European semester for economic policy coordination: annual growth survey 2015

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The Committee on Economic and Monetary Affairs adopted the own-initiative report by Dariusz ROSATI (EPP, PL) on the European Semester for economic policy coordination: Annual Growth Survey 2015.

The Committee on Budgets, exercising its prerogatives as an associated committee under Parliament's Rule 54 of the Rules of Procedure was consulted to give an opinion on the report.

Recalling that economic recovery in the EU slowed down considerably in the course of 2014, Members continued to support the three main pillars approach as the right way to achieve higher growth levels and to strengthen the recovery process:

1. boosting investment,

2. accelerating structural reforms,

3. pursuing responsible growth-friendly fiscal consolidation

This approach should be fully incorporated into the upcoming country-specific recommendations (CSRs).

Members supported the Commission's suggestions for improving the European Semester by streamlining existing procedures, including its timetable, and increasing the involvement of national parliaments, with a view to strengthening national ownership of structural reforms.

Boosting competitiveness: Members expressed concern that most Member States are still losing market shares globally. Therefore, they stated that the **EU economy as a whole needs to boost its competitiveness further in the global economy**, particularly by increasing competition in the product and services markets in order to enhance innovation-driven efficiency.

Investment and cutting back on expenditure: the report stressed that Member States, when having to manage their expenditure according to the requirements of the Stability and Growth Pact (SGP), should **cut back on current expenditure** rather than reducing investment commitments. Member called for reforms facilitating a new entrepreneurial climate.

As regards the **Investment Plan for Europe**, Members stated that it should focus in the first place on projects with a European added value which are not yet eligible for banking finance.

Concerned about the lack of progress in **reducing excessive private debt levels**, Members pointed out that this is not only a concern for financial stability, as it also limits the EU's growth potential and makes the ECB's monetary policy less effective. Further proposals are called for on the preparation of effective procedures for private sector deleveraging, including bankruptcy and insolvency procedures.

Structural reforms: Members emphasised that a **more relaxed ECB monetary policy** should be complemented by ambitious and socially sustainable structural reforms by the Member States. They also called on the Member States to safeguard and enhance the inclusiveness, sustainability and fairness of social protection and to improve and streamline the legal and administrative environment for business investment. Urgent action should be taken by the Commission to **fight tax fraud and tax evasion**.

Members reiterated their call on the Commission to improve the governance of the single market. On the other hand, they considered it deplorable that the Single Market Integration report has been omitted for 2015.

Fiscal responsibility: Members welcomed the strong decrease in the number of countries under the excessive deficit procedure – down to 11 in 2014 from 24 in 2011. The fiscal stance in the EU is now expected to remain broadly neutral in 2015. They stressed the need to continue to pursue growth-friendly fiscal consolidation and invited Member States with sufficient fiscal space to **consider reducing taxes and social security contributions** with a view to stimulating private investment and job creation.

Democratic accountability: Members called on the Commission to make the **necessary proposals to address the lack of proper democratic accountability** in EU economic governance. They considered it vital that the European Parliament and the national parliaments collaborate more closely in the context of the European Semester on economic and budgetary governance. In this context, they deplored the fact that the **amount of unpaid bills** in the EU budget undermines the credibility of the EU.