

2006 annual report on the euro area

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The committee adopted the own-initiative report drawn up by José Manuel GARCIA-MARGALLO y MARFIL (EPP-ED, ES) in response to the Commission's first annual report on the euro area (2006). The committee report gave an overview of Parliament's position on a wide range of economic issues.

On macroeconomic policy, the committee called for more transparency on the decision-making process at the European Central Bank (ECB) and urged Member States to stick to a strict interpretation of the Stability and Growth Pact, notably by pursuing an annual improvement in cyclically adjusted budget deficits of 0.5% of GDP. MEPs repeated their call for better coordination of national fiscal calendars, with national budgetary projections based on similar criteria. The report stressed the urgent need to implement the Lisbon Strategy on economic reform equally across all the areas concerned, and reiterated Parliament's call for an annual league table to show which Member States are making most, and least, progress. The committee also repeated its support for developing a common consolidated corporate tax base, if necessary via the enhanced cooperation mechanism which allows a group of Member States to go ahead with project between themselves, even if the whole EU does not want to take part.

Turning to the internal market, MEPs condemned the protectionist policies adopted by some Member States and stressed the need for more action to open up the fragmented retail financial services markets. They called on Member States to allocate more resources to research and development, and argued that labour markets should be made more flexible. The creation of an internal market for energy should be a high priority.

On the functioning of the Economic and Monetary Union, the committee agreed with the Commission that disparities in growth and inflation rates within the euro area are increasingly due to structural reasons. Welcoming Slovenia to the euro, MEPs called on the Commission and ECB to evaluate whether it is justified to use price stability criteria for accession to the euro which are different from those used for setting interest rates.

Lastly, the committee argued that greater efforts should be made to coordinate representation of the euro area countries in international financial institutions, and also called for the Commission and the Eurogroup to establish a regular dialogue with Parliament on economic matters along the lines of that already existing with the ECB on monetary policy.