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REPORT

on the European Semester for Economic Policy Coordination: Annual Growth Survey 2013
(2012/2256(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Elisa Ferreira

Rapporteur for the opinion (*): Catherine Trautmann, Committee on Budgets

(*) Associated committee – Rule 50 of the Rules of Procedure

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(*) Associated committee – Rule 50 of the Rules of Procedure

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for Economic Policy Coordination: Annual Growth Survey 2013
(2012/2256(INI))

The European Parliament,

– having regard to Article 225 of the Treaty on the Functioning of the European Union, and in particular Articles 9 and 151 and Article 153(1)(e) thereof,

– having regard to the conclusions of the European Council of 28-29 June 2012,

– having regard to the Treaty on the Functioning of the European Union, and in particular Article 136 in combination with Article 121(2) thereof,

– having regard to the Communication from the Commission of 28 November 2012 on the Annual Growth Survey 2013 (COM(2012)0750),

– having regard to Rule 48 of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets, the Committee on Regional Development and the Committee on Constitutional Affairs (A7-0032/2013),

A. whereas the Euro area as a whole is experiencing a double-dip recession caused by excessive debt and the financial crisis;

B. whereas the crisis has had devastating consequences for the lives of millions of Europeans, as documented by official statistics on employment: in the EU, over 8 million people have already lost their job since 2008; more than 25 million Europeans are currently out of work, of whom almost 11 million have been unemployed for over a year; unemployment is currently affecting nearly 10 million young people; in the past year alone, 2 million people lost their job;

C. whereas the rigidity of labour market regulation in several Member States lacks the flexibility to effectively absorb shocks such as the current crisis; whereas current labour market legislation disproportionally protects insiders and adversely affects the inclusion of young people into the workforce;

D. whereas the disparity in the unemployment rates between the Member States has grown dramatically;

E. whereas it should be recalled that, in 2007, at the start of the crisis, the average public deficit for the euro area stood at only 0.7 %;

F. whereas it should be recalled that, in 2007, at the start of the crisis, some of the countries which now experience the severest difficulties, had accumulated excessive current account deficits;

G. whereas the average public deficit for the euro area peaked in 2009 at 6.3 % and since then the trend has been reversed with average public deficits in 2010 at 6.2 %, in 2011 at 4.1 % and a further decrease in the first two quarters of 2012;

H. whereas credible commitments to growth-friendly consolidation measures are a prerequisite for any sustainable solution of the excessive debt and deficit situation of most of the Member States;

I. whereas the crisis underlines the crucial need to launch or complete balanced, differentiated and sustainable growth enhancing structural reforms;;

J. whereas the Single Market is a key driver for economic growth and jobs in Europe and whereas a more ambitious implementation of the Services Directive alone could provide already an estimated additional 1,8% of GDP; whereas under the current economic circumstances, in particular, the Union cannot afford to leave such immediate growth potentials untapped; whereas a stringent transposition, implementation, application and enforcement of Single Market provisions are therefore indispensable to benefit from yet those unused and immediate potentials;

K. whereas unsustainable debt levels have detrimental effects on the overall economic situation; whereas fiscal and macroeconomic discipline as well as coordination must be forcefully upheld and enhanced in order to prevent overall deficits and debt levels of the kind seen in Europe during the last decade from emerging, as these have had a disastrous effect regarding sustainable growth and financial stability as well as on employment in a number of Member States;

L. whereas this fiscal tightening strategy aims at keeping public expenditure growth below the rate of growth of medium-term trend GDP;

M. whereas Europe's future economic prosperity depends crucially on its ability to fully utilise its labour resources, also by increasing the participation of women and young people in the labour market;

N. whereas gradual and smooth fiscal consolidation is preferable to a strategy of reducing public finance imbalances rapidly and abruptly but the state of the economy of some Member States does not leave an alternative to regain market access and see investment return;

O. whereas HICP rates show significant differences across the EMU;

P. whereas consolidation measures adopted by several Member States have reached an unprecedented dimension;

Q. whereas, despite Member States' reform and consolidation efforts, eurozone sovereign bond markets remain in distress, as reflected in high spreads and interest rate volatility; whereas one of the immediate triggers and root causes of the unprecedented divergences were financial markets' concerns about the solidity of public and private finances in several Member States;

R. whereas the competitiveness gap within the euro area has an impact on the divergences of sovereign interest rates;

S. whereas high sovereign interest rates in certain euro area Member States are partially due to a perceived lack of credibility of their capacity of to conduct structural reforms;

T. whereas the euro area has failed to use the overall reduction of sovereign interest rates in the first ten years of the euro to close the competitiveness gap, which amongst others has been reflected in persistently large current account deficits and rapidly increasing unit labour costs;

U. whereas current adjustment in certain countries would be politically, economically and socially less difficult if the positive economic climate in the first ten years of the euro had been used to adjust;

V. whereas lending to the private sector, which is key to financing the real economy, remains weak and private credit flows are subdued in several Member States, despite the various liquidity programmes established by the ECB;

W. whereas Small and Medium-sized Enterprises (SME) are the engine of the European economy and Member States should support them by reducing the administrative burden they are facing;

X. whereas adjustment has to be perceived as credible if investment flows are to return;

Y. whereas the contributing capacity of taxpayers is almost exhausted in several Member States; whereas the European shadow economy is estimated to represent 22.1 % of total economic activity and the resulting loss of tax to be around EUR one trillion each year; whereas simple, predictable and low tax systems improve tax compliance;

Z. whereas the 2013 Annual Growth Survey (AGS 2013) seeks to set out the economic priorities for 2013;

AA. whereas the growth-friendly fiscal consolidation pillar should be developed hand in hand with growth-enhancing structural reforms and the solidarity and democracy pillars in each Member State;

AB. whereas the Single Market is the EU's key engine for growth and jobs through economies of scale and greater competition but Member States show complacency in implementing internal market legislation, particularly the services directive;

AC. whereas each Member State needs to find national unity over a reform strategy so that it may be understood and adhered to by the people and different economic actors, thus avoiding divisions, resistance and actions based on only short-term self-interest, which threaten the achievement of set targets;

AD. whereas competition policy based on the principles of open markets and a level playing field in all sectors is a cornerstone of the unrestricted functioning of the internal market;

1. Welcomes the spirit of the Annual Growth Survey (AGS) 2013 as presented by the Commission; believes that it is an adequate follow up to the European Semester 2012 in general and the AGS 2012 in specific; welcomes in particular the increased clarity in country-specific strategies that the Commission has introduced by prioritizing progress in the euro area countries as well as progress in structural terms rather than nominal terms;

2. Welcomes the recognition in the AGS 2013 that sustainable growth enhancing and green job rich sectors and activities are necessary in order to exit the crisis, stresses that the solutions specifically targeting the current sovereign and financial crisis, namely the appropriate structural reforms, should go hand-in-hand with measures that boost long-term competitiveness and growth of the European economy and regain confidence;

3. Agrees with the Commission that growth-friendly fiscal consolidation is necessary in order to exit the crisis; recalls that the key element in the relationship between growth and consolidation is the composition of consolidation; stresses in this respect that the appropriate mix of expenditure and revenue side measures is context dependent, however consolidations based on cutting unproductive expenditure rather than on increasing revenue tend to be more lasting and more growth-enhancing in the medium term, but more recessive in the short term;

4. Welcomes the draft provision in the 'two pack' regarding a more qualitative surveilance and assessment of public finances as well as cost-benefits assessments of public investments;

5. Welcomes the draft provisions in the two pack enhancing the economic dialogue and the overall scrutiny on the Semester process of National Parliaments and the European Parliament;

6. Deplores the lack of implementation in the Member States of policies and actions agreed at the EU level, which prevent the agreed measures from unleashing their full potential;

7. Calls on the Commission to remain vigilant about its policy stance and adjust it according to an overall cost-benefit assessment of the policy-mix implemented across the Union, and to revise if appropriate and further clarify its policy recommendations for next year, as contained in its AGS;

8. Urges Member States to correct excessive deficits by the deadlines set by the Council, reminds that a level of flexibility is foreseen in the 6-pack;

9. Encourages the Member States to improve their domestic fiscal frameworks with a view to promoting efficient and sustainable fiscal policies;

10. Underlines the fact that Member States should pursue differentiated strategies according to their budgetary situations and insists that Member States must keep their public expenditure growth below the rate of medium-term trend GDP growth;

11. Welcomes the recognition of the role of the single market and the necessity to tackle the many barriers still in place in the services sector; reminds that there is still a lot to do to achieve a truly single European market;

12. Calls on the Commission to monitor the situation the Member States' are facing in the light of the severe economic downturn as set out in the revised SGP;

13. Calls on the Commission and the Council to balance productive private and public investment needs with fiscal consolidation objectives by assessing carefully growth enhancing investment programmes in its assessment of Stability and Convergence Programmes, while fully respecting the provisions laid down in EU law; considers that growth-friendly fiscal consolidation can simultaneously put public finances on a sustainable path and restore the confidence of investors;

14. Looks forward in that respect to the Commission report on the quality of public spending and the review of the scope for possible action within the boundaries of the EU framework regarding the qualification of investment programmes;

15. Calls on the Commission to start developing as a matter of urgency ways to ensure that elements of sustainable fiscal discipline are in parallel followed up with concrete proposals on growth and jobs and encouraging private investments that create elements of growth, solidarity among Member States and democratic legitimacy, and the needed structural reforms, namely to reduce youth unemployment including by better matching the qualifications of young people to labour demand, combat labour market segmentation, improve the sustainability of pension systems, increase the efficiency of taxation systems, enhance competition in the relevant areas of the services sector, facilitate credit access, cut red tape, remove unnecessary layers of government and combat tax evasion; welcomes the enhanced democratic legitimacy within the European Semester; recalls the necessity to further enhance democratic legitimacy within the European Semester;

16. Calls on the Commission and the Council to work on continually and adequately fine-tune and further improve the quality, the national specificity and the adequacy of the country-specific recommendations;

17. Reiterates that, in order to preserve the credibility of the Annual Growth Survey and of the entire Semester process, the Council must justify its reasons should it refuse to follow the Commission's recommendations based on the Annual Growth Survey; welcomes the 'comply or explain' principle introduced by the 'six pack' regarding country-specific recommendations, according to which the Council is publicly accountable for any changes it introduces to the Commission's proposals, and considers that this principle should be reinforced in practice;

18. Calls the Commission and the Council to ensure that investments in research, development and innovation are intensified and streamlined and the results are quickly turned by the public and private sectors in Europe into competitive advantage and increased productivity;

19. Calls the Commission and the Council to intensify efforts to reduce dependency on imports of energy and raw materials in order to create a more environmentally, economically and socially sustainable Europe;

20. Calls on the Member States to agree on a Multiannual Financial Framework (MFF) as a matter of urgency, ensuring that its role is reinforced as a source of much-needed long-

term investment in sustainable growth enhancing and job rich sectors and activities; stresses the importance of the structure of the EU budgets, which should foster investment in value-added areas;

21. Calls on the Commission to come forward with a holistic approach to tackling sustainable growth towards the EU2020 objectives, which should include completing the internal market, increasing competition, a genuine European industrial policy, a robust and adequately targeted cohesion policy and the guarantee that Europe will use all its strength and influence in its external trade relations; calls on the Commission to fully exploit the sources of growth stemming from the attraction of FDI [foreign direct investment] and trade with third countries namely through deepening and expanding the Transatlantic economic relationship; such an agenda should encompass the related goals of renewing and opening the Transatlantic market, strengthening the ground rules of the international economic order, and extending the rule-based multilateral system to include new members and new areas of economic opportunities; calls also on the Commission to speed up the conclusion of ongoing free trade agreements;

22. Welcomes the recognition of the role of the Single Market and the necessity to tackle the many barriers still in place in the services sector; reminds that there is still a lot to do to achieve a truly single European market; calls on the Commission to step up enforcement of the implementation of internal market legislation; urges Member States to fully implement internal market legislation, particularly the Services Directive;

23. Welcomes the first report on the State of the Single Market Integration 2013 accompanying and complementing the Annual Growth Survey; emphasises that the Single Market plays a key role in restoring the competitiveness of the Union and thereby leveraging economic growth and jobs; calls on the Commission and Member States to adequately address related deficiencies in the country-specific recommendations and to strengthen the continuous and regular assessment of the implementation and enforcement of Single Market provisions for an improved economic growth;

24. Is worried by the fact that many Member States are falling behind in terms of productivity; insists on the role of structural reforms in tackling this problem;

25. Underlines that strong enforcement of an EU competition policy based on the principles of open markets and a level playing field in all sectors is a cornerstone of a successful internal market and a precondition for the creation of sustainable and knowledge-based jobs;

26. Stresses that determined efforts by Member States to sustain public finances, at an appropriate pace, are needed but can only work if excessive macroeconomic imbalances are reduced; notes that these objectives can only be achieved simultaneously through growth in the eurozone as a whole;

27. Takes note of the addition of a new indicator to the scoreboard for macroeconomic imbalances regarding the financial sector; deplores that the Commission did not respect the procedure foreseen in the Regulation (EU) No 1176/2011 according to which: "the Commission should closely cooperate with the European Parliament and the Council when drawing up the scoreboard and the set of macroeconomic and macrofinancial

indicators for Member States" and more specifically according to which the Commission should present suggestions for comments to the competent committees of the European Parliament and of the Council on plans to establish and adjust the indicators and thresholds";

28. Reminds the Commission that in order to build interinstitutional trust and a high quality economic dialogue it is of paramount importance to respect the procedure foreseen in Regulation (EU) No 1176/2011 more faithfully in the future;

29. Calls on the Commission and the Council to act thoroughly and quickly in order to give real substance and effectiveness to the Compact for Growth and Jobs as agreed at the European Council of 28-29 June 2012;

30. Calls on a swift adoption of the so-called "2-pack";

31. Takes note of the entry into force of Treaty on Stability, Coordination and Governance (Fiscal Compact); deems that the Fiscal Compact should be transposed into secondary Union legislation as soon as possible On the basis of an assessment of the experience with its implementation and in accordance with the TEU and the TFEU;

32. Welcomes the Commission's "Action Plan to strengthen the fight against tax fraud and tax evasion", the recommendations on "measures intended to encourage third countries to apply minimum standards of good governance in tax matters" and the recommendations on "aggressive tax planning" adopted by the Commission on 6 December 2012; supports the proactive stance taken by the Commission and in particular by the Commissioner for Taxation, Customs, Anti-fraud, Audit and Statistics; calls on the Member States to follow up on Commission's recommendations, take immediate and coordinated action against tax havens and aggressive tax planning and thus guarantee a fairer distribution of the fiscal effort and increased Member States' revenue;

33. Considers positive that finally "all Member States recognise the importance of taking effective steps to fight tax evasion and fraud, also in times of budgetary constraints and of economic crisis" as stated in the conclusions of the Economic and Monetary affairs Council of 13 November 2012;

34. Remembers that the purpose of common legislation on Member States' fiscal frameworks is to make sure Member States stay committed to the rules commonly agreed upon and not to specify the policy choices of a Member State;

35. Calls on the Commission to come to the competent committees of Parliament to present the AGS in the beginning of November each year, starting 4-5 November 2013, so as to allow sufficient time for Parliament to present its views in subsequent European Semesters;

36. Regrets that, in its 'Annual Growth Survey 2013' Communication (COM(2012)0750), the Commission did not properly address the role of the EU budget in the European Semester process; regrets, in particular, that the EC, while proposing key priorities, failed to provide factual and concrete data on how the EU budget can actually play a triggering, catalytic, synergetic and complementary role in relation to local, regional and national policies and

investments launched to implement these priorities;

37. Is convinced that funding at EU level can generate savings for all the Member States' budgets and that this should be emphasised; considers that the EU budget has a vital role to play in stimulating growth, boosting job creation and successfully reducing macroeconomic imbalances throughout the Union, and basically also in reaching the 'EU-2020 goals'; regrets once again that the Commission fails to address this issue in its Communication on the AGS;

38. Strongly condemns the position taken once again by the Council in the framework of the 2013 budget negotiations of reducing artificially the level of payment appropriations available in the EU budget; stresses that the position of the Budget Ministers diminishes the credibility of the European budget authorities by jeopardising the implementation of the Compact for Growth and Jobs adopted at the June 2012 European Council meeting; calls, once more, on the Council to agree with Parliament and the Commission on a common method to assess real payment needs in order to implement the Compact for Growth and Jobs; underlines the utmost urgency of the situation, especially in respect of programmes at the core of the Compact for Growth and Jobs and included in headings 1A and 1B (competitiveness for growth and employment / cohesion for growth and employment), as well as rural development;

39. Acknowledges the Commission's assessment that the levels of debt accumulated by public and private actors restrict the scope for new activities and investments in the Member States; calls, nevertheless, on the Member States neither to consider their national GNI contribution to the EU budget as an adjustment variable in their consolidation efforts, nor to seek to reduce artificially the volume of the EU budget's growth enhancing expenditure, contrary to the political commitments they have made at the highest level; is, however, fully aware of the economic tension between the need to consolidate public finances in the short run and any potential increase for some Member States in their GNI-based contribution brought about by an increase in the level of payments in the EU budget; restates, therefore, its strong calls for reform of the financing arrangements for the EU budget – to be agreed in the framework of the 2014-2020 MFF negotiations – by reducing the share of Member States' GNI-based contributions to the EU budget to 40 % by 2020, thereby contributing to their consolidation efforts[1];

40. Recalls that the European budget is primarily an investment budget, with 94 % of its total being reinvested in the Member States;

41. Requests the Commission to provide updated information on Member States' current efforts to re-programme and accelerate the use of EU structural and cohesion funds in order to support growth and social cohesion, notably for SMEs, and to fight youth unemployment;

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

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[1] Texts adopted, P7_TA(2012)0245.

19.12.2012

OPINION OF THE COMMITTEE ON BUDGETS (*)

for the Committee on Economic and Monetary Affairs

on the European Semester for Economic Policy Coordination: Annual Growth Survey 2013 (2012/2256(INI))

Rapporteur (*): Catherine Trautmann

(*) Associated committee – Rule 50 of the Rules of Procedure

SUGGESTIONS

The Committee on Budgets suggests to the Committee on Economic and Monetary Affairs, as the committee responsible, to take up the following considerations in its report:

1. Regrets the absence of new proposals from the Commission on an enhanced democratisation of the European Semester process, which remains absolutely necessary and should be a high priority; notes the Commission's 'Blueprint for a Deep and Genuine EMU – Launching a European Debate'; reaffirms its call for an appropriate 'checks and balances' system, through enhanced participation of both the European Parliament and the national parliaments and strengthened coordination between them in all phases of the European Semester (on the basis of Article 13 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union) in order to transform the current very formal exercise of the European Semester into genuine economic and budgetary cooperation;

2. Regrets that, in its 'Annual Growth Survey 2013' Communication (COM(2012)0750), the Commission did not properly address the role of the EU budget in the European Semester process; regrets, in particular, that the EC, while proposing key priorities, failed to provide factual and concrete data on how the EU budget can actually play a triggering, catalytic, synergetic and complementary role in relation to local, regional and national policies and investments launched to implement these priorities;

3. Recalls, in this connection, that one of the interparliamentary meetings to be organised in the context of the 'European Parliamentary Week on the European Semester for Economic Policy Coordination' will deal with 'The role of the EU budget in supporting Member States in the achievement of their economic objectives as agreed within the framework of

the European Semester: the example of innovation, research and development'; asks the Commission to provide Members of the European Parliament and of the national parliaments with some concrete and factual evidence to inform this discussion;

4. Is convinced that funding at EU level can generate savings for all the Member States' budgets and that this should be emphasised; considers that the EU budget has a vital role to play in stimulating growth, boosting job creation and successfully reducing macroeconomic imbalances throughout the Union, and basically also in reaching the 'EU-2020 goals'; regrets once again that the Commission fails to address this issue in its Communication on the AGS;

5. Strongly condemns the position taken once again by the Council in the framework of the 2013 budget negotiations of reducing artificially the level of payment appropriations available in the EU budget; stresses that the position of the Budget Ministers diminishes the credibility of the European budget authorities by jeopardising the implementation of the Compact for Growth and Jobs adopted at the June 2012 European Council meeting; calls, once more, on the Council to agree with Parliament and the Commission on a common method to assess real payment needs in order to implement the Compact for Growth and Jobs; underlines the utmost urgency of the situation, especially in respect of programmes at the core of the Compact for Growth and Jobs and included in headings 1A and 1B (competitiveness for growth and employment / cohesion for growth and employment), as well as rural development;

6. Requests the Commission to provide updated information on Member States' current efforts to reprogramme and accelerate the use of EU structural and cohesion funds in order to support growth and social cohesion, notably for SMEs, and to fight youth unemployment;

7. Calls on Member States to make full use of the additional financing opportunities provided for by the European Investment Bank and the new instrument of project bonds; requests the Commission to provide updated information on the progress achieved so far in this respect since the adoption of the Compact for Growth and Jobs;

8. Acknowledges the Commission's assessment that the levels of debt accumulated by public and private actors restrict the scope for new activities and investments in the Member States; calls, nevertheless, on the Member States neither to consider their national GNI contribution to the EU budget as an adjustment variable in their consolidation efforts, nor to seek to reduce artificially the volume of the EU budget's growth enhancing expenditure, contrary to the political commitments they have made at the highest level; is, however, fully aware of the economic tension between the need to consolidate public finances in the short run and any potential increase for some Member States in their GNI-based contribution brought about by an increase in the level of payments in the EU budget; restates, therefore, its strong calls for reform of the financing arrangements for the EU budget – to be agreed in the framework of the 2014-2020 MFF negotiations – by reducing the share of Member States' GNI-based contributions to the EU budget to 40 % by 2020, thereby contributing to their consolidation efforts[1];

[1] Texts adopted, P7_TA(2012)0245.

9. Urges the European Council to agree on an ambitious multiannual financial framework 2014-2020 that will allow the EU to restore growth, jobs and competiveness across Europe and thus to achieve the Europe 2020 goals, as underlined in its resolution of 23 October 2012[1];

10. Recalls that the European budget is primarily an investment budget, with 94 % of its total being reinvested in the Member States;

11. Believes that imposing penalties additional to those currently discussed in the two-pack legislation by introducing 'macro-economic conditionality' in the use of EU structural, cohesion, rural development, fisheries and maritime funds can only exacerbate the problems of Member States already faced with macroeconomic difficulties; reiterates that macroeconomic conditionalities are not acceptable.

[1] Texts adopted, P7_TA(2012)0360.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.12.2012
Result of final vote	+: 27 –: 3 0: 1
Members present for the final vote	Marta Andreasen, Richard Ashworth, Zuzana Brzobohatá, Jean-Luc Dehaene, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Lucas Hartong, Monika Hohlmeier, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, Jan Mulder, Vojtěch Mynář, Juan Andrés Naranjo Escobar, Dominique Riquet, Alda Sousa, Derek Vaughan, Angelika Werthmann
Substitute(s) present for the final vote	François Alfonsi, Maria Da Graça Carvalho, Gerben-Jan Gerbrandy, Jaroslav Paška, Paul Rübig, Peter Šťastný, Georgios Stavrakakis, Gianluca Susta

19.12.2012

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Economic and Monetary Affairs

on the European Semester for Economic Policy Coordination: Annual Growth Survey 2013 (2012/2256(INI))

Rapporteur: Tamás Deutsch

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

General context

1. Welcomes the efforts made to strengthen coordination of economic, budgetary and employment policies through the European Semester, allowing the parallel monitoring of national budgets and economic policies during a six-month period every year; stresses that the Cohesion Policy ought to become a focal point of the Commission's Annual Growth Survey (AGS); regrets, therefore, that the AGS 2013 has not exploited an opportunity to commence a more meaningful debate on growth and jobs in the European Union, notably through an overhaul of its guidelines; considers that the processes behind the European Semester 2012 have highlighted the necessity for the European Union to achieve economic, social and territorial cohesion among regions and improve macro-economic coordination, and to reinforce democratic legitimacy and good governance with regard to Cohesion Policy, as well as in relation to all coordinated policies at European level that target the achievement of the Europe 2020 Strategy objectives;

2. Underlines the crucial role of Cohesion Policy as a key instrument for achieving the objectives of Europe 2020 and for generating growth and jobs and stabilising the real economy; considers that a strong and well-funded Cohesion Policy is an effective and efficient instrument to implement Europe 2020 and help prevent future economic and financial crises, owing to its long-term development programmes, budgetary dimension and decentralised administration system and the incorporation of the EU's priorities for sustainable development; points out that Cohesion Policy is an investment policy and should thus promote sustainable territorial, economic and social cohesion in all regions of

the EU, bearing in mind the principle of solidarity; stresses, in this context, the importance of involving all regions and local authorities in achieving the Europe 2020 goals of smart, sustainable and inclusive growth;

3. Considers that regional policy will continue to play a very important role in the development of national programmes within the European Semester and, at the same time, will represent a key instrument for achieving the established objectives in the medium and long term;

4. Recalls that Cohesion Policy can only be successful if it can enjoy a stable and durable financial framework; stresses that implementation of funds covered by the Common Provisions Regulation (CPR) cannot be made conditional upon compliance with the rules on macroeconomic conditionality, as regional and local authorities cannot be blamed for their national governments' inability to balance their budgets;

5. Highlights the fact that a strong and well-financed Cohesion Policy could prevent future economic and financial crises in Europe and could, in particular, protect the less developed regions;

6. Stresses that, at a time of crisis, the Cohesion Policy's flexible instruments are adapting quickly to changing needs and harsher financial conditions; recalls that emergency measures, such as advance payments or increased co-financing rates, have been coupled with long-term policy measures to stimulate growth and generate employment; welcomes in this context the Commission's initiative of reprogramming where possible as yet unspent Structural Fund resources for the benefit of SMEs, energy efficiency and youth employment;

7. Stresses the need to modernise public administration, as it is an important factor in improving the absorption rate of Structural Funds by the Member States; suggests that Member States should be provided with assistance by experts if they wish; recalls that the use of Structural Funds should also be improved by reducing bureaucratic burdens;

Fiscal and budgetary imbalances and the risk of recession

8. Is concerned that in most eurozone economies excessively front-loaded and synchronised fiscal austerity will hamper growth prospects in 2013; is of the opinion that investment for growth and job creation should be at the heart of the efforts by Member States and that austerity should be introduced gradually for a longer period; welcomes Commission's acknowledgment that only a differentiated fiscal consolidation approach towards Member States can achieve both growth and social fairness;

9. Takes the view that more spread-out and balanced fiscal consolidation at both national and sub-national levels would be conducive to achieving sustainable public finances, enhanced market confidence, increased competitiveness, more growth and improved employment opportunities in the euro area, and indeed in the whole EU;

10. Calls on Member States to prioritise, on the expenditure and revenue sides of the budget, growth-friendly policies, particularly in the areas of education, research, innovation, ICTs, infrastructure and energy, and to ensure that such expenditure and revenue is efficient;

stresses that particular attention should also be paid to reinforcing the coverage and effectiveness of employment services and active labour-market policies;

11. Invites the Member States to pay particular attention to lifelong learning and retraining programmes in order to avoid, in the decades to come, a shortage of manpower in areas of interest;

Growth and jobs

12. Stresses the need to ensure coherence within and among Member States' and regions' economic policies, where special attention should be given to the spillover effects of individual national economic policies; urges the Member States and regions to ensure the consistency of different economic policy instruments, in particular as regards policies targeting the Europe 2020 objectives, so as to restore investors' confidence in order to achieve long-term financing of the real economy; in the light of the limited and costly access to funding for many businesses and households, calls on the Commission to continue working with Member States to accelerate the use of as yet unspent Structural Funds as well as encourage them to make full use of new innovative risk-sharing instruments (such as project bonds) to help unlock private funding;

13. Is deeply concerned that, years after the start of a systemic crisis, long-term unemployment continues to increase within the EU, accompanied by alarming levels of youth unemployment and increasing risks of poverty and social exclusion, with no prospects of immediate improvement;

14. Urges the Commission, Member States and regions to make determined action against unemployment levels in the EU their priority;

15. Calls for strong measures to restore confidence in the banking sector and thus boost investment; recalls that insufficient access to finance remains one of the critical barriers preventing SMEs from finding private capital to match EU co-funding and regaining competitiveness; underlines the fact that Cohesion Policy's innovative financial instruments, together with EIB capital, can act as a catalyst for investment targeted towards SMEs and serve as a complement to traditional bank lending; recommends that the application of Structural Funds, together with EIB financing, be further explored, inter alia with regard to financing venture capital funds and funds of funds, which can multiply the value of the money by generating additional financing for SMEs; urges the Commission to provide detailed information and further assistance and guidance to Member States and regions concerning financial instruments under Cohesion Policy in 2013 and the future programming period (2014-2020);

16. Points out that more determined action is needed to create the conditions for a job-rich recovery, within the context of the European Semester; stresses that job creation is a prerequisite for sustainable growth and the prevention of future crises;

17. Takes the view that, in order to strengthen growth, competitiveness and productivity, enhanced coordination of economic policies and far-reaching structural reforms are needed, and that budgetary, growth and employment measures need to be taken simultaneously as they are interdependent and together constitute a prerequisite for a full

recovery.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.12.2012
Result of final vote	+: 33 –: 3 0: 0
Members present for the final vote	Luís Paulo Alves, Charalampos Angourakis, Victor Boştinaru, John Bufton, Nikos Chrysogelos, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, María Irigoyen Pérez, Seán Kelly, Mojca Kleva Kekuš, Constanze Angela Krehl, Jacek Olgierd Kurski, Petru Constantin Luhan, Ramona Nicole Mănescu, Vladimír Maňka, Iosif Matula, Erminia Mazzoni, Ana Miranda, Jan Olbrycht, Wojciech Michał Olejniczak, Younous Omarjee, Markus Pieper, Georgios Stavrakakis, Nuno Teixeira, Lambert van Nistelrooij, Justina Vitkauskaite, Oldřich Vlasák, Joachim Zeller, Elżbieta Katarzyna Łukacijewska
Substitute(s) present for the final vote	Ivars Godmanis, Lena Kolarska-Bobińska, Maurice Ponga, Elisabeth Schroedter, Derek Vaughan
Substitute(s) under Rule 187(2) present for the final vote	Olle Ludvigsson

21.1.2013

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on the European Semester for economic policy coordination: Annual Growth Survey 2013 (2012/2256(INI))

Rapporteur: Paulo Rangel

SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls that the Annual Growth Survey, as endorsed by the Spring European Council, is the basic document that guides the drafting of the Member States' National Reform Programmes (NRPs) and Stability and Convergence Programmes (SCPs), on the basis of which the Commission draws up country-specific recommendations;

2. Calls on the Commission to provide an explicit account of the reasons why certain priorities have been selected in the Annual Growth Survey each year and to include in the document an assessment of the possible spill-over effects across policy areas and across countries;

3. Stresses that the Annual Growth Survey, as the initial document of the European Semester cycle, plays a major role in the Semester and therefore needs to reach a broad consensus between the different institutions;

4. Recalls that, considering its importance, the Commission should consult Parliament prior to the adoption of the Annual Growth Survey; believes, in this connection, that Parliament should invite the Commission to discuss the general *ex ante* guidance earlier in the process, before the Annual Growth Survey is completed and released;

5. Notes that the economic dialogue should aim at reinforcing the democratic legitimacy of the process through proper parliamentary scrutiny of the preparation of, and follow-up to, the Annual Growth Survey and the country-specific recommendations; considers that the economic dialogue should be used at key moments of the European Semester, namely at the beginning of the cycle before the Annual Growth Survey is published, and also shortly

after its publication, before the adoption by the Council of the country-specific recommendations, and at the end of the process after the European Council has endorsed the country-specific recommendations;

6. Reiterates the need fully to involve Parliament both in economic policy coordination and in decisions intended to foster the creation of a genuine economic and monetary union and promote the necessary steps towards a full banking, economic, fiscal and political union, in order to increase the legitimacy of decisions which affect all citizens;

7. Recalls, in this regard, that the European Semester must in no way jeopardise the prerogatives of the European Parliament or of national parliaments;

8. Is of the opinion that, in order to reduce concerns over transparency and legitimacy, national parliaments should play a more active role in the process and suggests that the Member States adjust their internal procedures so that national parliaments can be involved in the discussion of their countries' fiscal and reform plans before these are submitted to the EU;

9. Considers that close cooperation between the European Parliament and national parliaments, pursuant to Article 9 of Protocol No 1, is essential in order to establish the necessary democratic legitimacy and national ownership of the Semester process;

10. Lauds the dialogue held so far between the European Parliament and national representatives and welcomes the organisation of an interparliamentary week on the European Semester at the end of January 2013;

11. Expresses the view that the European Parliament is the appropriate venue for dialogue and cooperation between national parliaments and the European institutions; is nevertheless of the opinion that the Commission and the Council should also be present at those interparliamentary meetings;

12. Points out that, in addition to ensuring cooperation between parliaments, it is also necessary to make greater efforts to communicate with citizens and actively include them in the process in order to increase its legitimacy and strengthen its ownership at national level;

13. Reiterates that, in order to preserve the credibility of the Annual Growth Survey and of the entire Semester process, the Council must justify its reasons should it refuse to follow the Commission's recommendations based on the Annual Growth Survey; welcomes the 'comply or explain' principle introduced by the 'six pack' regarding country-specific recommendations, according to which the Council is publicly accountable for any changes it introduces to the Commission's proposals, and considers that this principle should be reinforced in practice;

14. Recalls that Parliament must be recognised as the appropriate European democratic forum to provide an overall evaluation at the end of the European Semester; believes that, as a sign of this recognition, representatives of the EU institutions and the economic bodies involved in the process should provide information to Members of the European Parliament when asked to do so;

15. Calls for an interinstitutional agreement between Parliament, the Commission and the Council in order to enhance democratic control and accountability throughout the European Semester process;

16. Instructs its President to present the Annual Growth Guidelines, as amended by Parliament, at the European Spring Council and considers that Parliament should be represented at the Spring Council and involved in the drafting of the Council conclusions.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	21.1.2013
Result of final vote	+: 12 –: 0 0: 2
Members present for the final vote	Andrew Henry William Brons, Carlo Casini, Andrew Duff, Ashley Fox, Gerald Häfner, Daniel Hannan, Morten Messerschmidt, Paulo Rangel, Manfred Weber
Substitute(s) present for the final vote	Zuzana Brzobohatá, Marietta Giannakou, Vital Moreira, Helmut Scholz, Rainer Wieland
Substitute(s) under Rule 187(2) present for the final vote	Ioan Enciu

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	4.2.2013
Result of final vote	+: 28 –: 17 0: 1
Members present for the final vote	Burkhard Balz, Elena Băsescu, Jean-Paul Besset, Sharon Bowles, Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Markus Ferber, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Gunnar Hökmark, Wolf Klinz, Jürgen Klute, Werner Langen, Astrid Lulling, Hans-Peter Martin, Ivari Padar, Alfredo Pallone, Anni Podimata, Antolín Sánchez Presedo, Olle Schmidt, Peter Simon, Peter Skinner, Theodor Dumitru Stolojan, Ivo Strejček, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells, Corien Wortmann-Kool, Pablo Zalba Bidegain
Substitute(s) present for the final vote	Sophie Auconie, Jean-Pierre Audy, Thijs Berman, Lajos Bokros, Herbert Dorfmann, Danuta Maria Hübner, Sophia in 't Veld, Krišjānis Kariņš, Olle Ludvigsson, Thomas Mann, Nils Torvalds, Emilie Turunen, Roberts Zīle
Substitute(s) under Rule 187(2) present for the final vote	Krzysztof Lisek