


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1999/2035(COS)	Procedure completed
Broad guidelines of the economic policies for 1999		
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, Industrial Policy	PPE FOURÇANS André	21/01/1998
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2196	12/07/1999
	Economic and Financial Affairs ECOFIN	2181	25/05/1999
	Economic and Financial Affairs ECOFIN	2175	10/05/1999
	Economic and Financial Affairs ECOFIN	2167	15/03/1999
	Economic and Financial Affairs ECOFIN	2160	08/02/1999

Key events			
08/02/1999	Debate in Council	2160	
15/03/1999	Debate in Council	2167	
30/03/1999	Non-legislative basic document published	COM(1999)0143	Summary
21/04/1999	Vote in committee		Summary
21/04/1999	Committee report tabled for plenary	A4-0222/1999	
03/05/1999	Committee referral announced in Parliament		
03/05/1999	Debate in Parliament		
04/05/1999	Decision by Parliament	T4-0382/1999	Summary
04/05/1999	End of procedure in Parliament		
10/05/1999	Debate in Council	2175	
01/10/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1999/2035(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142; Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/10885

Documentation gateway					
Document attached to the procedure		COM(1999)0010	20/01/1999	EC	
Document attached to the procedure		COM(1999)0061	17/02/1999	EC	
Non-legislative basic document		COM(1999)0143	30/03/1999	EC	Summary
Committee report tabled for plenary, single reading		A4-0222/1999 OJ C 279 01.10.1999, p. 0007	21/04/1999	EP	
Text adopted by Parliament, single reading		T4-0382/1999 OJ C 279 01.10.1999, p. 0025-0106	04/05/1999	EP	Summary
Implementing legislative act		31999X0570 OJ L 217 17.08.1999, p. 0034	12/07/1999	EU	Summary

Broad guidelines of the economic policies for 1999

PURPOSE: Commission recommendation concerning the broad guidelines of the economic policies of the Member States of the Community.

CONTENT: the broad guidelines of the economic policies for 1999 include general guidelines as well as guidelines by country, which enjoy the same legality. The general guidelines, which are applicable to all of the Member States, indicate the path which economic policy should follow. Inside this general framework, the guidelines by country are devoted to identifying the policy priorities specific to each Member State, taking account of their individual situation. It emerges clearly from the general guidelines of economic policies that the main priority is to achieve a durably high level of growth in employment. To tackle the challenge of employment in Europe, an overall coherent strategy is required, encompassing 3 important elements, the effects of which will be mutually reinforcing: 1) safe macroeconomic policies which favour growth, employment and price stability, assuming that the stability and growth pact is fully respected and that wage development remains appropriate; 2) policies which improve the overall functioning of the labour market and particularly favour employability, entrepreneurship, adaptability and equality of opportunity, thanks to a determined, speedy and transparent implementation of the employment guidelines, drawn up in respect of the situation of the Member States; 3) economic reforms allowing growth in the efficiency and flexibility of goods, services and capital markets, as well as committing to a growth trajectory which respects the environment, implying a careful pursuit of the single market, firm competition policy, regulatory reforms, improvement in the functioning of the labour market as well as more effective systems of taxation and social benefits. The European employment pact should define the process by which all of the political actors, at a national and European level, will encourage dialogue to allow the achievement of the Union's central social and economic objective, namely a high level of employment in the context of strong growth which is sustainable in the medium term.?

Broad guidelines of the economic policies for 1999

The Committee adopted the report by Mr André FOURCANS (EPP, F) on the Commission's recommendation for the broad lines of the economic policies of the Member States and the Community. The Committee is pleased with the fact that Member States' stability programmes meet the requirements of the Stability and Growth Pact. It does, however, consider that some Member States have failed to give this first stability programme exercise all the importance it deserves, and supports the remarks by the ECOFIN Council regarding the over-optimistic nature of some stability programmes as regards growth forecasts and the vagueness as to the ability to control public expenditure, particularly in Italy, Germany, Portugal and, to a certain extent, France. The Committee underlines the necessity of a balanced and appropriate policy mix, and advocates certain measures, such as: -the reduction of unemployment and the promotion of growth and stability, -further structural reforms (in particular of the social security systems and the labour market), -budgetary consolidation, -reduction of taxes and other levies - especially on labour - and a modernisation of tax systems, -further coordination of taxation - particularly as regards indirect taxation, -wage developments in line with productivity developments, -an increase of private/public investment levels, -the improvement of efficiency and quality of public spending. The Committee also points to the need to improve the functioning of the single market. Finally, the Committee makes it clear that respect for the independence of the ECB is vital for implementing an effective monetary policy, although without prejudicing the democratic dialogue the ECB must maintain with Parliament and to any assessments which the Commission and Council may make of this policy. The Committee also stresses the responsibility of the ECB to maintain price stability and to contribute towards a policy mix conducive to sustainable growth and employment.?

Broad guidelines of the economic policies for 1999

The European Parliament adopted the resolution by André Fourçans (PPE,FR), on the Commission's recommendation for the broad guidelines of the economic policies of the Member States and the Community. The Parliament is pleased to see the stability programmes of the Member States fulfil the requirements of the stability and growth pact. Nonetheless, it considers that some Member States have failed to give this first stability programme exercise all the importance it deserves. Furthermore, some stability programmes are over-optimistic about growth forecasts and too vague as to the ability to control public expenditure. The report welcomes the Commission's call for a European Employment Pact. The Parliament believes that this pact should be based on a political declaration by the Council, the Commission and the European Parliament committing them to growth and employment, with the social partners also being invited to contribute to this objective. Specifically, this pact should contain the following elements: - reinforced cooperation between the different economic actors; - simultaneous discussion of the Broad Economic Guidelines and the Employment Guidelines, with both being adopted in June each year; - a European initiative for the Information Society. The report calls for a variety of structural reforms, in particular: - tax reforms: reducing the burden on labour, modernising tax systems, a reduced VAT rate on labour-intensive services, better tax coordination; - labour market reforms: adjusting the organisation of work while stressing the importance of flexible working hours negotiated at company and branch level, flexible working hours, adjusting social protection systems; - reform of social security systems to make them more flexible. The report also calls for: - improvement of the functioning of the single market; - wide introduction of the principle of mutual recognition; - further integration of the financial markets; - further liberalisation of the telecommunications, transport and energy sectors; - improvement of the conditions enabling access for businesses to all forms of financing (particularly risk capital); - development of a European market in electronic commerce and services.?

Broad guidelines of the economic policies for 1999

PURPOSE : to set the broad guidelines of the economic policies of the Member States and of the Community (1999). **COMMUNITY MEASURE** : Council Recommendation 1999/570/EC on the broad guidelines of the economic policies of the Member States and of the Community. **CONTENT** : the broad guidelines of the economic policies are the central element of the co-ordination of economic policies of the Member States and of the Community. The broad guidelines for 1999 involve general guidelines as well as the guidelines by country, which have the same statute. The general guidelines, which are applicable to all the Member States, indicate the direction which the economic policies should follow. At the heart of this general framework, the guidelines for each country are used to identify the priorities for specific policies in each Member State, by taking account their particular situation. On a general level, the recommendation underlines that the successful launch of the euro on 1 January 1999 marked an important milestone in the European integration process. This implies global economic responsibilities for the Community and the necessity to speak with one voice and to be represented effectively on issues of particular relevance to EMU. The Union is faced with a twofold challenge: 1) to engage in effective dialogue with its main trading partners with a view to promoting sound economic policies in all of the major currency areas; 2) to help ensure that the architecture of the international financial and monetary system is adapted to the globalisation of financial markets, by promoting inter alia: enhanced institutional arrangements for the international monetary system; improved transparency and better policy making procedures; strengthened financial sector surveillance; a well-sequenced and orderly approach to liberalising financial markets and mechanisms for co-operative crisis management involving the private sector. The pace of job creation in the EU quickened markedly during the last two years (for the first time since 1992, the unemployment rate dropped below 10% at the end of 1998). However, at around 61% in 1998, the employment rate in the EU as a whole is low, both in historical and international comparative terms. Europe's employment challenge is the key priority for economic policy. In order to deal with this challenge, the Member States will require a comprehensive and coherent strategy that consists of three mutually-reinforcing key components: - sound macroeconomic policies that are conducive to growth, employment and price stability, involving full respect of the Stability and Growth Pact and continued appropriate wage developments. In this respect, Member States are called upon to reach a budgetary position of close to balance or in surplus no later than by the end of 2002 in conformity with the stability and convergence programmes; to improve their budgetary situation by the reduction of expenses rather than by the tax rises; to improve the sustainability and efficiency of their public finances (through reviewing pension and health care systems, by giving incentives for investment in human capital, by reducing the overall tax burden, by improving the efficiency of their taxation systems and by pursuing tax co-ordination); - policies which improve the better functioning of the labour markets which give incentives to, in particular, employability, entrepreneurship, adaptability and equal opportunities via a steadfast, prompt and transparent implementation of the Employment Guidelines, tailored to Member States' conditions. The Member States are invited to pay particular attention to the following elements : raising the employability of the individual, in particular by means of access to labour market training; education and lifelong learning; a lowering of taxes, especially on low-paid workers and an assessment of duration and eligibility criteria in benefit systems, combined with active policies to reintegrate the unemployed. - economic reforms that enhance the efficiency and the flexibility of goods, services and capital markets, reinforce private sector confidence, benefit consumers and favour an environmentally-sustainable growth path. This implies a close monitoring of the single market, a vigorous competition policy, regulatory reforms, notably in the telecommunications sectors, transport and energy sectors, reducing administrative formalities for SMEs, the revision of the VAT system, the taking into consideration of environmental aspects of economic policies, as well as more efficient taxation and systems. These three components are reflected in the three pillars of the European Employment Pact.?