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MOTION FOR A RESOLUTION

pursuant to Rule 108(5) of the Rules of Procedure

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on behalf of the Committee on Economic and Monetary Affairs

on the situation of the European Economy: Interim report on the Broad
Economic Policy Guidelines for 2008

European Parliament resolution on the situation of the European Economy: Interim report on the Broad Economic Policy Guidelines for 2008

The European Parliament,

- having regard to the Interim report of the Commission on the Integrated Guidelines for Growth and Jobs for 2008,
 - having regard to last year's preparatory report on the broad economic policy guidelines for 2007 (A6-0012/2007),
 - having regard to Rule 108(5) of its Rules of Procedure,
- A. whereas economic policy refers to the actions that governments have to take in the economic field to deliver a sustainable, long term economic growth in order to meet the needs of the EU citizens,
- B. whereas public policies do or do not, in fact, foster growth depends on the sources and impediments to growth prevailing in the economy and the wider constellation of constraints and opportunities posed by the global economic setting,
- C. whereas there is ample evidence suggesting that high rates of inflation, excessive macroeconomic imbalances, under-investment in human capital and high rates of trade protection do not inspire sustained, efficient economic growth,
- D. whereas economic analysis indicates that GDP per capita of the EU would be approximately one fifth lower today if no integration had taken place,
- E. whereas the new EU is the unique mixture of advanced economies and converging low-costs economies, allowing to cut costs, employ internal and external economies of scale and resist deflationary and inflationary pressure of developing economies,
- F. whereas the enlarged EU, which represents one of the biggest markets in the world with 500 million citizens, became a global player and a main setter of global standards,
- G. whereas a rising profile and attractiveness of the EU single market encourages economic immigration, demand for political and financial assistance in solving problems all around the world and inflow of private and sovereign wealth funds investments,
- H. whereas the enlarged EU undergoes a lot of changes and the creation of the single market has a huge impact not only on the economy of each Member State, but also on political and socio - cultural development of their societies,
- I. whereas the enlarged EU single market is an economy in transition due to uneven development of different Member States and varied needs for structural reforms driven by new global and technological challenges,

- J. whereas policy makers have to identify, clearly state and address the common challenges which EU economies are facing and would face in the forthcoming years, when defining the EU broad economic policy guidelines,
- K. whereas awareness and active support of EU citizens is a precondition for successful implementation of economic policy actions,

External economic policies

- 1. Points out that the emerging importance of the EU as a global player puts additional pressure on budgets at EU and at national level, which could lead to macroeconomic destabilisation implying a necessity for setting common foreign economic policy tools to adequately manage the external impact on the EU single market;
- 2. Considers that consolidation of industries at global scale and acquisitions of EU companies by non - EU investors could potentially diminish advantages of single market arrangements and the benefits of scale, which are gained due to participation on a global market as a single entity, if appropriate coordination in setting the EU institutional supervisory framework and in transposition of legal arrangements would not be implemented;
- 3. Emphasises that shifts in exchange rates implied by mounting imbalances in non - EU countries raises competitive pressure on EU companies and identifies the need for an EU response through reciprocity agreements, strengthening of the EU competition authorities' powers or through the creation of EU champions;
- 4. Is of the opinion that surge in demand for natural resources, basic products and services driven by the growth of developing economies may bring inflationary pressure to the EU Member States economies; considers that anti - inflationary economic policy tools and a framework for possible macroeconomic adjustment should be prepared to address this problem;

Internal economic policies

- 5. Notes that EU citizens are worried that enhanced competition on the internal market driven by enlargement, integration and labour mobility shifts traditional working patterns to more flexible models and believes that these worries shall be addressed through policy actions expanding the supply and improving the quality of those public goods and services that, over time, can help to augment productivity growth and active labour market policies;
- 6. Stresses that the slowdown in productivity growth is a matter for concern for economic policy and differs throughout the EU, which, however, has an overall common pattern indicating weaknesses in markets, distribution and financial services;
- 7. Points out that the structural rigidities prevent efficient use of new technologies and accessibility of networks in lagging industries; believes that economic policy guidelines should include supply side actions defined to create a favourable environment for cross-border operations of business and to speed up the appearance of a single financial market;

8. Advocates the need to support restructuring the economy driven by innovation in managerial processes, procedures and organizational structures; is of the opinion that new companies in this field need less capital but more creativity and offer a lot of opportunities for small businesses and younger generations;
9. Notes that competition policy should be complementary to structural policies denouncing possibilities to emerge cartels and conditions to crowd out small business due to the consolidation process at EU level;
10. Believes that improvement of productivity in market, distribution and financial services could be achieved by broadening coordination of economic reforms in different Member State and modernization of the economy by shifting policy strategy from integration induced investment led growth to integration induced technology led growth;

Institutional arrangements

11. Is of the opinion that the influence of the economic setting on long-term growth is not an automatic one and development of market responsive institutions determines whether or not the economy is able to realize its structural growth potential;
12. Believes that EU institutional developments should facilitate efficient coordination of economic policies and ensure consistency between the integrated guidelines and the national reform programmes;
13. Points out that transparency of the work performed by the Eurogroup, the Economic and Financial Committee (EFC), the Financial Services Committee (FSC) and the Economic Policy Committee (EPC) is vital for efficient coordination and implementation of EU economic policy actions;
14. Is convinced that the role of the European Parliament and of national parliaments needs to be strengthened along with relevant formations of the Council of Ministers in setting the economic strategy;
15. Instructs its President to forward this resolution to the Council and Commission, and the parliaments and governments of the Member States.