Public finances in economic and monetary Union EMU in 2003

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The committee adopted the own-initiative report drawn up by Roberto BIGLIARDO (UEN, I) in response to the Commission paper on public finances in EMU - 2003. The committee condemned the Ecofin Council's decision to suspend Stability Pact procedures against Germany and France and backed the Commission's move to ask the EU Court of Justice for a ruling to clarify the issue. It urged France and Germany to demonstrate their commitment to the Pact, while at the same time arguing that the Commission should present proposals for a "more intelligent application" of the Pact, including an early-warning mechanism when Member States do not achieve a budget surplus in periods of high growth. MEPs also supported the Commission's view that higher deficits were largely the result of discretionary loosening of fiscal policy by Member States. The accession countries were urged to speed up reform of their public finances and to focus in particular on modernising their pension and social benefits systems, in support of an effective employment policy. The committee also called for those countries to establish effective tax collection systems. Other points dealt with in the report included a call for the Commission to establish a precise definition of the concept of a structural deficit. Moreover, future presidencies of the EU were urged to pursue further initiatives for growth in Europe by working towards a genuine internal growth strategy for the European economy. In a close vote, the committee said that, to boost productivity and investment, EU public expenditure should rise above the current limit of 0.8% GDP. Lastly, the committee called for regions which have been beneficiaries of the Structural Funds to continue to be eligible following enlargement, on the basis of new parameters.