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MOTION FOR A RESOLUTION

to wind up the debate on statements by the European Council and Commission
pursuant to Rule 110(2) of the Rules of Procedure
on Europe 2020 – new European strategy for jobs and growth

Rebecca Harms, Daniel Cohn-Bendit
on behalf of the Verts/ALE Group

B7-0270/2010

European Parliament resolution on Europe 2020 – new European strategy for jobs and growth

The European Parliament,

- having regard to the Commission communication COM (2010) 250 on the reinforcement of economic policy coordination,
 - having regard to the Council Regulation establishing a European financial Stabilization mechanism,
 - having regard to the meeting of the euro area Heads of State or Government on 7 May 2010,
 - having regard to the European Council of 25-26 March 2010,
 - having regard to the Commission communication on Europe 2020 ‘A strategy for smart, sustainable and inclusive growth’ (COM(2010) 2020),
 - having regard to the Informal European Council of 11 February 2010,
 - having regard to the Presidency conclusions following the meetings of the European Council in March 2000, 2001, 2005, 2006, 2007 and December 2009,
 - having regard to the public consultation launched by the Commission on EU 2020 and its outcome (SEC (2010)116),
 - having regard to the Lisbon Strategy evaluation by the Commission (SEC(2010)114),
 - having regard to Articles 3 and 122 of the Treaty on the Functioning of the European Union,
 - having regard to statements by the European Council and the Commission on Europe 2020 – new European strategy for jobs and growth,
 - having regard to Rule 110(2) of its Rules of Procedure,
- A. whereas the Commission’s consultation on the future EU 2020 strategy lacks a proper process of consultation of stakeholders and EP involvement,
- B. whereas the objectives set in the Lisbon Strategy have not been attained; whereas the definition of the future EU 2020 strategy needs therefore to be based on a proper and thorough assessment of the Lisbon Strategy,
- C. whereas the crisis has been wiping out millions of jobs and has aggravated job precariousness and poverty; whereas 16% of EU inhabitants are at risk of poverty;

whereas 9.6% of EU inhabitants are unemployed ; whereas 8% of employed EU inhabitants are considered to be 'working poor', with an income below 60% of the national medium,

- D. whereas the economic and financial crisis has exposed the EU's – and more specifically the euro zone's – structural vulnerability; whereas the situation in Greece and other vulnerable EMU countries which has morphed in the last weeks into a systemic crisis of the eurozone is a matter of alarm and an urgent challenge for a broader and faster EU economic integration,
- E. whereas the availability of easy credit, short-termism, the deregulation of finance and excessive debt and risk-taking in financial markets have fuelled speculative behaviour, which in turn has led to a bubble-driven growth and the rise of unsustainable EU internal and global imbalances, Whereas the crisis involves a massive transfer of wealth from the public to the private sector,
- F. whereas climate change requires drastic and urgent action,
- G. whereas strong dependence on conventional fuels and inefficient use of raw materials have jeopardised the EU's path towards a sustainable economy,
- H. whereas there is no option but to accelerate the transition to a green fully renewables-based highly efficient economy in order to tackle climate change, ensure security of supply and deliver high employment and social cohesion,
- I. whereas resource efficiency and a reduction of resource use in absolute terms are required in order to ensure environmental sustainability,
- J. whereas demographic ageing is accelerating as the EU's active population will start to shrink as from 2013-2014,
- K. whereas there is a clear need to divide labour and care more equally between men and women, improve the situation of women in the labour market and more broadly pursue gender equality,
- L. whereas investment in education, training and lifelong learning is a key element for better living conditions and an economy based on knowledge and innovation,
- M. whereas the Commission's vision of the future of the EU 2020 strategy ignores the important role of biodiversity as well as of agriculture and the wider role that rural economies play in securing food supply, natural resources management and employment and their great potential to combat climate change and other key challenges; whereas biodiversity loss has a worldwide environmental, social and economic cost estimated in the TEEB (The Economics of Ecosystems and Biodiversity) Report at between EUR 1 350 and 3 100 billion per annum in 2008 and at 7% of global GDP by 2050,
- N. whereas the current Commission and European Council positions on the EU 2020 strategy show a clear unawareness of the need to substantially reform the Common Agricultural Policy and rural development policies in order to in sure food security, establish

sustainable practices through water and soil management, reduce dependence on oil, preserve biodiversity and diversify employment in agriculture and the rural economy in a sustainable way,

- O. whereas the EU budget represents only 2.5% of total public expenditure in the EU and less than 1% of the EU's GDP,
- P. whereas the European Council reaffirmed in the framework of the mid-term review of the Lisbon Strategy in March 2005 that the Strategy was to be seen in the wider context of the sustainable development which is considered a key principle governing all the Union's policies and activities,
- Q. whereas the Lisbon Treaty clearly stipulates that the Union shall define and pursue its external action in order to foster sustainable economic, social and environmental development of developing countries, with the primary objective of eradicating poverty and in order to encourage the integration of all countries into the world economy,

Enhanced economic governance and integration as the only means to avoid disintegration and secure a sustainable recovery

- 1. Emphasises that the two main goals of the EU 2020 strategy in the current context of deep economic and social crisis should be to secure, as a matter of urgency, social protection and to respond to the environmental challenge;
- 2. Takes the view that the Lisbon Strategy was a failure and that the EU 2020 strategy will have the same fate if it does not strive towards stronger, democratic and enhanced EU economic governance beyond intergovernmental coordination;
- 3. Deems that the current crisis highlights the vulnerability and the weakness of the EU governance and development model adopted during the last thirty years;
- 4. Is deeply alarmed by the current situation in the eurozone and its evolution towards a systemic crisis;
- 5. Welcomes the Regulation establishing a temporary European financial stabilization mechanism the 10th of May 2010, but strongly deplores that the Council procrastinated and tergiversated during four months before acknowledging emergency and taking proper action; deplores that the disastrous management of the Greek crisis aggravated the situation; calls for the setting-up of a permanent framework for sovereign debt crisis resolution;
- 6. Takes note of the Commission communication COM (2010) 250 as a substantial contribution to a far reaching governance reform of the EU; deems that forthcoming Commission's proposals on economic surveillance should be based on article 121(6) in order to adopt further proposals in this respect in co-decision following the ordinary legislative procedure;

7. Deems that and enhanced EU economic governance and integration must be based on the five following pillars;

1. Fiscal responsibility, enhanced surveillance of macroeconomic developments and counter-cyclical coordination of budgetary policy

8. Expresses its deep concern over the unsustainable level of public debt and its predicted rapid increase in 2010 and 2011, caused by bank bail-outs and the necessary expansionary fiscal policy in response to the crisis, which is an even larger burden bearing in mind that future generations will inherit both a growing ecological and a growing private financial debt; recalls that private debt experienced an unsustainable increase in many Member States during the period preceding the crisis;

9. Recalls that Member States have to take appropriate measures in order to bring public debt back towards sustainable levels, taking properly into account their cyclical situation, including the level of private debt and current account balances; stresses the dangers of a deflation trap if public deficits and wages are cut irrespective of the general financial situation of Member States and more specifically irrespective of the output gap;

10. Points out that the current mechanisms for policy coordination within the euro area needs to be enlarged in order to cope with current and future economic imbalances and divergences within the euro area; regrets in this context that there are no binding commitments among governments to enforce coordination within EMU and more broadly the EU;

11. Urges the European Council in accordance with Articles 121 and 136 to adopt a set of guidelines in order to develop coordinated and harmonized counter-cyclical fiscal policies as well as further EU solidarity mechanisms aiming at coping with internal imbalances, asymmetric shocks, increase convergence and improve resource allocation efficiency;

12. Stresses the fact that some shortcomings of the construction of EMU and to some extent the economic policies of partner states make it difficult for Member States to put their financial houses in order; in particular, regrets that the coordination of fiscal policy is limited to the rules laid down in the Stability and Growth Pact, which refers solely to public deficits and public debt;

13. Considers it necessary to review the rules of the SGP, which were not designed for the purposes of the expected post-crisis levels of accumulated debt in many Member States or for the purpose of monitoring the evolution of private debt;

14. Agrees in this perspective with the Commission communication on reinforcing economic coordination (COM (2010) 250) that it is necessary to develop beyond the Stability and Growth Pact a scoreboard encompassing a relevant set of indicators reflecting both external and internal developments that will indicate the need for action including, "real exchange rate developments", "unit labour cost developments", "credit growth", "capital formation and inflows", "productivity developments", "asset markets (including private debt and housing markets) developments" and "net foreign asset positions";

15. Deems that it is crucial to ensure that the national data used in the surveillance of Member

States' economic policy actions in or surveillance of the economic indicators agreed at the EU level are accurate, fair and comparable to each other; supports in addition a stronger capacities by the Commission (Eurostat) to audit national accounts;

16. Calls upon countries with current account surpluses to stimulate employment and internal demand inter alia by increasing investment for sustainability and ending wage moderation,; calls upon countries with current account deficits to curb excessive consumption and increase sustainable investment;
17. Underlines that wage moderation discipline also acts as a brake on the growth of household income and thereby on private consumption; therefore, warns against focusing essentially on wage moderation as a way to achieve price stability; recalls that increased global competition has already contributed to downward pressure on wages, while higher commodity prices have harmed the purchasing power of EU consumers;
18. Takes the view that the EU should adopt as a rule that real wages should evolve at the same pace as productivity;

II. A substantial enhancement of financial regulation and supervision

19. Considers that all financial markets, actors and instruments must be supervised and regulated as well as all systemically important financial infrastructures such as payment, clearing and settlement systems, mechanisms and platforms, and the associated provision of custodial services in order to preserve financial stability which is a crucial public good;
20. Believes that preserving financial stability requires a three step approach consisting of:
 - i) a strong prevention framework based on the fight against speculation and the internalization of negative externalities created by financial markets on the basis of the principle 'polluter pays' including:
 - a financial transaction tax and progressive bank levies,
 - a strong single European supervisory framework,
 - substantially enhanced prudential rules encompassing higher and more qualitative capital requirements such as countercyclical capital and liquidity requirements, leverage ratios as well as progressive capital and liquidity requirements according to the size of the firm and targeting all financial actors and markets and particularly the shadow banking system, alternative funds, derivatives and capital flows from and to tax havens,
 - structural reforms of financial markets in order to drive deposits and savings towards sustainable and green investment and job creation;
 - ii) early intervention mechanisms through the reinforcement of control and intervention powers of future European Supervisory Authorities including the possibility of temporarily forbidding products and limiting potentially dangerous practices;
 - iii) a single European framework for cross-border crisis resolution based on a fair burden

sharing treating subsidiaries on a equal basis and requiring that stockholders and creditors contribute to resolution before taxpayers;

iv) a framework for ensuring that the euro area has the internal means to avoid any risk of default by combining national fiscal discipline with a last-resort mechanism of financial support; calls on the Commission to work for a long-term crises management system such as a European Monetary Fund (EMF), under which financial support may be temporarily granted to a Member State inside the euro in case of emergency;

21. Urges the Council and the Commission to show in the coming weeks that they have started to learn the lessons from the last two chaotic years and hence to drastically strengthen their position on the supervision package at a level of ambition convergent with the reports adopted in ECON committee;

22. Underlines that excessive credit increases the risk of asset price bubbles; calls therefore on the ECB and the European System of Central Banks to assess appropriate measures, such as adjusting reserve requirements, in order to protect financial stability by avoiding excessive private debt growth;

23. Recalls also that global imbalances related to exchange rate fluctuations between, for example, the dollar, the renminbi and the euro must equally be addressed to avoid financial crises in the future; calls accordingly on the Eurogroup, the Council and the ECB to step up their coordination of their action in the sphere of exchange rate policy;

24. Emphasises the need for the euro area ultimately to obtain a single seat in the relevant international financial institutions and a single voice on exchange rate policies;

III. Tax policy harmonisation and new resources for securing recovery

25. Calls on the Commission to propose a set of measures to help Member States to restore the equilibrium of public accounts and to finance public investment through:

(a) Eurobonds;

(b) moving away from tax competition between Member States towards tax cooperation including a timetable for the introduction of a common consolidated tax base for corporate profits and a mechanism to ensure a minimum coordination of corporate tax rates on a similar basis to that which is currently in place for VAT;

(c) coordinated introduction of environmental taxes in order to shift the burden away from labour taxes towards unsustainable activities and products;

(d) EU-wide financial transaction tax;

(e) a progressive bank levy regarding the size of the institution and the level of uninsured short-term funding;

(f) introducing country-by-country reporting on corporate income and taxes paid thereon, as well as an automatic exchange of information;

- (g) closing down tax havens, starting with those within the EU;
- (h) special crisis taxes on windfall profits of energy corporations and other highly profitable firms;

IV. To increase EU budget as a mean to enhance economic integration

- 26. Considers that the European budget is insufficient to effectively have an impact on the imbalances between Member States and to have a sufficient anti-cyclical effect; suggests therefore an upward adjustment of its size; takes the view that the forthcoming debate on the Financial Perspective offers the opportunity to initiate a reflection in order to increase the size of the EU budget which should be clearly integrated in the EU 2020 review process;
- 27. Stresses the importance of a future European budget that is sufficiently large to ensure adequate convergence of Member States' long term economic performance; takes the view that the forthcoming debate on the Financial Perspective offers the opportunity to initiate a political process in order to increase the size of the EU budget; asks the Commission to come forward with a proposal for issuing bonds for specific financing objectives beyond the financial stabilization mechanism established by the Council;

V. EU 2020 as a first step towards a Green New Deal for Europe

- 28. Is deeply disappointed by the lack of vision of the EU 2020 strategy as agreed by the European Council of 25-26 March 2010;
- 29. Emphasises that the EU 2020 strategy must put Europe at the leading edge of the green revolution of the 21st Century that must reconcile human development with the physical limits of planet Earth;
- 30. Calls therefore for the overall goal of the EU 2020 strategy to shift away from the sole pursuit of GDP growth towards a broader political concept of the future of the EU as a social and sustainable Union that puts people and the protection of the environment at the centre of policy-making and aims at creating wellbeing and the best opportunities for all; emphasises in this context that competitiveness is not a goal in itself;
- 31. Considers that the new strategy should encompass, beyond GDP, a set of indicators for wellbeing, as well as indicators taking into account broad economic externalities and environmental pressure, and that these indicators should be defined, adopted and assessed through democratic and innovative procedures;
- 32. Takes note of the headline targets agreed by the European Council; regrets the lack of ambition in most of these targets and the absence of specific indicators for some of them which open the door to a step backwards in major issues such as social inclusion, education and fighting poverty; is concerned with the fact that Member States are expected to set their national targets by June 2010 in the light of the EU headlines targets and indicators, although several of them will not yet have been agreed upon;
- 33. Notes the headline targets on employment rate for women and men; regrets however that

the target does not take into account quality of employment; believes that both high employment and job quality must be central points of the strategy and that a stronger focus on well-functioning labour markets – both national and European – and on social conditions should be a priority; furthermore believes that the new strategy must give much more emphasis on job quality and decent work, including the fight against precarious and undeclared work and the creation of conditions for reconciliation of work and private life, as well as ensuring that people who are currently excluded from the labour market can gain access to it, particularly disabled people, younger and older people, minorities, migrants and the long-term unemployed;

34. In this respect, urges the European Council and the Commission to define and adopt an ambitious decent work agenda which includes the objective of a living wage; demands that the social partners in cooperation with the Commission initiate common European initiatives to fight social dumping and reduce the number of working poor; urges the Commission to publish on an annual basis indicators related to job quality as agreed by the Council;
35. Invites the Council and Commission to establish a European Youth Guarantee securing the right of every young person in the EU to be offered a job, apprenticeship, additional training or combined work and training after a maximum period of 4 months unemployment; calls for binding benchmarks on youth unemployment that may not exceed general average unemployment rate, as well as life-course approach to employment and training, underpinned by adequate state pension schemes;
36. Emphasises that the EU must step up its efforts for strong rights-based anti-discrimination and true social cohesion policies aimed at reducing inequality and closing the gap between rich and poor, delivering better health outcomes, improving educational outcomes, reducing crime, and reinforcing a whole other set of social rights and goods that fighting poverty alone cannot achieve;
37. Takes note that social inclusion in particular through the reduction of poverty, is one of the priorities identified by the European Council; is deeply concerned, however, by the lack of clear targets on this issue; in this context, takes the view that the EU 2020 strategy should explicitly include ambitious targets for reducing poverty by half every five years (i.e. a target level of poverty of 8.5% by 2015 and 4% by 2020) and for reducing inequality and more specifically the gap between rich and poor; considers therefore that poverty must be measured as 'relative poverty' to help identify those at risk of exclusion and that the Gini Index should be an explicit tool of the EU 2020 strategy;
38. Calls for a strong focus on achieving gender equality by setting a target of 60% female employment in jobs that pay enough to ensure economic independence as well as a target for reducing the gender gap by half every 5 years (i.e. reducing the gender gap to 8.5% in 2015 and to 4% in 2020), by improving access to childcare for at least 50% of children below and 100% of children above 3 years of age, by setting up a European observatory for violence against women and by setting a quota of 40% women on companies' boards;
39. Notes the headline target on improving education; deplores the absence of numerical rates of targets and urges the European Council to set the objective of reaching a 100% target for secondary education as well as clear qualitative targets and indicators for primary and

secondary education;

40. Regrets that the European Council's headline targets on greenhouse gas emissions, renewables and energy efficiency lack ambition and in this respect are not geared towards leadership in a world which is facing climate change and serious natural resource depletion and where global ecosystems are on the verge of collapse;
41. Recalls that any domestic greenhouse gas reduction target less ambitious than -30% compared to 1990 levels is completely out of line with science and will not prevent the dramatic consequences of runaway climate change; considers that it would furthermore demonstrate the breakdown of EU leadership in global climate policy; insists therefore that this target should be set at a reduction of 40% for 2020 and 95% for 2050;
42. Stresses that environmental sustainability depends on an absolute reduction in resource use; calls in this perspective for the adoption of a resource efficiency improvement target of at least 3% per year net of GDP evolution; deeply regrets that the European Council only adopted a position on energy efficiency without any mention of resource efficiency;
43. Calls on the EU, as a first step towards a green fully renewables-based highly efficient economy, to set binding targets for 2020 to reduce its energy consumption by at least 20% compared to 1990 levels and increase the share of renewable energies to at least 25% by 2020 while removing technical and non-technical barriers to the further development of sustainable renewable energies; rejects subsidies to doubtful and risky technologies which can only deliver greenhouse gas emissions reductions which are too little too late, such as nuclear and Carbon Capture and Storage (CCS);
44. Is deeply concerned that concrete goals or targets, or even a mention of 2020 biodiversity objectives, are absent from the 2020 strategy; therefore calls for the adoption of measurable targets geared towards halting the loss of biodiversity and ecosystem services and restoring them where possible by 2020; calls in the same spirit for compulsory criteria for land-using activities;
45. Notes the 3% GDP headline target on research and development; Calls however for the adoption of a 4% GDP objective for research and development and innovation; considers in this framework that explicit targets should be set for SME-compatible funding tools, as well as promoting Open Standards to guarantee digital interoperability and accessibility;
46. Emphasises that military and nuclear R&D expenditure should be excluded from the 4% GDP for R&D and innovation objective;
47. Calls for clear integration of EU targets for eco-innovation as a share of the 4% GDP objective;
48. Draws attention to the need to review the intellectual property rights system, as an overzealous patent and exclusive rights system can in fact slow down innovation and restrict access to essential resources and undermine fundamental rights; underlines that unnecessary barriers to the free movement of knowledge should be removed, as the sharing of knowledge is an essential tool for prosperity;

49. Calls for a fostering of innovation through patent pools, patents platforms, innovation inducement prizes, full-rights licensing and knowledge clusters, compulsory licences, as well as other IP tools intended to reconcile access with innovation;
50. Calls for an integrated and sustainable industrial policy geared towards the creation of green jobs, and the amelioration of resource efficiency and resources use; underlines that its benefits should be fairly shared and distributed, and should be oriented towards increasing quality of life for all;
51. Calls for a strong link between EU 2020 Strategy and the forthcoming commercial strategy of the European Union, as well as its action plan in the perspective of the Millennium Goals;
52. Emphasises the need for a thorough review of the 'Global Europe' trade strategy of the Commission, with the goal of promoting cooperation on binding standards for socially and environmentally sustainable trade relations; calls in this perspective for a halt to the signing of Free Trade Agreements (FTAs) with Colombia, Peru and Korea and a moratorium on the ongoing FTA negotiations with India, Canada, the Gulf States and a range of ACP countries under Economic Partnership Agreements (EPAs);
53. Considers that the EU 2020 strategy should establish binding objectives and compliance mechanisms combining upward harmonisation and flexibility;
54. Calls in this perspective on the European Council and the Commission to adopt economic incentives, such as extra EU funds, as well as sanctions, such as extra charges, that effectively support EU 2020's objectives; Calls for proper parliamentary debates at the EU and Member State levels on incentives and sanctions;
55. Considers that democratic support is a crucial condition for success and therefore that national parliaments need to be actively involved in the definition and implementation of the 2020 strategy; in the same spirit takes the view that regions, municipalities, social partners and NGOs should be actively involved in the definition and implementation of the strategy;
56. Considers that the EU 2020 Strategy should improve its strategic and operational links with the overarching Sustainable Development Strategy and also with the Energy/Climate Package, the Social Agenda, the EU 2020 biodiversity strategy and the Common Agricultural Policy; calls on the Commission in this context to submit an annual communication on the interaction and coherence of these strategies;
57. Calls on the Commission to include the reform of the Common Agricultural Policy and rural development policies in the EU 2020 strategy so that the goals of cohesion, competitiveness and sustainability are treated as three inseparable goals, as was already provided for in the Union's Lisbon and Göteborg agendas;
58. Urges the European Council and Commission to include in the EU 2020 strategy ambitious EU-wide economic governance including joint launching of the Stability and Convergence Programmes and National Reform Programmes within a common framework;

59. Considers that the Commission should make recommendations as to the feasibility of national objectives and assess the desirability of allocating extra funds on a three-yearly basis; calls on the Commission to adopt naming and shaming procedures when assessing National Programmes;
60. Emphasises that the European Parliament should assess the implementation of the EU 2020 strategy on an annual basis, and as an arm of the budgetary authority should therefore explicitly link these assessments with extra EU funding;
61. Calls on the Commission in future to respect legislative provisions which have general application contained in the Lisbon Treaty such as the new horizontal social clause (Article 9) and those concerning non-discrimination (Articles 8 and 10), sustainable development (Article 11) and consumer protection (Article 12); considers that the impact assessment procedure should be refined accordingly;
62. Considers that in order to achieve the goal of social inclusion an adequate core income should be guaranteed by an EU framework directive implemented and managed by all Member States, as well as enhanced public finances based on progressive taxation and effective tax collection;
63. Urges the Commission to present a comprehensive analysis of the effects of liberalisation to date and review progress with the application of the new Protocol on Services of General Interest;
64. Recalls the need to ensure access for all to affordable high-quality services and, in order to achieve this goal, calls for an EU framework directive recognising the special role of services of general interest and an EU directive on social and health services; calls also for an upward revision of the working time directive and the posted workers directive in order to guarantee a better protection of workers rights;
65. Considers that in order to achieve a smarter, more sustainable and more inclusive economy the EU needs a green jobs strategy that delivers on skills, workplace adaptation and transformation of society; considers that such a strategy should include smart investment to create new green jobs; incentives to transform existing jobs into green jobs; investment in training and lifelong learning to support workers in developing and enable workers to move into new jobs where necessary; a framework agreement on transition security, including the right to training and sufficient social security in times of job transition; an agreement between social partners on the right to lifelong learning and training in the workplace; and support for the adaption of skills and workplace organisation across the board;
66. Stresses that the EU 2020 strategy should include a true social policy agenda, including proper targeting of the European Social Fund and PROGRESS, an active inclusion agenda backed up by funding and governance tools, a strong focus on securing people in all situations in life, including those outside work (an EU framework for transition security) and targets for Member States linked to financial incentives;
67. Calls for the full recognition and promotion of the social economy as an alternative economic model, linking economic activities with the realisation of social, health,

employment and housing policy goals, responding to needs at a local level and the aim of employment creation;

68. Calls upon the Commission to ensure that the EU Structural Funds are linked to strong social and environmental conditions and therefore contribute to the EU's climate goals by introducing a climate check for all Structural Funds intervention, starting with major projects immediately;
69. Instructs its President to forward this resolution to the European Council and the Commission.