European Semester for economic policy coordination: implementation of 2013 priorities

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The Committee on Economic and Monetary Affairs adopted an own-initiative report Elisa FERREIRA (S&D, PT) on the European Semester for economic policy coordination: implementation of 2013 priorities.

The Committee on Employment and Social Affairs, exercising its powers as an associated committee under Rule 50 of the Rules of Procedure, was also consulted and gave its opinion on the report.

Whilst welcoming the country-specific recommendations made by the Commission, Members feel that the former need to be more precisely defined and improved for some Member States.

They consider that **urgent action is required in many areas**, inter alia in:

- restoring lending to the real economy and SMEs, which involves developing alternative resources of financing,
- making the business environment more competitive,
- fighting tax fraud, tax evasion and aggressive tax planning,
- restoring the sustainability of public finances and
- seeking effective European solutions to unemployment and thus establishing a fully integrated labour market and also significantly enhancing the social dimension of EMU.

The report welcomes the Commission's statement that '**deficit**' countries need to boost their competitiveness and that '**surplus**' countries need to boost, where possible, their demand in a proportionate and sustainable way in order to contribute to the stability and growth of the eurozone.

The committee believes that the EU economy as a whole needs to **boost its competitiveness in the global economy**. It stresses that the EU cannot compete on costs alone, but needs to **invest more in research and development, education and skills,** and resource efficiency.

The Commission is asked to:

- submit as a matter of urgency legislative proposals with the aim of creating **a genuine convergence process within the EU Semester,** based on Europe 2020 objectives, such as a Competitiveness and Convergence Instrument (CCI), as well as provisions on ex-ante economic policy coordination;
- develop a **genuine European industrial policy**, based on enhanced competitiveness and innovation,
- submit legislative proposals to complete the EMU, which should include a social pillar and set up **a social pact for Europe**, as recommended by Parliament in its resolution of 20 November 2012.

Members regret delays in implementing the EUR 120 billion **'Compact for Growth and Jobs'** agreed in June 2012, the Project Bond initiative launched in November 2012 and the EUR 180 billion additional investment by the EIB. They call on the Council and the Commission to investigate and quickly remove the obstacles preventing full delivery of these initiatives.

Employment and social policies: Members consider the Commission's recognition of the need to reduce taxes on employment in favour of other sources of income to be a positive development, which will speed up the fiscal consolidation process on a fairer basis.

The report makes the following observations:

- there must be increased targeting of EU funding on **all priorities under the Europe 2020 strategy,** in particular through growth and employment policies, including combating youth unemployment and long-term unemployment, and creating lasting jobs which are not precarious, and are adequately remunerated;

- the necessary flexibility that exists on the labour market must not adversely affect the **high levels of social protection**;

- **labour market reforms** must aim at promoting quality in work, improving social risk management, achieving progress in the inclusion of vulnerable groups in the labour market, reducing in-work poverty, reconciling work and family life, promoting gender equality, promoting health and safety at work, strengthening the rights of workers with atypical contracts and improving social protection for self-employed workers.

Members want to see a **European Pact for Youth Employment** and encourage the Commission to continue the work of the Youth Employment Action Teams to help the Member States with the highest levels of youth unemployment to re-programme EU structural funding under the 2007-2013 MFF in order to target it at young people.

Internal market: the Commission is asked to make single market governance **a priority in its next Annual Growth Survey and in the European Semester 2014,** and, in the next country-specific recommendations, to take full account of the key growth areas – identified as the services sector, the energy sector, the transport sector and the digital single market.

Members call for full and appropriate **implementation of the EU Services Directive** whilst safeguarding public service obligations.

The Commission is asked, in the meantime, to step up its efforts to **enforce single market legislation** and to monitor this enforcement.

Regional policies: deeply concerned by the sharp downturn in public and private investment in the productive economy and especially at local and regional level, Members are convinced that that the Structural and Investment Funds are essential in order to boost public investment. Member States are urged to do their utmost **to decide in a timely manner on their national programming for the Structural Funds and the Cohesion Fund**, in order to avoid delays in using these funds, whose aim is to support growth and job creation.

Women's rights and gender equality: the report stresses that new technology affords both employers and employees new opportunities for organising work in such a way as to strike a better work-life balance and thus make the labour market more inclusive for women.

The Commission and Member States are asked to bear in mind the objective of gender equality in the national work programmes.

Democratic legitimacy and the European semester: Members stress the need for dedicated **respect for parliamentary prerogatives** at European and national level and for those of the Commission as laid down in the Treaties and EU law against the trend of an increasingly intergovernmental culture of economic-policy making at EU and euro-area level.