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Committee on Economic and Monetary Affairs

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PE 384.510v01-00

AMENDMENTS 1-55

Draft report

(PE 382.460v03-00)

Kurt Joachim Lauk

Public finances in EMU 2006
(2007/2004(INI))

Motion for a resolution

Amendment by Kurt Joachim Lauk

Amendment 1

Citation 4 a (new)

- *having regard to the Commission Convergence Report December 2006 (COM(2006)0762),*

Or. en

Amendment by Dariusz Rosati

Amendment 2

Citation 4 a (new)

- *having regard to the Commission's recommendations on Member States' stability and convergence programmes for 2006-2007,*

Or. en

Amendment by Dariusz Rosati

Amendment 3

Citation 4 b (new)

- ***having regard to the conclusions of the Brussels European Council of 22 and 23 March 2005 on the review of the Stability and Growth Pact,***

Or. en

Amendment by Dariusz Rosati

Amendment 4

Citation 4 c (new)

- ***having regard to the Commission communications relating to the second report on the practical preparations for the future enlargement of the euro area (COM(2005)0545) and the 2006 Annual Statement on the Euro Area (COM(2006)0392),***

Or. en

Amendment by Dariusz Rosati

Amendment 5

Citation 4 d (new)

- ***having regard to its resolutions of 1 June 2006 on the enlargement of the euro zone¹ and of 14 November 2006 on the 2006 annual report of the euro area²,***

Or. en

Amendment by Zsolt László Becsey

Amendment 6

Recital A

- A. whereas Member States are expected to maintain their budget deficits below 3% of GDP in line with the rules underpinning the single currency and whereas that rule has been regularly flouted, ***and whenever the budget deficit is above 3% this must be coupled with high growth and a declining debt ratio,***

¹ *Texts Adopted, P6_TA(2006)0240.*

² *Texts Adopted, P6_TA(2006)0485.*

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 7

Recital A a (new)

Aa. whereas the missing element in today's Europe is not stability, but qualitative growth and long-term sustainability,

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 8

Recital A b (new)

Ab. whereas fiscal consolidation is not a goal in itself, but is a tool to achieving the Lisbon-Göteborg Strategy,

Or. en

Amendment by José Manuel García-Margallo y Marfil

Amendment 9

Recital C

C. whereas the average debt ratio for the euro area was 70.6 % in 2005, around 69.4 % in 2006 and is projected to fall to 68 % in 2007; whereas the difference between the lowest and the highest debt ratio was in excess of 100 percentage points of GDP in both 2005 and 2006, and the same spread is expected to be maintained in 2007; whereas these figures are still much higher than the reference value of 60 % for the debt-GDP ratio, one of the two pillars of the Stability and Growth Pact,

Or. es

Amendment by José Manuel García-Margallo y Marfil

Amendment 10

Recital E

E. whereas the average GDP growth rate for the euro area in 2005 was 1,4%, around 2,6%

in 2006 and is projected to be 2,1% in 2007; whereas the spread in the growth rate in 2005 and 2006 was around 5 percentage points and is projected to remain at around 5 percentage points in 2007; ***whereas these growth rates are clearly lower than those of other areas of the world,***

Or. es

Amendment by Dariusz Rosati

Amendment 11

Recital F

- F. whereas the unemployment rate in the euro area was 8,6% (12 600 000) in 2005 and went down to 8,1% (11 900 000) in 2006; whereas the unemployment rate is projected to fall to 7,7% (11 500 000) in 2007 and whereas the projected fall shows that deficit reduction ***may enhance economic activity and reduce unemployment,***

Or. en

Amendment by Pervenche Berès

Amendment 12

Recital G

- G. whereas age-related expenditure is projected to increase by 4 % of GDP by 2050; whereas in a number of Member States, as a consequence, age-related public expenditure will increase by 5 % to 13 % of GDP, which will put enormous pressure on the sustainability of their public finances, while growth is projected to fall from 2.4 % during the period 2004 to 2010 to 1.9 % during the period 2011 to 2030 and to only 1.2 % during the period 2031 to 2050; whereas declining growth and increased age related expenditure may jeopardise the economic well-being of European citizens ***and the social cohesion of our societies,*** and might put disintegration pressure on European Institutions and common policies,

Or. fr

Amendment by José Manuel García-Margallo y Marfil

Amendment 13

Recital G

- G. whereas age-related expenditure is projected to increase by 4 % of GDP by 2050; whereas in a number of Member States, as a consequence, age-related public expenditure will increase by 5 % to 13 % of GDP, which will put enormous pressure on

the sustainability of their public finances, while growth is projected to fall from 2.4 % during the period 2004 to 2010 to 1.9 % during the period 2011 to 2030 and to only 1.2 % during the period 2031 to 2050; whereas declining growth and increased age related expenditure may jeopardise the economic *and social* well-being of European citizens and might put disintegration pressure on European Institutions and common policies,

Or. es

Amendment by Kurt Joachim Lauk

Amendment 14
Recital H a (new)

Ha. whereas the Commission and the ECB assess the fulfilment of the Maastricht criteria for adopting the euro of all 'Member States with a derogation' every other year,

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 15
Paragraph 1

1. Recalls that the main objective of the Stability and Growth Pact (SGP) is to ensure ***the sustainability of government finances***, which is essential in view of the upcoming demographic challenges, ***and to promote equally a qualitative growth, by making it easier to finance high quality public investments, such as the ones aiming at the decoupling of growth from energy consumption, transport and resource use;***

Or. en

Amendment by Pervenche Berès

Amendment 16
Paragraph 1

1. *(Does not affect English version)*

Or. fr

Amendment by Heide Rühle and Alain Lipietz

Amendment 17

Paragraph 2

2. Welcomes the fact that Member States have reconciled themselves to the objective of the SGP; *reaffirms that the 2005 SGP reform was essential to re-establish a consensus among the Member States for sound fiscal policies and to contribute to achieving a high degree of macroeconomic stability, which is an essential condition for sustainable development; takes the view that by increasing the flexibility of the framework, the revised SGP enabled Member States to make* a considerable effort in trying to meet their obligations;

Or. en

Amendment by Cristobal Montoro Romero

Amendment 18

Paragraph 2

2. Welcomes the fact that *a good many* Member States have *(deletion)* made a considerable effort in trying to meet their obligations *with regard to the SGP; points out, however, that it is still too early to evaluate the results obtained by the revised SGP;*

Or. es

Amendment by Pervenche Berès

Amendment 19

Paragraph 2

2. Welcomes the fact that Member States have reconciled themselves to the *SGP as an intermediate* objective *(deletion)* and that many have made a considerable effort in trying to meet their obligations;

Or. fr

Amendment by Heide Rühle and Alain Lipietz

Amendment 20

Paragraph 2 a (new)

- 2a. Points out that a fair balance must be struck between the achievement of sound and*

stable public finances and the necessary investment policy to face the challenges presented i.e. by increased global competition, an ageing population and climate change, that call for increased public spending in key areas such as energy saving and other environment improving investments, research and development and innovation policies, education or vocational training, in line with the Lisbon-Göteborg Strategy;

Or. en

Amendment by Pervenche Berès

Amendment 21

Paragraph 4

deleted

Or. fr

Amendment by Pervenche Berès

Amendment 22

Paragraph 5

5. Stresses that the attitude of the Member States towards the revised SGP will ultimately decide the success or failure of the SGP; *(deletion)*

Or. fr

Amendment by Dariusz Rosati

Amendment 23

Paragraph 5

5. Stresses that the attitude of the Member States towards the revised SGP will ultimately decide the success or failure of the SGP; *(deletion)*

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 24

Paragraph 5

5. Stresses that the attitude of the Member States towards the revised SGP will ultimately decide the success or failure of the SGP; *(deletion)*

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 25

Paragraph 5 a (new)

- 5a. *Considers that, already today, the public opinion and the socio-economic community would appreciate that the ECB be given the same goals as the US Federal Reserve, including full employment, and maybe sustainable development;***

Or. en

Amendment by Heide Rühle and Alain Lipietz

Amendment 26

Paragraph 5 b (new)

- 5b. *Recalls that the Treaty gives the ECB, in addition to the goal of combating inflation, that of supporting the objectives of Community, namely the Lisbon-Göteborg Strategy;***

Or. en

Amendment by Cristobal Montoro Romero

Amendment 27

Paragraph 6

6. Is concerned that the different spreads amongst the Member States in the fields of deficit, debt and growth might widen, which could have the effect of undermining the single currency, stifling economic growth and reducing employment prospects; encourages Member States to implement economic policies that narrow the identified spreads and lead to further convergence ***towards lower deficit and debt levels and higher growth;***

Amendment by Pervenche Berès

Amendment 28

Paragraph 6

6. Is concerned that the different spreads amongst the Member States in the fields of deficit, debt and growth might widen, which could have the effect of undermining the single currency, stifling economic growth and reducing employment prospects; encourages Member States to implement ***coordinated*** economic policies that narrow the identified spreads and lead to further convergence;

Or. fr

Amendment by Heide Rühle and Alain Lipietz

Amendment 29

Paragraph 7

deleted

Or. en

Amendment by Pervenche Berès

Amendment 30

Paragraph 7

7. Is concerned about the slow pace of public debt reduction in some Member States;
(deletion)

Or. fr

Amendment by Zsolt László Becsey

Amendment 31

Paragraph 7

7. Is concerned about the slow pace of public debt reduction in some Member States; opposes never-ending and inconclusive deficit procedures and therefore urges the Commission and the Council to act in a swift and decisive manner; ***suggests that the***

credibility of the excessive deficit procedure and the single standard of the judgment of the countries be maintained;

Or. en

Amendment by Cristobal Montoro Romero

Amendment 32

Paragraph 8

8. ***Wonders to what extent European growth may be cyclical and draws attention to the need to increase the European Union's growth potential as a means of creating employment;*** reminds Member States that increased growth and higher employment should lead to a substantial increase in tax revenue, thus reducing the risk of excessive deficits while allowing for substantial reductions in public debt;

Or. es

Amendment by Heide Rühle and Alain Lipietz

Amendment 33

Paragraph 9

9. Underlines that violations of the SGP could ultimately undermine the common monetary policy and add to the pressure to increase interest rates; ***(deletion)***

Or. en

Amendment by Dariusz Rosati

Amendment 34

Paragraph 9

9. Underlines that violations of the SGP could ultimately undermine the common monetary policy and add to the pressure to increase interest rates; emphasises that an independent European Central Bank is essential to maintaining price stability, thereby creating ***conditions*** for economic policies that ***contribute*** to high levels of growth and employment;

Or. en

Amendment by Cristobal Montoro Romero

Amendment 35

Paragraph 13

13. Regrets that Member States do not sufficiently exploit their positive economic situation in order to implement significant structural reforms that ***increase the efficiency of the markets in goods, services, employment and capital and that*** in the longer term would ensure fiscal consolidation, economic growth and higher employment;

Or. es

Amendment by Cristobal Montoro Romero

Amendment 36

Paragraph 14

14. ***(deletion)*** Recalls that the SGP is the main and strongest instrument for the coordination of economic policies in the EU; stresses that as long as the SGP is implemented consistently and vigorously the economic policies will continue to lead to higher growth and increased employment;

Or. es

Amendment by Heide Rühle and Alain Lipietz

Amendment 37

Paragraph 14

14. ***Welcomes the fact*** that the revision ***has*** led to a stronger SGP; recalls that the SGP is ***an essential part of the macroeconomic framework of the EMU and is*** the main and strongest instrument for the coordination of economic policies in the EU; stresses that as long as the SGP is implemented consistently and vigorously ***with the Lisbon-Göteborg Strategy*** the economic policies will continue to lead to higher growth and increased employment;

Or. en

Amendment by Dariusz Rosati

Amendment 38

Paragraph 14

14. Recognises that the revision seems to have led to a stronger SGP; recalls that the SGP

is, ***together with the Integrated Policy Guidelines on Growth and Employment***, the main and strongest instrument for the coordination of economic policies in the EU; stresses that as long as the SGP is implemented consistently and vigorously the economic policies will continue to lead to higher growth and increased employment;

Or. en

Amendment by Pervenche Berès

Amendment 39

Paragraph 14

14. Recognises that the revision seems to have led to a stronger SGP; recalls that, ***in the absence of a strengthening of the euro group***, the SGP is the main and strongest instrument for the coordination of economic policies in the EU; stresses that as long as the SGP is implemented consistently and vigorously the economic policies will continue to lead to higher growth and increased employment;

Or. fr

Amendment by Dariusz Rosati

Amendment 40

Paragraph 17

17. Urges that such a major EU budgetary challenge be addressed. Recalls that the reduction of public debt should be accelerated during periods of economic upturn whilst avoiding procyclical measures and implementing structural and tax reforms to improve the economic performance of Member States; ***encourages Member States to use the current upswing in the economy to conduct necessary reforms in the labour market, services sector and reduce administrative burden on business; considers that there is still room and a need for further acceleration in investment activity and thus calls for structural reforms and additional measures that would permanently improve the investment climate and boost investment;***

Or. en

Amendment by Dariusz Rosati

Amendment 41

Paragraph 17 a (new)

- 17a. Calls for the reorientation of public expenditure towards physical and human capital accumulation and the creation of public-private partnerships operating in areas of***

innovation, renewable energies, education and training, research, information technologies, telecommunication, and transportation networks etc.;

Or. en

Amendment by Pervenche Berès

Amendment 42

Paragraph 19

deleted

Or. fr

Amendment by Heide Rühle and Alain Lipietz

Amendment 43

Paragraph 19

19. Urges Member States to avoid unsubstantiated budgetary projections and to refrain from one-off measures and creative accounting; *(deletion)*

Or. en

Amendment by Cristobal Montoro Romero

Amendment 44

Paragraph 19

19. Urges Member States to avoid unsubstantiated budgetary projections and to refrain from one-off measures and creative accounting; advises the Council to ensure that Member States ***incorporate budgetary stability laws in their national legislation to secure healthy public accounts at national, regional and local level***, thus drawing on the best practices of certain Member States and regions in the EU;

Or. es

Amendment by Dariusz Rosati

Amendment 45

Paragraph 19

19. Urges Member States to avoid unsubstantiated budgetary projections and to refrain from one-off measures and creative accounting; ***recommends that the Commission prepares a study on best practices concerning the statistical governance of fiscal data reporting and the accounting of public assets and liabilities in Member States;***

Or. en

Amendment by Dariusz Rosati

Amendment 46

Paragraph 19 a (new)

- 19a. Recommends exploring whether to set a uniform calendar for budgetary procedures across the European Union, while extending the budgetary planning beyond the current one-year span; takes the view that the Member States' budget planning must be based on uniform assumptions regarding key economic parameters to be uniformly assessed and established across the European Union;***

Or. en

Amendment by José Manuel García-Margallo y Marfil

Amendment 47

Paragraph 20

20. Warns Member States to report statistics that are of a high standard to the Commission in order to ensure that public deficit and debt can be compared; encourages the Commission to check vigorously the quality of statistics reported by Member States; urges the Commission to take every step necessary, ***including penalty measures***, to ensure that Member States provide high-quality, ***trustworthy***, uniform and comparable statistics, incorporating all present and future liabilities (such as pensions and health care); invites the Commission to complete its work rapidly;

Or. es

Amendment by Zsolt László Becsey

Amendment 48

Paragraph 20

20. Warns Member States to report statistics that are of a high standard to the Commission in order to ensure that public deficit and debt can be compared; encourages the Commission to check vigorously the quality of statistics reported by Member States; urges the Commission to take every step necessary to ensure that Member state provide high quality, uniform and comparable statistics ***(for example debt level without privatisation revenues)***, incorporating all present and future liabilities (such as pensions and health care); invites the Commission to complete its work rapidly;

Or. en

Amendment by Pervenche Berès

Amendment 49

Paragraph 21

deleted

Or. fr

Amendment by Kurt Joachim Lauk

Amendment 50

Paragraph 21 a (new)

- 21a. Notes that in its latest convergence report in December 2006 the Commission considers that most of the assessed Member States have made progress, but that none presently meets all of the necessary conditions for adopting the euro;***

Or. en

Amendment by Kurt Joachim Lauk

Amendment 51

Paragraph 21 b (new)

- 21b. Recalls that the Maastricht criteria against which the Commission makes its assessment must be applied in an even way, that is without making it more difficult for Member States to join the euro zone, nor interpreting the criteria in a lenient way;***

Amendment by Dariusz Rosati

Amendment 52

Paragraph 21a (new)

21a. Encourages the Commission to explore the advantages of establishing national independent bodies in charge of determining the annual level of deficit consistent with the medium-term objective of a balanced budget;

Or. en

Amendment by Dariusz Rosati

Amendment 53

Paragraph 21 b (new)

21b. Welcomes the efforts of the Commission and the Council to improve statistical governance reporting of fiscal data with a recommendation to Member States on EU-wide standards concerning statistical institutes, including principles on professional independence, the confidentiality, reliability, and timeliness of data, and the adequacy of resources of statistical institutes and improved monitoring rights for the Commission;

Or. en

Amendment by Dariusz Rosati

Amendment 54

Paragraph 21 c (new)

21c. Considers that there is room for improvement in the accounting of public assets and implicit liabilities in order to increase transparency and comparability and to provide a sounder basis for taking decisions; considers that the Commission should launch an initiative in this field;

Or. en

Amendment by Dariusz Rosati

Amendment 55

Paragraph 21 d (new)

21d. Deplores the lack of policy coordination in the euro zone and draws attention to the divergence in fiscal policies of the Member States in the euro zone and is concerned about possible antagonistic effects of such a lack of coordination; encourages further research into the different kinds and measures of structural and macroeconomic reforms and their interaction and mutual impact at different phases of the economic cycle in order to identify the best possible means of strengthening public finances while at the same time realising the Lisbon Strategy;

Or. en