Broad guidelines of the economic policies of the Member States and the Community for 2000

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Further to political endorsement expressed by the European Council at its session in Feira, the Council (ECOFIN) formally adopted the Recommendation on the Broad Guidelines of the Economic Policies of the Member States and the Community. Following a summary of key messages of the BEPGs: - The economic recovery in the EU is increasingly robust and broadly-based. It reflects favourable developments in the world economy and is underpinned by the euro, sound macroeconomic policies and structural measures taken by the Member States; - The 2000 Broad Economic Policy Guidelines give operational content to the Lisbon Summit by focusing on structural policies and reforms. These aim at ensuring that the present economic recovery develops into a long-lasting growth process favouring employment and social cohesion. Active promotion of the transition towards a knowledge-driven economy will make it possible to take full advantage of the opportunities offered by globalisation and new technologies. Structural measures are called for to ensure efficient product markets, to promote capital markets through further integration and deepening, to invigorate labour markets and to enhance sustainable development; - The orientations for macroeconomic policies build on and extend the strategy which has already helped to lay the foundations for healthy growth and the favourable outlook in the euro area and in the EU. This strategy encompasses monetary policy committed to price stability, and sustained efforts by Member States to speed up the ongoing fiscal consolidation to achieve and maintain budgetary positions close to balance or in surplus and to lower public debt. This will in most cases mean taking advantage of the fiscal improvements due to the better-than-expected economic growth to achieve budgetary positions better than what was foreseen in the updated stability and convergence programmes. The guidelines recommend that social partners continue to support wage developments that are consistent with price stability and job creation; - The guidelines attach a high priority to improving the quality of Government budgets and to ensuring the long-term sustainability of public finances. This should be pursued by reorienting government expenditure towards a greater share for capital accumulation - both physical and human - and to support R&D and innovation. Action is also needed, without endangering this fiscal consolidation process, to alleviate the tax burden in particular on relatively unskilled and low-paid labour - and reform the tax and benefit system to improve the employment and training incentives. The Broad Economic Policy Guidelines also contain country-specific orientations which take account of differences between Member States in terms of economic performance and prospects as well as structures and institutions. These country-specific guidelines, in so far as labour market issues are concerned, complement the2000 Employment Guidelines and underpin the implementation of the revised National Action Plans. The organisation of the preparation of the Broad Economic Policy Guidelines also contain country-specific orientations which take account of differences between MemberStates in terms of economic performance and prospects as well as structures and institutions. These country-specific guidelines, in so far as labour market issues are concerned, complement the 2000 Employment Guidelines and underpin the implementation of the revised National Action Plans. The organisation of the preparation of the Broad Economic Policy Guidelines is being renewed so as to ensure that the ECOFIN Council can henceforth draw on contributions from other Council formations in a timely manner and to ensure that the European Council in its annual spring meeting is in a position to give effective political guidance.