Situation of the European economy: preparatory report on the broad economic policy guidelines for 2006

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The committee adopted its annual report, drawn up by José Manuel GARCÍA-MARGALLO (EPP-ED, ES), on the EU's broad economic policy guidelines for 2006. The report contained a wide-ranging set of recommendations to the Commission and the Member States, calling inter alia for:

- the Commission to publish a yearly ranking of the best and worst performers on economic reform among the Member States;

- speedy implementation of the national reform programmes;

- a strict interpretation of the renewed Stability and Growth Pact and additional efforts to reduce public debt burdens;

- the Member States to refrain from harmful, exaggerated cross-border tax competition;

- the promotion of the entrepreneurial spirit in secondary schools;

- an evaluation by Member States of the distributive and regional effects of their tax schemes and subsidies;

- ambitious birth rates policies, improvements in child care facilities, promotion of work-life balance, integration of immigrants into the labour market and action against illegal immigration, and incentives to delay retirement - all with the aim of improving the ratio of working age population over total population;

- greater efforts to include young people, women, older people and disabled people in the workforce;

- measures to reduce non-wage labour costs and thereby discourage the black economy;

- improved mobility for researchers, more investment in universities and the encouragement of private investment, to enhance economic efficiency and productivity;

- the development of a new coherent EU energy policy;

- the allocation of more resources to research and innovation, and a coordinated EU innovation policy;

- the achievement of a single European services market in accordance with the EC treaty;

- a forward-looking financial services agenda focusing on achieving a Single Euro Payments Area by 2010, a review of insurance solvency, a proposal on cross-border banking mergers to facilitate consolidation and avoid home/host supervisor conflicts, a proposal on mortgage credit and the adoption of a consumer credit directive, as well as efficient supervision and close cooperation among regulatory and supervisory bodies of the Member States.

Lastly, the committee also believed that the ongoing period of reflection on the constitution should focus on such issues as the current framework for macroeconomic governance, the economic and social objectives of the EU, the extension of codecision to economic policy issues, the competence of the EU in tax matters, and the representation of the euro-zone within international institutions.