



**2022/2150(INI)**

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

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## 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

<b>Date adopted</b>	9.2.2023
<b>Result of final vote</b>	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">+:</div> <div>28</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">-:</div> <div>2</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">0:</div> <div>4</div> </div>
<b>Members present for the final vote</b>	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 Larrourou, Camilla Laureti, Janusz Lewandowski, Margarida Marques, Siegfried Mureşan, Dimitrios Papadimoulis, Bogdan Rzońca, Nils Ušakovs, Rainer Wieland
<b>Substitutes present for the final vote</b>	Anna-Michelle Asimakopoulou, Jonás Fernández, Fabienne Keller, Eva Maria Poptcheva, Monika Vana
<b>Substitutes under Rule 209(7) present for the final vote</b>	Asim Ademov, Alexander Bernhuber, Alicia Homs Ginell, 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 Larroustourou, 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