

# European semester for economic policy coordination

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The Committee on Economic and Monetary Affairs adopted an own-initiative report by Pervenche Berès (S&D, FR) on the European Semester for Economic Policy Coordination. The report follows on from the Commissions communication entitled Annual Growth Survey: advancing the EU's comprehensive response to the crisis. Members consider that the current stage of the crisis calls for strong and ambitious answers. They consider that, until further notice, the European Semester is the valid framework for the implementation of the EU strategy and for effective economic government. They are convinced that the introduction of the European Semester and the enhanced coordination of economic and budgetary policies should leave enough scope and flexibility to the EU Member States to pursue an effective budgetary, economic and social strategy, appropriate in accordance with the EU 2020 strategy, geared to distribution and development and providing an adequate level of public services and infrastructure for EU citizens. The report reiterates that Member States should regard their economic and fiscal policies as a matter of common concern and that the economic pillar of Economic and Monetary Union, including its fiscal dimension, must therefore be strengthened through more coordination in the introduction and implementation of fiscal measures as well as an effective fight against tax fraud and tax evasion and the phasing-out of existing detrimental measures; (1) Role of the Commission: Members note that the European Semester has been established to ensure sustained convergence of the economic and fiscal performance of the Member States, achieve closer coordination of economies and overcome the sovereign debt crisis and that the Annual Growth Survey (AGS) has been established as the initial basic document of the cycle. Lessons from the first cycle: the report notes that the quality of National Reform Programmes under the first European Semester varies greatly regarding concreteness, transparency, feasibility and comprehensiveness. It calls on the Commission to: invite Member States to upgrade the quality and transparency of their contribution and to elevate the National Reform Programmes of best quality to the standard format for future European Semesters; ensure that the national policies and targets announced in the National Reform Programmes together add up to a level that is sufficiently ambitious to reach the EU 2020 headline targets. Annual Growth Survey: Members consider that the AGS should be in line with: i) the EU 2020 strategy, ii) the integrated guidelines (broad economic policy guidelines and employment guidelines), and iii) specific Council agreements regarding the euro area or the Union as a whole such as the Euro Plus Pact. The report calls on the Commission to reflect better the comprehensive multidimensional (smart, sustainable and inclusive) approach of the EU2020 strategy in the benchmarks used to assess the progress made by Member States and to issue country-specific recommendations accordingly. It requests that the AGS be transformed into Annual Sustainable Growth Guidelines (AS2G), focusing on enhancing sustainable growth. It calls on the Commission to: when drawing up the Annual Sustainable Growth Guidelines, to draw upon a wide range of scientific expertise to the greatest extent possible and to take relevant recommendations of the European Parliament, Member States and local and regional governments into account; assess clearly, in the Annual Sustainable Growth Guidelines, the main economic and fiscal problems of the EU and individual Member States, to propose priority measures to overcome those problems; identify the initiatives taken by the Union and the Member States to support enhanced competitiveness and long-term investment, to remove obstacles to sustainable growth, to achieve the targets laid down in the Treaties and the current EU 2020 strategy, to implement the seven flagship initiatives and to reduce macroeconomic imbalances; ensure that policy guidance for fiscal consolidation and structural reforms is consistent with the EU 2020 strategy for growth and jobs. Country-specific recommendations: the Commission is invited to: ensure greater comparability of the National Reform Programmes (NRPs) and establish common benchmarks to assess the Programmes; present its recommendations to the European Parliament at an appropriate time, once the analysis of the NRPs and SCPs (Stability and Convergence Programmes) has been completed, and to highlight the potential cross-border spill-over effects especially within the eurozone; organise a hearing with the aim of providing

information on the yearly monitoring events announced in the various flagship initiatives; step up the role of the macroeconomic dialogue so as to improve the interaction among those responsible for wage development, economic, fiscal and monetary policy. Members call on the Council to come to Parliament in July to explain any significant changes it has made to the Commissions proposed country-specific recommendations. (2) Role of the European Parliament: Members recall that the parliamentary debate on economic policy guidelines is the cornerstone of any democratic system. They consider that Parliament has to become a fully fledged partner in the macroeconomic dialogue. Expressing their concern regarding the democratic legitimacy of the introduction of the European Semester, Members take the view that the European Parliament should be recognised as the appropriate European democratic forum to provide an overall evaluation at the end of the European Semester. They want Parliament to organise each year, from 2013, prior to the Spring European Council each year, an interparliamentary forum at the European Parliament for members of the competent national parliamentary committees. The report notes that the crisis and the developments especially inside the euro area call for an upgrading of the European dimension of the economic policies of its Member States, especially within the eurozone. In this context, Parliament would need to adapt its structure and working methods to the latest developments within the Council and the Commission on the eurozone structure. Members warn against the establishment of any practice that lacks parliamentary approval at the European or national level and underline the need for country-specific recommendations to be based on democratic procedures. Highlighting the need for upgrading the parliamentary dimension in parallel to the Council one, Members ask that: i) the Parliament votes before the Spring Council on the Annual Sustainable Growth Guidelines with amendments proposals to be submitted to the European Council; ii) the Annual Sustainable Growth Guidelines to be subject to a codecision procedure that should be introduced by the next Treaty change. (3) Role of the Council: Members call on the European Council to invite the President of the European Parliament to participate in its meetings on the European Semester. They call on the Council and the Commission to report to it with an exact overview of actions and measures in the first few weeks of each year on the developments and successes of the previous European Semester. Member States are invited to provide information which is as detailed as possible on the measures and instruments provided for in the national reform programmes to attain the national objectives set, including the deadline for implementation, the expected effects, the potential spill-over effects, the risks of unsuccessful implementation, the costs and, if applicable, the use of EU Structural Funds. The report invites the Council to strengthen the macroeconomic dialogue, in particular by establishing corresponding macro-dialogues at national level, and considers it to be of major importance to include in the constant dialogue between European Institutions the involvement of the European Central Bank. (4) Sectoral contributions to the European Semester: Members consider that, in the context of the European Semester, Member States should be encouraged to attach special importance to specific issues, such as facilitating young peoples access to education, guidance and training and preventing early school-leaving, promoting lifelong learning, promoting employment and reducing unemployment, especially among young people, promoting integration of older people into the labour market, combating undeclared work, facilitating reconciliation of work and family life and improving childcare facilities. The Council and the Commission are invited to assess comprehensively whether the measures proposed in national programmes to combat poverty and social exclusion and to increase employment levels are in line with the Europe 2020 objectives. They call on Member States which have not set national targets, or which have not sufficiently committed themselves to achieving the employment rate in Europe for women and men of 75% by 2020, to undertake to pursue this objective. Members declare their readiness to engage in a regular policy dialogue and exchange of views with national parliaments and other relevant stakeholders, including the social partners, business sector and NGOs, on the employment and social aspects of Europe 2020 and the European Semester. Lastly, deploring the cut in public spending and investment in the field of education observed in many national budgets, Members re-emphasise the need to prioritise public investment in sustainable growth-friendly areas such as R&D and education.