Broad guidelines for the economic policies BGEP of the Member States and the European Community for 2003-2005

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The European Parliament gave critical praise to the Commission recommendation on updating the Broad Guidelines of the Economic Policies of the Community and the Member States. Although it finds the general guidelines 2003-2005 valid, it calls for structural reforms, investment and "more and better jobs". Whereas the Commission puts the focus of the update on the integration of the ten new Member States, Parliament emphasises the need to deal with the "prolonged phase of economic slowdown" in the present Member States as well. The House says that the Commission and Council should focus even more on boosting economic growth, which would lead to more employment and growth in productivity. Most of all, Europe must strengthen internal economic growth and increase the focus on strengthening economic, social and environmental sustainability. This would reduce its vulnerability to appreciation of the euro and external shocks, as well as contribute to the integration of the internal market and the new Member States. Parliament says also that more emphasis should be put on investment in education, skills, lifelong learning, innovation, R&D, industrial policy focussed on SMEs, renewable energy and environmentally friendly technology. Specifically, it calls for the speedy implementation of the Environmental Technology Action Plan and strategies that would lead to more economic convergence, less social exclusion, less informal sector and eradication of poverty. Improvement in the collection of taxes and fight against tax fraud and unfair tax competition are important in order to finance public investments. Parliament also asks for "appropriate and equitable measures", which would enhance adaptability of workers, flexibility in standard contracts and more security in non-standard contracts. MEPs believe that these measures would attract more people to and keep them in the labour market, increase the overall flexibility of the labour market and increase investments in human capital. The European Parliament approves the Commission's position that the BEPGs 2003-2005 remain valid but must be more focused on structural reforms, investment and more and better jobs, welcomes the European Action for Growth and calls for additional measures complementing the initiative at national level, in particular in the fields of human resources, R&D and innovation. Parliament repeats its conviction that application of the Stability and Growth Pact is needed to bring Europe's economy more swiftly back into balance; urges those Member States whose budget is not in surplus or is at least in balance to undertake all necessary steps to achieve these aims. The focus in the update on the integration of ten new Member States is welcomed into the economic policy co-ordination framework and the completion of the existing strategy with the inclusion of country-specific recommendations for the ten new Member States. It points out that the current EU budget spending of 0.8% of GDP may be exceeded, insisting that there is room to spend as much as 1.24% of GDP 2004-2006 and still keep within the present financial perspective 2000-2006 and the Lisbon objectives, and retain full promotion of the European Structural Funds with all Lisbon objectives during the second phase of the programme period 2000-2006. Parliament calls on the Council to take account of the followingmodifications: - the existing strategy remains valid, but must be more focused on structural reform, investment and more and better jobs. - the general guidelines 2003 - 2005 remain valid but must be focused even more on boosting economic growth resulting in job creation and productivity growth. In view of the prolonged phase of economic slowdown and the disappointing growth rates and speed of recovery as compared to other regions in the world, Europe must strengthen internal economic growth and increase the focus on strengthening economic, social and environmental sustainability. This will not only help to reduce Europe's vulnerability to the negative impacts of the appreciation of the Euro and other external shocks and risks such as international terrorism but also facilitate the integration of the internal market and the real economic convergence of all Members States, including the 10 new Member States in the internal market. The second focus in this update is on the integration of the ten new Member States into the existing economic policy coordination framework. - more emphasis should however be put on

investment in education, skills, lifelong learning, innovation, research and development, and in an industrial policy with a special focus on SMEs, renewable energy and environmentally friendly technology. - the Environmental Technology Action Plan should be speedily implemented. Furthermore, with the enlargement, social and regional cohesion are now even more central to the Lisbon Agenda. Strategies that have a decisive impact on real economic convergence, the reduction of the informal sector, social exclusion and the eradication of poverty must be reinforced. Investments aimed at enhancing growth could also be financed by an improvement in the collection of public revenues, focusing on the widespread problem of tax fraud, which deprives Member Sates of considerable fiscal resources. The Commission should work with Member States to establish a co-operation and benchmarking system to combat tax fraud and unfair tax competition; Negotiations on appropriate and equitable measures leading to an increase in the adaptability of workers, flexibility in standard contracts and more security in non-standard contracts, attracting more people to and keeping more people in employment, increasing the overall flexibility of the labour market and increasing investments in human resources are keys to achieving economic and social success. Current Member States must dramatically increase their efforts to fulfil the "Kyoto commitments" of reducing greenhouse gas emissions by 8% by 2010.