

# European Semester for economic policy coordination: implementation of 2012 priorities

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The Committee on Economic and Monetary Affairs adopted the own-initiative report by Jean-Paul GAUZES (EPP, FR) on the European Semester for economic policy coordination: implementation of 2012 priorities.

The committee notes that the European Semester framework was finally codified in Regulation (EU) No 1175/2011 and has an essential role to play, leading the Union in taking further steps towards the completion of the Economic and Monetary Union (EMU). It also notes that this is the first time that the European Semester has been fully implemented and the necessary lessons must be drawn in order for it to reach its full potential.

Members are concerned to note that, in many Member States, **national parliaments, social partners and civil society were not involved in the European Semester process**. It urges the Commission to ensure that more democratic legitimacy be given to the process through the involvement of national parliaments, social partners and civil society.

Lauding the **economic dialogue** held so far between European Parliament and national representatives, the report emphasises the importance of this dialogue with a view to achieving a fully operational European Semester framework and attaining the necessary level of democratic accountability with regard to all those involved.

Members take stock of the various European Semester economic policy coordination proposals agreed at EU level and then translated into action at in each Member State. They note several areas in which the Commission and Member States could improve coordination.

They welcome the measures that have been proposed but stress the need for **proper coherence within and among the different Member States' recommendations**, for better use of the macroeconomic scoreboard and for account to be taken of the **negative spill-over effects of individual members' economic policies**. The report notes that most of the structural reforms are concentrating on a small number of areas, such as labour markets, the taxation system, the banking sector, the pension system, the services sector, liberalising certain industries, improving the efficiency and quality of public expenditure, cutting red tape, removing unnecessary layers of government, combating tax evasion, and reforming mortgage and real estate markets. However, the committee expresses its concern about the fact that **no recommendations have been made on the Europe 2020 objectives to those Member States with a financial assistance programme**. It calls on the Commission to assess the impact of the economic adjustment programme on progress towards the Europe 2020 headline targets and to propose modifications designed to bring the adjustment programme into line with the Europe 2020 objectives.

The report urges the Commission:

- to avoid taking a one-size-fits-all approach to the recommendations given to Member States and to ensure that such recommendations are made according to the specific needs of the Member State concerned;

- to be more explicit in its recommendations, to continue to monitor recommendations made in the past, including detailed explanation and evaluation in those cases where the Commission thinks a country has only partially followed the recommendations and to take full account of the different economic and social realities of each Member State;
- to make recommendations to Member States on how to minimise the negative spill-over effects of their internal policies and facilitate compliance of other Member States.

The committee encourages Member States to follow strictly the rules set by the Stability and Growth Pact, as modified by the ‘six-pack’, by pursuing differentiated growth-friendly fiscal consolidation taking into account country-specific circumstances, and to render public finances more resilient and reduce pressure from the banking sector.

Members turn to democratic scrutiny, and note with concern that the **European Parliament has been constantly marginalised in the main economic decisions resulting from the crisis**. They consider that it must be involved in order to increase the legitimacy of decisions that affect all citizens. They recall that the European Parliament must be recognised as the appropriate European democratic forum for providing an overall evaluation at the end of the European Semester. 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.

## **Sectoral contributions to the European Semester 2012**

**Employment and Social Policies:** the committee deplors the fact that, despite their political commitment during the 2012 Spring European Council and the Commission’s guidance in the Employment Package, most Member States did not submit a National Job Plan (NJP) as part of their 2012 NRPs. They urge the Commission to call on Member States to deliver their NJPs as soon as possible, and make some recommendations on the content of NJPs, including **comprehensive measures for job creation and green employment**. The Commission is asked to follow up its plan for a labour market monitoring system based on objective data and for an individual tracking scheme for countries that do not comply with country-specific recommendations.

**Budgetary Policies:** the report urges the Commission, in its next Annual Growth Survey to **underline the role of the EU budget in the European Semester process** by providing concrete data on its triggering, catalytic, synergetic and complementary effects on overall public expenditure at local, regional and national levels. It believes, moreover, that funding at EU level can generate savings for the Member States’ budgets and that this should be emphasised.

Members go on to urge the Council, during negotiations on the 2013 EU budget, to accept a political and public debate on the level of appropriations needed to implement the ‘Compact for Growth and Jobs’ adopted at the June 2012 European Council. They express **strong concern at the position repeatedly taken by the Council** to reduce artificially the level of payment appropriations available in the EU budget, which would jeopardise the EU’s ability to meet its legal and political commitments. The report calls on the Council to agree with Parliament and the Commission on **a common method to assess real payment needs**.

Member States are asked to seize the possibilities agreed in the ‘Compact for Growth and Jobs’ to **consider reallocations within their national structural and cohesion fund envelopes** (EUR 55 billion) in support of research and innovation, SMEs (including facilitating their access to EU funds) and youth employment; calls on the Commission to provide, in its AGS 2013 to be published in November 2012, a full and complete picture of what has been achieved in that respect.

**Internal market:** Members urge the Commission to make single market governance a key priority, since it contributes substantially to reaching the targets of the European Semester. They take the view that the

Commission's country-specific recommendations should offer the Member States more practical solutions for improving the functioning of the single market, so that stronger public support and political commitment are created to encourage the completion of the single market. The Council and the Commission are asked to link the European Semester to the Single Market Act in order to secure the coherence of European economic policy and the creation of sustainable growth. Members also want the Commission to **step up its actions in ensuring the proper implementation and enforcement of EU legislation** in the Member States by making determined use of all its powers;

**Gender Equality:** lastly, Members reiterate their call to integrate a gender equality perspective into the European Semester process, calling on the Commission to propose to a uniform format and criteria for integrating a gender equality perspective into the NRPs.