


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	2000/2119(COS)	Procedure completed
Broad guidelines of the economic policies of the Member States and the Community for 2000		
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		23/11/1999
		PSE KATIFORIS Giorgos	
	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs		15/02/2000
		PPE-DE COCILOVO Luigi	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2274	19/06/2000
	Economic and Financial Affairs ECOFIN	2268	05/06/2000
	Economic and Financial Affairs ECOFIN	2258	08/05/2000
	Social Affairs	2259	08/05/2000
	Economic and Financial Affairs ECOFIN	2245	28/02/2000
European Commission	Commission DG	Commissioner	
	Economic and Financial Affairs		

Key events			
28/02/2000	Debate in Council	2245	
11/04/2000	Non-legislative basic document published	COM(2000)0214	Summary
08/05/2000	Debate in Council	2258	
08/05/2000	Debate in Council	2258	
08/05/2000	Vote in committee		Summary
08/05/2000	Committee report tabled for plenary	A5-0134/2000	
15/05/2000	Committee referral announced in Parliament		
17/05/2000	Debate in Parliament		

			
18/05/2000	Decision by Parliament	T5-0224/2000	Summary
18/05/2000	End of procedure in Parliament		
23/02/2001	Final act published in Official Journal		

Technical information

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Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/12702

Documentation gateway

Document attached to the procedure	COM(2000)0026	26/01/2000	EC	Summary
Document attached to the procedure	SEC(2000)0190	08/02/2000	EC	Summary
Non-legislative basic document	COM(2000)0214	11/04/2000	EC	Summary
Committee report tabled for plenary, single reading	A5-0134/2000 OJ C 059 23.02.2001, p. 0005	08/05/2000	EP	
Text adopted by Parliament, single reading	T5-0224/2000 OJ C 059 23.02.2001, p. 0128-0228	18/05/2000	EP	Summary
Document attached to the procedure	09223/2000	19/06/2000	CSL	Summary
Economic and Social Committee: opinion, report	CES0240/2001 OJ C 139 11.05.2001, p. 0072	01/03/2001	ESC	

Final act

EP/Council Recommendation 2000/517
[OJ L 210 21.08.2000, p. 0001-0040](#)

Broad guidelines of the economic policies of the Member States and the Community for 2000

The Commission presents its second report on the functioning of product and capital markets in response to the mandate from the Cardiff European Council. This Council called on the Member States and the Commission to produce annual reports on matters within their sphere of responsibility relating to regulatory reform of product and capital markets. This process lends impetus to economic reform by providing input for the preparation of the Broad Economic Guidelines and serves as the basis for Commission proposals to update target actions included in the Internal Market Strategy. This report contributes to the process of economic reform in two ways. Firstly, it monitors and assesses product and capital market performances to identify regulatory failure at EU level. Recent trends in trade, investment and capital market integration are examined: - trade continues to be a dynamo for market integration. - cross-border direct investment and mergers and acquisitions remain the strongest vectors for structural change in today's Internal Market. - there is further evidence of market integration in that retail price convergence is continuing, albeit more slowly than in the early 1990s. - the report also documents the way in which integration has helped the poorest parts of the Community catch up with the rest of the EU. The track record of the peripheral regions of the EU has disproved the theory that efficiency and social cohesion are contradictory policy objectives. Secondly, the report lists policy prescriptions needed to sustain economic reform. policy prescription to lighten and improve the quality of the Community's regulatory framework and to remove barriers to the efficient functioning of markets are set out. They include: - the recommendation to Member States to reduce the general economic and regulatory costs of creating new businesses and to review on a systematic basis the existing regulatory framework with a view to improving its quality; - the proposal to consider the extension of the application of the New Approach to technical harmonisation to new sectors; - the recommendation to Member States to maintain the current overall downward trend in the volume of state aids and to make additional efforts to avoid sector-specific (and especially ad hoc) aids; - the full and rapid implementation of the Financial Services Action Plan to encourage

business and investment activities whilst improving the confidence of consumers and investors, as well as stabilising the financial system; - in the utility sectors, the adoption and full implementation of the Community regulatory framework and the strict enforcement of competition rules; - the creation of a comprehensive framework for the free movement of Information Society Services and the development of an integrated policy combining government and industry regulation and rules for consumer protection are needed to enhance consumer trust and confidence; - the elimination of restrictions impairing reform in the distribution sectors.?

Broad guidelines of the economic policies of the Member States and the Community for 2000

In a working document annexed to the annual report on the functioning of Community product and capital markets, the Commission presents annexes containing statistics and economic indicators upon which the report was based.?

Broad guidelines of the economic policies of the Member States and the Community for 2000

PURPOSE: Commission Recommendation for the 2000 Broad Economic Guidelines of the Economic Policies of the Member States and the Community. **CONTENT:** Building upon and extending the existing strategy, the present Broad Economic Policy Guidelines (BEPGs) are centred on, and give operational content to, the conclusions of the Lisbon Summit. In particular, the BEPGs focus on the medium and long-term implications of structural policies and on reforms aimed at promoting economic growth potential, employment and social cohesion, as well as on the transition towards a knowledge-based economy. All of the Member States face these problems but there are marked differences between the ways and the extent to which they are being tackled. The main aspects of the strategy are as follows: 1) ensuring growth and stability-oriented macroeconomic policies: maintaining price stability; achieving, over the medium-term, budgetary positions close to balance or in surplus; assuring a continuation of responsible behaviour on the part of the social partners that are consistent with price stability and job creation. 2) maintaining sound public finances: taking advantage of the current rate of economic growth to achieve budgetary positions in 2000 clearly below the objectives set in the updated stability and convergence programmes. 3) improving the quality and sustainability of public finances: improving budgetary positions through expenditure restraint rather than through tax increases; restructuring government spending in favour of investment in physical and human capital, R&D, innovation and information technologies and in favour of expenditure on active labour market policies; reviewing benefit systems to favour employment, review pension and healthcare systems to increase efficiency and take account of the ageing of the population; reducing the overall tax burden, especially on low-wage labour; improving the efficiency and transparency of tax systems and reforming the VAT system aiming at greater simplification and modernisation of existing rules, more uniform application of existing provisions and the re-enforcing of administrative cooperation; pursuing tax coordination further so as to avoid harmful tax competition. 4) Promoting appropriate wage developments: insisting upon nominal wage increases consistent with price stability; encouraging real wages to increase in relation to labour productivity growth while taking into account the need to strengthen, where necessary, and subsequently maintain, the profitability of capacity-enhancing and employment-creating investment; ensuring that collective bargaining systems take account of productivity differences when determining wage levels; pursuing policy aimed to reduce gender pay differences due to de facto discrimination. 5) Fostering a knowledge-based economy: providing adequate incentives to increase the involvement of the private sector in the financing of R&D expenditures; raising the level of competition in product and capital markets; ensuring adequate public support for the funding of basic research; making available low-cost, high-speed Internet access; taking measures to reduce the fragmentation and compartmentalisation of the R&D effort; strengthening education and training efforts in order to raise the adaptability of the labour force and to avoid the emergence of unemployment and social exclusion due to a lack of skills; promoting lifelong learning of Information Society skills; halving by 2010 the number of 18-24 year olds with only lower secondary education; increasing the number of engineers and researchers; guaranteeing the availability of Internet and multimedia resources to all schools by the end of 2001 and the required teacher skills by the end of 2002; using information technology on a wider scale in schools. 6) Ensuring efficient product (goods and services) markets: implementing the internal market legislation fully and effectively, especially in the areas of public procurement and technical standards; ensuring the independence of competition authorities; reducing state aids and improving the monitoring of these aids and their efficiency; completing the liberalisation of the telecoms sector by the end of 2001; speeding up the liberalisation of the energy (electricity and gas), postal services and transport sectors; reinforcing competition in services sectors, especially in financial services, distribution and business services, and undertaking measures to enable electronic commerce to fully develop its potential; reducing regulatory burdens on business, especially SMEs; developing measures to improve the efficiency of public administration by promoting the use of new management and communication techniques, and by stimulating transparent Public-Private Partnerships. 7) Promoting capital markets through further integration and deepening: facilitating the widest possible access to investment capital on an EU-wide basis; facilitating participation of all investors in an integrated market (pension funds, investor protection, professional codes of conduct); promoting further integration of government bond markets; improving efficiency and integration of securities clearing and settlement systems; enhancing the comparability of financial statements of companies; speeding up fiscal actions to promote the development of new firms and investments in venture capital. 8) Invigorating labour markets: promoting the transition from passive to active measures and implementing a comprehensive preventive strategy against long-term and youth unemployment; reforming tax and benefit systems to ensure appropriate incentives and rewards for participation in an active working life; enhancing labour mobility, inter alia by improving the portability of pension entitlements in order to sustain labour mobility across sectors and regions in the EU; modernising work organisation in cooperation with the social partners, including flexible and annualised working hours, measures to facilitate part-time work and reviewing of tight job protection legislation and high severance payments; strengthening efforts on equal opportunities policy for women and men. 9) Enhancing sustainable development: promoting environmentally-friendly technologies, products and behaviour; introducing or strengthening market-based policies like taxation, user charges, insurance/liability schemes and tradeable permits, which put a price on scarce resources; reassessing existing or new policies which have a negative environmental impact, such as harmful sectoral subsidies and tax exemptions. These general recommendations apply to all the Member States. The priorities may vary somewhat from one Member State to another, as the economic guidelines by country provided in the second part of the document demonstrate.?

Broad guidelines of the economic policies of the Member States and the Community for 2000

The committee adopted the report by Giorgos KATIFORIS (PES, GR) on the broad economic policy guidelines for 2000, emphasising that there was scope for reducing tax levels in many Member States. It also argued that social security systems needed to be overhauled to reduce the tax burden on job creation. The report noted that to achieve full employment, high rates of non-inflationary, environmentally sustainable

growth were needed. This in turn required more investment. To increase investment levels, the committee recommended reducing the excessive costs and burdens of starting up new businesses and called for further structural reform of the labour market. It urged Member States lagging behind with structural reforms to increase the flexibility of the markets for products, services, capital and labour. The report warned against using public investment as means of managing demand and said such investment should only be made when its benefits to society were judged to be greater than its costs. It also favoured restructuring government spending in favour of investment, R&D and active labour market policies. The committee said more efforts should be made to remove barriers and create a single market in electricity, gas and telecommunications as well as in financial services. To help small and medium-sized companies, the Commission was urged to devise Community schemes to support SME associations which could provide information, loan services and legal support and help secure public funding. As for quantitative economic targets, the report said these might be useful but should not undermine the goals of the stability pact. Lastly, the committee recommended that Member States coordinate their policies better, relying more on peer review and best practice. ?

Broad guidelines of the economic policies of the Member States and the Community for 2000

The European Parliament adopted its report drafted by Giorgis KATIFORIS (PES, Greece) on the Commission's recommendation for the broad guidelines of the economic policies of the Member States for 2000. The Parliament regretted the democratic deficit in European economic policy and called for the broad guidelines to be decided on a proposal from the Commission rather than a recommendation. It welcomed the decision by the Commission to produce an operational content to the conclusions of the Lisbon Council. In general terms, Parliament believes that it is possible to reduce the level of taxation in many Member States and that social security systems need to be overhauled, so as to reduce the tax burden on job creation. It warned against using public investment as a means of managing demand in the economy as experience shows that this might be counterproductive. It urged those Member States lagging behind with structural reforms to increase the effectiveness of the markets for products, services, capital and labour. Parliament is very supportive of the transition to a knowledge-based economy and expressed its surprise at the scant mention of any information-highway construction projects, such as satellite communication, or TEN projects. It also expressed its concern at the gap between the aims of full employment and transition to a knowledge-based economy on the one hand and the often largely routine policy specific policy recommendations on the other, and called for a drastic renewal of the intellectual apparatus behind economic policy making.?

Broad guidelines of the economic policies of the Member States and the Community for 2000

Further to political endorsement expressed by the European Council at its session in Feira, the Council (ECOFIN) formally adopted the Recommendation on the Broad Guidelines of the Economic Policies of the Member States and the Community. Following a summary of key messages of the BEPGs: - The economic recovery in the EU is increasingly robust and broadly-based. It reflects favourable developments in the world economy and is underpinned by the euro, sound macroeconomic policies and structural measures taken by the Member States; - The 2000 Broad Economic Policy Guidelines give operational content to the Lisbon Summit by focusing on structural policies and reforms. These aim at ensuring that the present economic recovery develops into a long-lasting growth process favouring employment and social cohesion. Active promotion of the transition towards a knowledge-driven economy will make it possible to take full advantage of the opportunities offered by globalisation and new technologies. Structural measures are called for to ensure efficient product markets, to promote capital markets through further integration and deepening, to invigorate labour markets and to enhance sustainable development; - The orientations for macroeconomic policies build on and extend the strategy which has already helped to lay the foundations for healthy growth and the favourable outlook in the euro area and in the EU. This strategy encompasses monetary policy committed to price stability, and sustained efforts by Member States to speed up the ongoing fiscal consolidation to achieve and maintain budgetary positions close to balance or in surplus and to lower public debt. This will in most cases mean taking advantage of the fiscal improvements due to the better-than-expected economic growth to achieve budgetary positions better than what was foreseen in the updated stability and convergence programmes. The guidelines recommend that social partners continue to support wage developments that are consistent with price stability and job creation; - The guidelines attach a high priority to improving the quality of Government budgets and to ensuring the long-term sustainability of public finances. This should be pursued by reorienting government expenditure towards a greater share for capital accumulation - both physical and human - and to support R&D and innovation. Action is also needed, without endangering this fiscal consolidation process, to alleviate the tax burden in particular on relatively unskilled and low-paid labour - and reform the tax and benefit system to improve the employment and training incentives. The Broad Economic Policy Guidelines also contain country-specific orientations which take account of differences between Member States in terms of economic performance and prospects as well as structures and institutions. These country-specific guidelines, in so far as labour market issues are concerned, complement the 2000 Employment Guidelines and underpin the implementation of the revised National Action Plans. The organisation of the preparation of the Broad Economic Policy Guidelines also contain country-specific orientations which take account of differences between Member States in terms of economic performance and prospects as well as structures and institutions. These country-specific guidelines, in so far as labour market issues are concerned, complement the 2000 Employment Guidelines and underpin the implementation of the revised National Action Plans. The organisation of the preparation of the Broad Economic Policy Guidelines is being renewed so as to ensure that the ECOFIN Council can henceforth draw on contributions from other Council formations in a timely manner and to ensure that the European Council in its annual spring meeting is in a position to give effective political guidance. ?