DRAFT REPORT

on the European Semester for economic policy coordination: annual sustainable growth survey 2022
(2021/0000(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Irene Tinagli
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for economic policy coordination: annual sustainable growth survey 2022
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The European Parliament,

– having regard to the Treaty on the Functioning of the European Union, in particular Articles 121(2) and 136 thereof,
– having regard to Protocol No 1 to the Treaties on the role of national parliaments in the European Union,
– having regard to Protocol No 2 to the Treaties 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 Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States¹,
– 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 procedure²,
– 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 area³,
– 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 area⁴,

¹ OJ L 306, 23.11.2011, p. 41.
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 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 24 November 2021 entitled ‘Annual Sustainable Growth Survey 2022’ (COM(2021)0740),


– having regard to the Commission’s autumn 2021 economic forecast of 11 November 2021,

– 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 the European Fiscal Board annual report of 10 November 2021,

– 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\(^10\),

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

– having regard to the opinions of the Committee on Budgets and the Committee on the Environment, Public Health and Food Safety,

\(^6\) 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.  
having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2021),

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;

B. whereas according to the Commission’s autumn economic forecast, the GDP growth rate for 2022 is expected to be 4.3 % of GDP per capita for both the euro area and the EU-27, but is expected to fall to 2.4 % and 2.5 % respectively in 2023;

C. whereas the Commission’s autumn economic forecast shows a significant difference in the pace of recovery between the Member States in 2021, with a disparity of GDP growth ranging from 2.7 % to 14.6 %;

D. whereas the crisis caused by the COVID-19 pandemic led to an increase in social, territorial, economic and gender-based inequalities;

E. whereas according to the Commission’s autumn economic forecast, the average rate of unemployment fell to 7.9 % in the euro area and 7.1 % in the EU-27 in 2021, with further decreases to 7.5 % and 6.7 % expected in 2022;

F. whereas the post-pandemic economic recovery requires the fast and efficient implementation of the Recovery and Resilience Facility (RRF); whereas all recovery and resilience plans should address each of the six pillars and the general and specific objectives of the RRF Regulation and respect its horizontal principles;

**Economic prospects for the EU**

1. Notes that the European economy is recovering faster than expected from the devastating impact of the global pandemic; underlines the crucial importance that timely policy interventions have played and will continue to play in mitigating the impact of the pandemic on the European economy;

2. Is concerned about emerging new variants, localised pandemic lockdowns, increased energy prices, inflationary pressure, supply-side disruptions and emerging labour shortages; notes that these risks could hamper economic growth prospects in the coming months and delay the transition to a more sustainable and future-proof economy;

3. Is alerted by the fact that the speed of the recovery varies across Member States and regions, with significant differences and a disparity of between 2.7 % and 14.6 % between the Member States in 2021, according to the Commission’s autumn economic forecast;

4. Recognises that the crisis triggered by the COVID-19 pandemic has been especially severe for enterprises, mostly small and medium-sized enterprises (SMEs), in tourism, hospitality and culture; recognises the notion of European solidarity underpinning the establishment of the RRF;

5. Points out that the successful roll-out of the RRF will help to make EU economies and
societies more sustainable, inclusive, resilient and better prepared for the green and digital transitions;

**Responsible fiscal policies**

6. Notes that the general escape clause of the Stability and Growth Pact will continue to be applied in 2022 and is expected to be deactivated as of 2023;

7. Believes that the review of the EU’s economic governance framework is necessary; agrees with the European Fiscal Board on the importance of having a clear pathway towards a reviewed fiscal framework, preferably prior to the deactivation of the general escape clause;

8. Is convinced that the coordination of national fiscal policies remains crucial in underpinning the recovery; notes that the overall fiscal stance, taking into account national budgets and the RRF, is projected to remain supportive in 2022 to sustain the recovery; agrees with the Commission that Member States with low or medium levels of debt should pursue or maintain a supportive fiscal stance, and that Member States with high levels of debt should use the RRF to finance additional investment to support the recovery, while pursuing a prudent fiscal policy; agrees with the Commission that all Member States should preserve or broadly preserve their national financed investment;

**Growth-enhancing, balanced, inclusive and sustainable structural reforms and investment**

9. Considers that it is crucial to coordinate national reform and investment efforts and the exchange of best practices in order to increase the convergence and resilience of our economies, promote sustainable and inclusive growth, and improve institutional frameworks;

10. Highlights that the RRF presents an unprecedented and unique opportunity for all Member States to address key structural challenges and investment needs and insists that all recovery and resilience plans address all requirements of the RRF Regulation, in particular the six pillars; highlights the interplay between the European Semester and the RRF; calls on the Member States to make the most of this opportunity and to use it to transform their economies and make them sustainable, more competitive and more resilient to future shocks; highlights the role of the European Parliament in the implementation of the RRF, as enshrined in the RRF Regulation;

11. Highlights that the COVID-19 pandemic has had a significant impact on women; emphasises the importance of increasing women’s participation in the economy, including inclusive participation in the digital economy and transformation, and ensuring more inclusive growth as part of the solution to the post-pandemic recovery, which will help to increase jobs, economic prosperity and competitiveness across the EU;

12. Notes that many Member States are having to contend with old and new structural challenges that are hindering their growth potential; highlights, therefore, that tackling structural challenges is crucial for a sustainable recovery and continued growth; takes the view that implementing reforms to address old and new structural vulnerabilities is
key not only to improving the ability to withstand and cope with existing challenges, but also to accomplishing the twin transitions in a sustainable, fair and inclusive manner and to reducing social inequalities; points to the lack of national ownership as one of the main weaknesses in enacting reforms aimed at addressing structural deficiencies;

13. Is concerned that the Commission identified macroeconomic vulnerabilities related to imbalances and excessive imbalances in 12 Member States; is worried that the nature and source of Member States’ imbalances remain largely the same as before the pandemic and that the pandemic could also be exacerbating imbalances and economic divergences; calls on the Member States to take advantage of the unprecedented opportunity provided by the RRF to significantly reduce existing macroeconomic imbalances, in particular by including ambitious reform measures in the national plans of all Member States; stresses that sound execution is essential to make full use of this opportunity;

14. Recognises the importance of the macroeconomic imbalance procedure in identifying, preventing and addressing macroeconomic imbalances in the EU; highlights that continuous monitoring and vigilance will be needed and that Member States should address emerging imbalances through reforms that enhance economic and social resilience and promote the digital transformation and green and just transitions;

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