Basic information

2007/2275(INI) INI - Own-initiative procedure	Procedure completed
Situation of the European economy: report on the broad economic policy guidelines for 2008 **Subject** 5.10.01 Convergence of economic policies, public deficit, interest rates	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	STARKEVIČIŪTĖ Margarita (ALDE)	10/07/2007

Committee for opinion	Rapporteur for opinion	Appointed
FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2844	2008-01-22

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	ALMUNIA Joaquín

Key events

Date	Event	Reference	Summary
13/12/2007	Committee referral announced in Parliament		
22/01/2008	Debate in Council		Summary
29/01/2008	Vote in committee		Summary
05/02/2008	Committee report tabled for plenary	A6-0029/2008	
19/02/2008	Debate in Parliament		
20/02/2008	Decision by Parliament	T6-0058/2008	Summary
20/02/2008	Results of vote in Parliament		

20/02/2008	End of procedure in Parliament		

Technical information	
Procedure reference	2007/2275(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/57375

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE398.678	18/12/2007	
Amendments tabled in committee		PE400.308	14/01/2008	
Committee report tabled for plenary, single reading		A6-0029/2008	05/02/2008	
Text adopted by Parliament, single reading		T6-0058/2008	20/02/2008	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2008)1857	16/04/2008	

Situation of the European economy: report on the broad economic policy guidelines for 2008

2007/2275(INI) - 20/02/2008 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on an own-initiative report drafted by Margarita **STARKEVIČIŪTĖ** (ADLE, LT) on the adoption by the Council of new broad guidelines for economic policies (launching the new cycle 2008-2010). The resolution was adopted by 519 votes for, 102 against and 31 abstentions.

Securing growth and macroeconomic stability: MEPs believe that, in 2008, the EU needs to enhance its growth potential in order to be able to generate employment, particularly in the light of its enlargement to 27 Member States.

The report also notes that growing imbalances, aggregate demand and global inflationary pressure may become a significant challenge for monetary policy given the prolonged uncertainty on financial markets. It also draws attention to the high levels of the Euro exchange rate that harm the competitiveness of the European economy.

In this context, MEPs stress the need for a sound fiscal policy as a pre-condition for sustained growth and job creation. In most countries, consolidation of public finances could help keep intact the long-term fiscal sustainability, as well as the modernisation of public administration as a source for improving efficiency and effectiveness of public finances. MEPs add that in the interest of macroeconomic stability, the rise in productivity must go hand-in-hand with a fairer distribution of the benefits of growth and a strengthening of social cohesion. Parliament draws attention, in this connection, to the call for the rise in incomes to keep pace with medium-term growth in productivity.

Sound financial markets: Parliament points out that a well-integrated financial system might enhance the efficiency of monetary policy, especially in the euro area. It believes that financial markets can make a substantial contribution to macroeconomic and fiscal sustainability, and suggests examining

specific financial market guidelines linked to an improved understanding of possible further financial crises and to improved transparency, responsibility and supervision for investors, markets and regulators.

Stressing the interdependence of Member States' economies, especially in the euro area, Parliament considers that the Integrated Guidelines should set a broad framework for closer economic policy coordination to align NRPs. It suggests a more sensitive approach towards convergence, which reflects economic diversity and differing traditions in order to strengthen broad-based support for the common EU project. Stimulating private investment and joint initiatives in the area of private and public cooperation, while respecting financial consolidation, can unleash substantial synergies, improve Europe's ability to meet the existing challenges in the fields of science and research, transport and communication, energy and environmental sustainability and will support the efficient allocation of resources throughout Europe.

External agenda: in order to promote European competitiveness in a globalised world, MEPs consider it necessary to develop the external dimension of the internal market, with the aim of shaping globalisation rather than passively adapting to it. To do this, it is necessary to enhance strategic cooperation with international partners, particularly through the transatlantic relations, and working together within stronger multilateral organisations by promoting core EU principles - solidarity, democracy, rule of law and respect for human rights. In the belief that protectionism undermines rather than protects consumers' and citizens' rights, MEPs call for measures to combat protectionism both inside and outside the EU.

Regaining business dynamism: the development and use of clean technologies as well as "greening" public procurement can contribute to the strengthening of synergies between environmental protection and economic growth. It stresses the role of market-based instruments in delivering the targets set at the 2007 Spring European Council to transform Europe into an energy-efficient and renewable based economy. Shifting the tax burden from labour to environmental degradation is an effective way to address both environmental and employment issues. Parliament considers that in the context of rising food prices that appear to be permanent rather than cyclical, the mechanisms of the Common Agricultural Policy (CAP) that constrain supply should be revised; believes that the CAP can play a key role in stabilising food prices.

MEPs call for accelerated integration of the services market and underline the necessity to open up the network industries for competition. The delivery, at affordable prices, of effective services of general economic interest has an important role to play in a competitive and dynamic economy. In addition, MEPs believe that a coordinated fiscal framework, including corporate tax arrangements, is necessary. These should be favourable to companies, in particular SMEs, and geared to renewing growth and generating employment. Parliament goes on to state that, in terms of state funding, the EU must promote tax arrangements in order to encourage the creation of new businesses and technological innovation. This might involve, inter alia, a reduction in taxes that undermine efficiency and job creation, particularly for specific social groups such as women, the long-term unemployed and the elderly.

Investing in people and modernising labour markets: MEPs consider that active labour policies should combine "flexicurity" orientated policies with new forms of security, including motivation for active job searching. Emphasis should be placed on better anticipation and positive management of change, including economic restructuring, to minimise social exclusion and facilitate adaptation.

MEPs also recommend more effective measures to be implemented by the EU and Member States to invest more in education and improve access to education and training for all. Lastly, they underline that promoting growth and cooperation with third countries, and further economic openness of the European Union, remains vital for the purpose of well-managed migration flows and fight against illegal immigration.

In the light of the recommendations in the report, MEPs proposed a number of specific amendments to the current economic guidelines, and adds a new clause on the completion of a transatlantic market.

Situation of the European economy: report on the broad economic policy guidelines for 2008

2007/2275(INI) - 22/01/2008

The Council held a policy debate on the next three-year cycle of the EU's Lisbon strategy for growth and jobs (2008-10), to be launched by the European Council at its meeting on 13 and 14 March.

The debate covered the following elements:

- a report from the Commission on the renewed Lisbon strategy and the launch of the new cycle; “Keeping up the pace of change;
- draft broad economic policy guidelines (BEPGs) for the 2008-10 period;
- draft country-specific integrated recommendations;
- a proposal for a new Community-level Lisbon strategy programme for the 2008-10 period.

The Commission suggests that the main focus of the new three-year cycle be on implementation and delivery of reforms, given that the Lisbon strategy is now considered to be delivering on its objectives. The four current pillars of the strategy – knowledge and innovation, employment, the business environment and energy and climate change – continue to be valid. And whilst evolving challenges need to be addressed, the current guidelines are not considered to require a fundamental overhaul.

Nevertheless, implementation of reforms and recommendations needs to be improved in a number of areas. These include research, innovation mechanisms, SMEs, the single market, the modernisation of public administration, education and skills, "flexicurity" (flexibility and security on labour markets), social inclusion, territorial cohesion, energy, climate change, visibility of the social dimension, and the sustainability and quality of public finances.

The Lisbon strategy is implemented under national reform programmes for the member states, with a Community-level Lisbon programme to complement these.

The Council is scheduled to approve, at its meeting on 4 March, a report to the European Council on the BEPGs and on the country-specific recommendations.