# European semester for economic policy coordination: annual growth survey 2015

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The European Parliament adopted by 437 votes to 249, with 11 abstentions, a resolution on the European Semester for economic policy coordination: Annual Growth Survey 2015.

Recalling that economic recovery in the EU slowed down considerably in the course of 2014, Parliament 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).

Parliament 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**: Parliament expressed concern that most Member States are still losing market shares globally. Therefore, the resolution 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**: Parliament stated that the lack of investment is caused by low confidence, subdued expectations of demand aggravated by austerity measures seeking to correct overspending, lack of appropriate financing capacity and the fact that in many cases the Member States and the EU fail to take proper action to cope with these factors. It stressed that the investment gap can be bridged by **targeted public investments** and significantly higher levels of investments in private companies and in European businesses. Members stressed that Member States should **cut back on current expenditure** rather than reducing investment commitments and they called for **reforms facilitating a new entrepreneurial climate**.

As regards the **Investment Plan for Europe**, Parliament 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**, it 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**: the resolution emphasised that a **more relaxed ECB monetary policy** should be complemented by ambitious and socially sustainable structural reforms by the Member States. It 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**.

Parliament stressed that reducing the EU's dependence on external energy sources must form part of its growth strategy. It reiterated, therefore, the need to diversify external energy supplies, to upgrade the EU's energy infrastructure and to **complete the EU internal energy market** as key priorities of the EU energy security strategy.

**Fiscal responsibility**: Parliament 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. It 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**: Parliament called on the Commission to make the **necessary proposals to address the lack of proper democratic accountability** in EU economic governance. It 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, it deplored the fact that the **amount of unpaid bills** in the EU budget undermines the credibility of the EU. The resolution also highlighted the urgent need to effectively **tackle the tax fraud** which is potentially depriving the EU budget of substantial resources and called on the Commission to submit an analysis of the possible impact of redeploying funds from EU programmes such as the Connecting Europe Facility and Horizon 2020.