European semester for economic policy coordination: annual growth survey 2016

2015/2285(INI) - 25/02/2016 - Text adopted by Parliament, single reading

The European Parliament adopted by 393 votes to 203, with 50 abstentions, a resolution on the European Semester for economic policy coordination: Annual Growth Survey 2016.

Policy mix: Parliament welcomed the 2016 Annual Growth Survey package and the proposed **policy mix of investment, structural reform and fiscal responsibility**, aiming to further promote higher growth levels and strengthen European recovery and upward convergence. The resolution:

- underlines that major national efforts in terms of effective **implementation of structural reforms**, as well as stronger European coordination, are needed to achieve a more robust economic recovery;
- proposed that stronger European coordination should be considered in order to support fiscal consolidation without hindering growth, given that public debt ratios continue to rise in several Member States;
- called for **domestic demand to be strengthened** in order to make Europe's economy more resilient;
- called for further efforts to support recovery and foster convergence towards the best performers and correct macroeconomic imbalances, including by increasing productivity and boosting investment;
- called for a strengthening of the role of the Europe 2020 Strategy in guiding the European Semester.

- *Investment*: Parliament called for the European Fund for Strategic Investments (EFSI) to be used to maximum effect to support strategic projects not otherwise financed. These investments should serve a consistent industrial policy and should involve a particular focus on quality job creation, especially for young people.

The resolution also stressed the need:

- implement rapidly the **banking union** and bank structural reform, as well as boosting equity investments in SMEs thanks to a Capital Markets Union;
- for **greater investment in human capital**, notably education and innovation, also in the context of labour market reforms;
- **improve national education**, vocational training and lifelong learning systems and to adapt them to the new skill and knowledge demands of the EU labour market.

Members underlined the need for **adequate administrative capacity**, an active role for the regions and better coordination at all levels of government and among them. They also called for available adequate instruments to be made available in order to bring together public and private financing.

- *Structural reforms*: Parliament also stressed the importance of:

- **sustainable reforms in the product, services and labour markets**, as well as in connection with pension schemes, and for better regulation, which promotes innovation, job creation and welfare-enhancing, fair competition without watering down consumer protection;
- **greater resource and energy efficiency**, including through the development of the circular economy;
- developing further a **true Energy Union** based on solidarity, efficiency and diversity while not ignoring indigenous energy sources, including renewable energy;

- stimulating **quality job creation** and creating resilient labour markets with reduced segmentation;
- a **modern, efficient, democratic and citizen-friendly public administration** at all levels of government, as well as for efficient and transparent public procurement rules;
- a **greater shift of taxation away from labour**, to be decided at national level, while ensuring the sustainability of social protection systems.

- ***Fiscal responsibility***: Members reiterated the need for **responsible, growth-friendly fiscal policies**, ensuring debt sustainability and taking account of the economic cycle and investment gaps, while at the same time respecting citizens' social rights. They insisted on:

- the implementation of the Stability and Growth Pact, while making full use of its existing flexibility clauses, in line with the Commission communication of 13 January 201, inter alia to support greater investment and structural reforms, as well as to deal with security threats and refugee inflows;
- the need for improving tax collection, **combating tax fraud and evasion**, enforcing action against aggressive tax planning and tax havens, as well as for improved tax policy coordination within the EU.

Euro area: Parliament emphasised that, given its high level of interdependence and the singleness of its monetary policy, **the euro area is an economic entity where convergence towards best performers must be promoted** and supported by stronger coordination of national policies. It insisted on full coherence between the euro area recommendation and country-specific recommendations.

Members also acknowledged the role of the **single currency** in helping more competitive countries to maintain high surpluses vis-à-vis the rest of the world. They emphasised the need to: (i) foster **real economic and social convergence** driven by improvements in productivity and non-cost factors; (ii) ensure both responsible and **growth-friendly wage developments**; (iii) provide measures preventing a race to the bottom in terms of **taxation and social standards**, which leads to an increase in inequalities.

Environment, Public Health and Food Safety policies: Parliament recommended that the principles of the circular economy should be integrated into country-specific recommendations and reiterated the need the need for a fiscal framework that rewards development of sustainable policies. It also considered it important to **assess the performance and sustainability of healthcare systems** in the framework of the European Semester.

Stronger democratic accountability: deploring the poor implementation of country-specific recommendations, Parliament stated that there is a need to **better identify clearly articulated priorities at European level** as well as to increase **genuine public debate**, political willingness and commitment at national level, leading to greater relevance and national ownership.

Members underlined that the spring European Council should remain the central moment where policy priorities are defined. They recalled that the setting of the economic policy following the recommendation by the Council to the Member States is an executive act which needs to be **subjected to democratic scrutiny and debate by the European Parliament**. They welcomed, therefore, the discussion with the Commission in plenary on the Annual Growth Survey priorities before and after its adoption. Parliament called on the Council to adopt the euro area recommendations and conclusions on the Annual Growth Survey package **after Parliament has been able to express its views on them**. It affirmed its resolve to consider these documents swiftly and to take a position well before the Spring European Council.

The resolution also highlighted the importance of **national parliaments** debating country reports and country specific recommendations and voting on national reform programmes, as well as national

convergence or stability programmes. Member States shall aim to **involve the social partners, local and regional authorities and other relevant stakeholders** in a structured manner, taking advantage of the early publication of country reports.

Budgetary policies: Parliament deplored the fact that there is no satisfactory lever available and regretted that it is impossible to modify the own-resources system. The EU budget could help relieve the strain on national budgets and bolster fiscal consolidation efforts by providing own resources as well as rationalising expenditure. The Commission is called upon to carry out the review of the **multiannual financial framework** (MFF) which has become inadequate following the financial and humanitarian crises that hit the EU between 2009 and 2014.

Lastly, the resolution stressed that greater integration within the euro area is indispensable in order to **complete economic and monetary union (EMU),** and that budgetary union is a cornerstone of the proper operation of the euro.