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MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-0204/2013

pursuant to Rule 115(5) of the Rules of Procedure

on future legislative proposals on EMU: response to the Commission
communications
(2013/2609(RSP))

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on behalf of the Committee on Economic and Monetary Affairs

European Parliament resolution on future legislative proposals on EMU: response to the Commission communications (2013/2609(RSP))

The European Parliament,

- having regard to the Commission communications entitled ‘Ex ante coordination of plans for major economic policy reforms’ (COM(2013)0166) and ‘The introduction of a Convergence and Competitiveness Instrument’ (COM(2013)0165),
- having regard to the question to the Commission on future legislative proposals on EMU (O-000000/2013 – B7-0000/2013),
- having regard to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union of 2 March 2012, hereinafter referred as the ‘Fiscal Compact’,
- having regard to the conclusions of the European Council of 13 and 14 December 2012,
- having regard to the Commission Blueprint for a Deep and Genuine Economic and Monetary Union of 28 November 2012,
- having regard to the report by the President of the European Council entitled ‘Towards a Genuine Economic and Monetary Union’ of 5 December 2013,
- having regard to its resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup ‘Towards a genuine Economic and Monetary Union’ (2012/2151(INI))¹, hereinafter referred to as the ‘Thyssen report’,
- having regard to its resolution of 11 October 2010 with recommendations to the Commission on improving the economic governance and stability framework of the Union, in particular in the euro area (2010/2099(INI)), hereinafter referred to as the ‘Feio report’,
- having regard to Regulations (EU) Nos 1176/2011 and 1175/2011 of the European Parliament and of the Council of 16 November 2011, hereinafter referred to as the ‘six-pack’,
- having regard to its resolution of 1 December 2011 on the European Semester for Economic Policy Coordination (2011/2071(INI))²,
- having regard to Regulation (EU) No ... 2013 of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and

¹ Texts adopted, P7_TA(2012)0430.

² Texts adopted, P7_TA(2011)0542.

ensuring the correction of excessive deficit of the Member States in the euro area and having regard to Regulation (EU) No .../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, hereinafter referred to as the ‘two-pack’,

- having regard to the joint statement by President Barroso and Vice-President Rehn on the occasion of the trilogue agreement on the two-pack legislation on economic governance in the euro area of 20 February 2013 (reference MEMO/13/126),
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas in Article 11 of the Fiscal Compact the signatory Member States agreed to ‘ensure that all major economic policy reforms that they plan to undertake will be discussed ex-ante and, where appropriate, coordinated among themselves’, and agreed, moreover, that such ‘coordination shall involve the institutions of the European Union as required by European Union law’;
- B. whereas, according to Article 15 of the Fiscal Compact, the treaty should be incorporated into EU law within five years at most ‘on the basis of an assessment of the experience of its implementation’, and whereas Commission communications COM(2013)0165 and COM(2013)0166 and the legislative proposals expected as follow-up can be seen as steps in that direction;
- C. whereas in the Feio report of 2010, Parliament already set out a recommendation to ‘establish specific procedures and a requirement for Member States, particularly those in the euro area, to inform each other and the Commission before taking economic policy decisions with expected significant spillover effects, which may jeopardise the smooth functioning of the internal market and of the Economic and Monetary Union (EMU)’;
- D. whereas the declaration accompanying the two-pack called for the creation of a substantially reinforced economic and budgetary surveillance and control framework and for the further development of European fiscal capacity for the timely implementation of sustainable growth-enhancing structural reforms supporting the principle that steps towards more responsibility and economic discipline should be combined with more solidarity as well as more thoroughgoing integration of decision-making in policy areas such as taxation and labour markets as an important solidarity instrument; whereas this declaration emphasised the principle that steps towards enhanced economic policy coordination must go hand in hand with more solidarity;
- E. whereas paragraph 11 of the Thyssen report stressed that a ‘genuine EMU’ cannot be limited to a system of rules, but requires an increased budgetary capacity based on specific own-resources;
- F. whereas the Thyssen report noted that high-quality and reliable European statistics play an essential role at the heart of the new economic governance and of its major decision-making exercises, that the effective independence of the European statistical system at both national and European levels must be safeguarded as a prerequisite and that moving towards public accounting standards in all Member States in a standardised manner will

be an essential complement to the Commission's greater enforcement powers in verifying the quality of national sources used to establish debt and deficit figures in a fully-fledged fiscal union;

General assessment of the Commission's communications

1. Acknowledges the Commission's effort to make further progress on macroeconomic governance in the Union, building on the six-pack and the two-pack; stresses, however, that full implementation of the new framework must take precedence over any new proposal;
2. Points out that the creation of an incentive-based enforcement mechanism aiming at increasing solidarity, cohesion and competitiveness must go hand in hand with additional layers on economic policy coordination, as stated in the Commission declaration accompanying the 'two pack', so as to comply with the principle that 'steps towards more responsibility and economic discipline are combined with more solidarity';
3. Stresses that any further proposal must offer clear added value in relation to existing instruments, such as those under the cohesion policy;
4. Stresses that coordination efforts must not blur the respective responsibilities of different levels of decision-making;
5. Reaffirms that governance in the EU must not infringe on the prerogatives of the European Parliament and the national parliaments, especially whenever any transfer of sovereignty is envisaged; stresses that proper legitimacy and accountability require democratic decisions and must be ensured at national and EU levels by national parliaments and the European Parliament respectively; recalls the principle set out in the conclusions of the December 2012 European Council that 'throughout the process, the general objective remains to ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented'; stresses that the mechanisms for ex-ante coordination, and convergence and competitiveness instruments (CCIs), should apply to all Member States which have adopted the euro as their currency, with the possibility for other Member States to join on a permanent basis; calls on the Commission to provide for such compulsory validation by national parliaments in forthcoming legislative proposals, as well as to ensure greater involvement of the two sides of industry in economic coordination;
6. Is of the opinion that the timing of the communications is not optimal; calls on the Commission to bring forward a proposal to adopt a convergence code under the EU Semester, based on EU 2020 and including a strong social pillar;
7. Reiterates that the Commission needs to take full account of Parliament's role as a co-legislator; is disappointed that the recent communications on EMU do not reflect the position taken by the European Parliament at the Deepening EMU negotiations and only provide for very limited parliamentary scrutiny by proposing a dialogue structure; stresses that Parliament is a legislative and budgetary authority on an equal footing with the Council;

8. Is disappointed that the policy areas covered in the communications focus mainly on price competitiveness and do not include tax avoidance or the social and employment dimensions;
9. Stresses that the legislative proposals relating to both communications should follow the ordinary legislative procedure;

Ex-ante coordination of plans for major economic policy reforms

10. Is of the opinion that formal ex-ante coordination of economic policy reforms at EU level is important and should be strengthened on the basis of the Community method, and that it should concern the key national economic reforms provided for in national reform programmes with demonstrable potential spillover effects; believes that any such ex-ante coordination should be aligned with the instruments of the EU Semester for economic policy coordination referred to in Article 2a of Regulation (EU) No 1175/2011 and, where necessary, should be designed in conjunction with new solidarity and incentive-based instruments;
11. Is of the view that more thoroughgoing integration of ex-ante coordination and decision-making in policy areas at Union level must build upon a solid foundation of official statistics and, in particular, that further budgetary coordination within the Union requires consolidated data on the public accounts of the Union, the Member States and local and regional authorities; believes, therefore, that the Commission should include the establishment of such consolidated data in upcoming legislative proposals;
12. Deplores the vague drafting and excessively loose definitions of some of the proposed filters for major economic policy reforms, such as ‘political economy considerations’; asks for new and specific filters to be added, based on the EU Semester and EU 2020 instruments, in order to identify key reforms, taking into account national specificities and respecting subsidiarity;
13. Stresses that the mechanisms to be put in place for ex-ante coordination should apply to all euro area Member States and be open to all Member States of the Union, while taking into account the stronger interdependence of euro area Member States; is of the opinion that the Member States in the programme should be allowed to participate on a voluntary basis;
14. Calls for the reform plans to be transparent and inclusive and for them to be made public; calls, furthermore, for a social dialogue involving stakeholders in society to play a central and explicit role in discussions on ex-ante coordination;
15. Calls for diligent design to be applied to the process by which the Commission is informed and for it to be able to comment on the planned reforms in advance of their final adoption;
16. Asks for this new coordination instrument to be included in the European Semester process, and for the European Parliament to be given a role in ensuring democratic accountability;

17. Stresses that ex-ante coordination should strive not to suffocate national reform efforts but to ensure that reforms are not delayed, unless the spillover effects they would bring about are sufficiently significant to warrant a reassessment of the reforms;

Introduction of a convergence and competitiveness instrument (CCI)

18. Is of the opinion that any proposed new CCI should be based on conditionality, solidarity and convergence; believes that such an instrument should only be launched after social imbalances and the need for major long-term and sustainable growth-enhancing structural reforms have been identified on the basis of an assessment of the coherence between the convergence code and national implementation plans, with the proper formal involvement of the European Parliament, the Council and national parliaments;
19. Stresses that the new CCI to be put in place should apply to all euro area Member States and be open to all Member States of the Union, while taking into account the stronger interdependence of euro area Member States; is of the opinion that the Member States in the programme should be allowed to participate on a voluntary basis;
20. Is of the opinion that it is of the utmost importance to ensure that this new instrument is adopted in accordance with the ordinary legislative procedure, is based on the Community method and provides for proper scrutiny by the European Parliament by allowing for case-by-case adoption of the relevant budgetary appropriations;
21. Stresses that annual reporting on, and monitoring of, the implementation of the national plan should be based on a reinforced European Semester, without prejudice to EU budgetary scrutiny;
22. Is of the opinion that the CCI should be a vehicle for increased budgetary capacity and be geared towards conditional support for structural reforms, with the aim of enhancing competitiveness, growth and social cohesion, ensuring closer coordination of economic policies and sustained convergence of the economic performance of the Member States, and addressing imbalances and structural divergences; considers such instruments to be building blocks towards a genuine fiscal capacity;
23. Stresses that such a budgetary capacity could naturally only benefit the Member States contributing to it;
24. Is disappointed that the communications, by providing for contracts between the EU and the Member States, do not respect the single European legal order; is of the opinion that the expression 'contractual arrangements' is inappropriate as the mechanism foreseen in the communications is not, properly speaking, a 'contract' governed by public or private law, but rather an incentive-based enforcement mechanism for economic policy coordination;
25. Stresses that reform plans must be designed by the Member States, with proper involvement of their national parliaments in accordance with their internal constitutional arrangements and in collaboration with the Commission, while fully respecting the principle of subsidiarity and the need to preserve appropriate policy space for national implementation and the democratic processes within each Member State;

26. Points out that the possible short-term negative effects of the implementation of structural reforms, and in particular social and political difficulties, could be alleviated and more easily accepted by citizens if a reform-supporting incentive mechanism were put in place; further states that this mechanism should be funded by means of a new facility triggered and governed under the Community method as an integral part of the EU budget, but outside the MFF ceilings, so as to ensure that the European Parliament is fully involved as a legislative and budgetary authority;
27. States that measures taken should not have a negative impact on social inclusion, workers' rights, health care and other social issues, even in the short term;
28. Stresses that the instrument should avoid problems of moral hazard; takes the view that, to that end, the Commission should ensure that reforms are not delayed until they become eligible for financial support and that the instrument does not provide incentives for reforms that would have been implemented even without Union support;
29. Stresses that the instrument should avoid overlapping with cohesion policy;
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30. Instructs its President to forward this resolution to the Commission and the Council.