Situation of the European economy, report on the broad guidelines for economic policies

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Looking ahead to the Commission's recommendation on the broad economic policy guidelines in readiness for the annual Spring European Council, the committee adopted the own-initiative report by Bruno TRENTIN (PES, I) on the state of the European economy. The report noted that the downturn in economic growth seemed likely to result in genuine recession in some EU countries, and said that national economic and social policies needed to be coordinated to give a boost to selective sectors in order to generate growth and increase long-term employment. It reasserted the "binding nature of the Stability pact and in particular the 3% threshold for national budget deficits". The priorities for a policy mix at European level should involve reducing labour costs, particularly for the lowest paid workers, via a reduction in taxes and social security contributions, and speeding up the attainment of the Lisbon objectives as regards public and private investment. This would require structural reforms of the labour, financial and energy markets, a change in education and R&D policies, and the development of communications and new technologies. The full employment strategy adopted by the Lisbon Summit would also require changes in European education systems so as to guarantee lifelong learning for all citizens to facilitate job flexibility and mobility. For this purpose, more resources should be allocated to learning the languages used in Europe. Social policies should encourage voluntary career breaks and reintegration through education and training into the labour market. Retirement age for those who wished to remain working should be raised. More efforts were also needed to provide jobs for those most affected by unemployment, such as young people, the long-term unemployed, women and those over the age of 45. Companies should be encouraged to continue employing older workers. The committee also called for the liberalisation of general interest services such as energy and transport in order to improve efficiency and competitiveness. Measures should be taken to prevent dominant positions and consumers should be given the possibility of choosing their service provider. Other points raised by the report included the need to encourage small and medium-sized businesses in particular, in view of their job creation potential and their importance for developing regional economic activity. Lastly, the committee called for the European Parliament to be fully involved in the further development of the EU's broad economic policy guidelines. To that end, the positions of Council and Parliament should carry equal weight in the annual adoption of the guidelines and Parliament should also be properly involved in assessing their implementation by the Member States.