98E, 23.4.2004, p. 156.

discipline; whereas the low interest rates that are made possible by that discipline generate the confidence in long-term price stability which is essential for economic operators, and thus create the basis needed for growth and employment,

1. Regrets the substantial accumulated delays in implementing the Lisbon Strategy, particularly with regard to structural reforms and the reform of public finances in a number of Member States, which are partly attributable to the multiplicity of objectives; therefore welcomes the establishment by the group chaired by Wim Kok of the key priorities; calls on the Member States to implement the key priorities resolutely; encourages the Commission to focus its efforts in these areas; takes the view that the broad guidelines set out in the 2003-2005 BEPGs have not been incorporated into the economic policy of the Member States; calls on the Commission to analyse the best performance of Member States and to learn lessons therefrom; recommends giving greater weight to growth and job creation by means of increased competition and competitiveness within the Lisbon Strategy;
2. Points out that financial stability, the reform of public finances and the low interest rates brought about by the stability policy of the European Central Bank are the explicit pillars of the Lisbon Strategy;
3. Recommends a simplified improvement in the coordination of the various instruments available to the European Union; recommends a reduction in the number of reports and programmes both at Community and at national level, with the aim of securing greater commitment by Member States; asks the Commission to step up its efforts to complete the internal market in sectors where there are still protective barriers and trade restrictions; also asks the Commission not to slacken its endeavours to secure competition on fair terms in all sectors;
4. Supports wholeheartedly the independence of the European Central Bank and considers that any influence on monetary policy by the bodies determining economic policies would be contrary to the Treaties, since it would put an end to that independence; proposes the harmonisation of the economic hypotheses used as a basis for drawing up budgets and of the budgetary timetables of the Member States of the eurozone, taking into account the timetable for drawing up BEPGs and the guidelines for employment;
5. Reiterates its demand that labour market reforms be implemented in such a way as to strike a balance between flexibility and security; recalls its support for the implementation of policies aimed at encouraging a sense of entrepreneurship and initiative, innovation and industrial competitiveness and, in this context, its support for the objectives of administrative simplification and the removal of obstacles associated with company taxation; stresses finally that the development of quality jobs will be accompanied by an improvement in labour productivity in Europe;
6. Considers that increased productivity will not be sufficient by itself to generate the growth needed to cover all economic and social needs and to alleviate the consequences of demographic change, particularly with regard to pension and health systems, which will make a general increase in working time unavoidable;
7. Is alarmed at the persistence of high unemployment and the poor prospects for increasing

employment, both in the eurozone and in the Union as a whole; urges that a special effort be made to provide advice and retraining for all those unemployed for more than six months; insists that small and medium-sized undertakings (SMEs) have a key role to play in job creation and is alarmed at the high number of SME bankruptcies in 2004, while at the same time deploring the fact that, unlike larger enterprises, SMEs have been incapable of taking full advantage of the favourable financial conditions of the last few years; stresses the need to create an environment which promotes the spirit of enterprise and a risk-taking culture which encourages the creation of new businesses by easing the administrative burden on small and medium-sized firms, by simplifying the regulatory environment, by reducing the general level of taxation in the European Union and by improving access for SMEs to sources of finance, particularly risk capital; proposes reforms designed to increase opportunities for SMEs; ; draws attention to the decisive role that micro-loans may play in assisting the creation of businesses and jobs; calls for a detailed examination of such instruments, and for them to be taken into account and promoted at Community level;

8. Reiterates its desire to see the Union gradually achieve self-sufficiency in energy by promoting renewable sources of energy and encouraging the development of alternatives to oil, such as hydrogen; notes that while the hike in oil prices in 2004 should not cause any lasting rise in inflation, it will affect confidence, in particular by directly reducing the purchasing power of households and maintaining uncertainty about investment decisions at the very time when a slowdown in external demand is expected; considers that the efficiency of traditional forms of energy, especially those which do not pose a risk to the objectives of the Kyoto Protocol, must be increased;
9. Notes that, in all developed countries, households are spending less on convenience and manufactured goods - even cheaper and better quality goods - and more on health, communication and leisure, and notes also the importance of the services sector in Europe's GDP and in terms of employment; considers, therefore, that the slowdown in productivity in this sector is a major factor responsible for sluggish growth in Europe; urges therefore that, in this sector, investments and innovation in information and communications technologies, which play a key role in boosting productivity, should be promoted; recommends opening up this sector to a greater extent to private operators and encouraging the spirit of enterprise in it;
10. Calls on the Member States firmly to support forward-looking investments, by promoting investments and competition in research, including basic research, and development, high technology, environmentally-friendly technologies and trans-European infrastructures and networks and education and life-long training; recommends increasing public funding for science and research; takes the view that investments in social services, in particular in childcare, are essential if there is to be genuine equality between men and women and if female employment is to increase; calls the Commission's attention to the under-exploitation of many latent skilled jobs in the services sector - which are all the more valuable because they are essentially local - in both the private sector and the public sector; stresses the need to invest in and promote jobs in services, in particular educational services, local social services, childcare, care for the elderly and help in the home; believes that account should be taken of the ageing of the population, since this will necessarily lead to the working population itself ageing; notes that older workers often

have career development problems and are sometimes regarded as too old and too expensive to be promoted or trained; considers accordingly that it is essential to have tailor-made initiatives on counselling and advice and specific training systems for such persons;

11. Highlights the importance of a climate which is conducive to the promotion of research and development and of a better integration of product markets and a more positive attitude of the financial markets towards riskier forms of investment;
12. Notes that intra-Community trade accounts for the bulk of the external trade of the Member States, and concludes that the completion of the internal market is necessary in order to contribute to economic growth and thus the social development of the Union; notes, moreover, that most trade with third countries is conducted with developed countries where qualifications and wage levels are analogous to those of the Member States; notes, however, that a growing number of competitors, including China, India and Brazil, are often managing to supply goods and services of the same quality at more competitive prices;
13. Considers that the growth of free international trade, founded on equal opportunities, on the basis of the Doha commitments will both contribute to the development of poor countries and create new markets for developed countries and that it is only through growth that developing countries will be able to increase the income of their population and achieve higher social and environmental standards; calls on the Commission to take these considerations into account in future BEPGs;
14. Reiterates its wish to see both national parliaments and the European Parliament more closely involved in discussions on the BEPGs; considers that this would result in greater democratic accountability and, above all, mean that Member States would embrace them more wholeheartedly and therefore be more committed to their implementation;
15. Considers that the management of economic policy requires reliable and comparable statistics and calls upon the Commission to increase the means available to Eurostat to carry out its mission of gathering and monitoring the statistics of Member States and, within the framework of the OECD, to press for an improvement in the reliability and comparability of statistics at international level; believes that the administrative burden and the costs involved in collecting statistics should not be a drag on the competitiveness of businesses; calls for the focus to be on key indicators for measuring the spirit of enterprise;
16. Instructs its President to forward this resolution to the Council, the Commission, the European Economic and Social Committee, the governments and parliaments of the Member States and the social partners.

## PROCEDURE

<b>Title</b>	The European economic situation - preparatory report on the Broad Economic Policy Guidelines
<b>Procedure number</b>	2004/2269(INI)
<b>Basis in Rules of Procedure</b>	Rules 45 and 112(2)
<b>Committee responsible</b> Date authorisation announced in plenary	ECON 13.1.2005
<b>Committee(s) asked for opinion(s)</b> Date announced in plenary	
<b>Not delivering opinion(s)</b> Date of decision	
<b>Enhanced cooperation</b> Date announced in plenary	
<b>Motion(s) for resolution(s) included in report</b>	
<b>Rapporteur(s)</b> Date appointed	Robert Goebbels 13.12.2004
<b>Previous rapporteur(s)</b>	
<b>Discussed in committee</b>	19.1.2005      1.2.2005
<b>Date adopted</b>	2.2.2005
<b>Result of final vote</b>	for: 31 against: 2 abstentions: 13
<b>Members present for the final vote</b>	Zsolt László Becsey, Pervenche Berès, Pier Luigi Bersani, Udo Bullmann, Ieke van den Burg, Elisa Ferreira, José Manuel García-Margallo y Marfil, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Ian Hudghton, Christopher Huhne, Sophia in 't Veld, Othmar Karas, Piia-Noora Kauppi, Wolf Klinz, Christoph Konrad, Guntars Krasts; Kurt Joachim Lauk; Enrico Letta, Astrid Lulling, Gay Mitchell, Cristobal Montoro Romero, Joseph Muscat, John Purvis, Alexander Radwan, Bernhard Rapkay, Karin Riis-Jørgensen, Dariusz Rosati, Eoin Ryan; Antolín Sánchez Presedo, Manuel António dos Santos, Peter Skinner, Margarita Starkevičiūtė, Ivo Strejček, Sahra Wagenknecht, Lars Wohlin
<b>Substitutes present for the final vote</b>	Jan Andersson, Werner Langen, Alain Lipietz, Jules Maaten, Thomas Mann, Diamanto Manolakou, Antonis Samaras, Theresa Villiers, Corien Wortmann-Kool
<b>Substitutes under Rule 178(2) present for the final vote</b>	
<b>Date tabled – A6</b>	7.2.2005                                  A6-0026/2005
<b>Comments</b>	...