


Procedure file

Basic information		
INI - Own-initiative procedure	2004/2020(INI)	Procedure completed
Broad guidelines for the economic policies BGEP of the Member States and the European Community for 2003-2005		
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		27/11/2002
		PSE RANDZIO-PLATH Christa	
	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2587	02/06/2004
European Commission	Commission DG Agriculture and Rural Development	Commissioner	

Key events			
11/03/2004	Committee referral announced in Parliament		
07/04/2004	Non-legislative basic document published	COM(2004)0238	Summary
19/04/2004	Vote in committee		
19/04/2004	Committee report tabled for plenary	A5-0280/2004	
22/04/2004	Debate in Parliament		
22/04/2004	Decision by Parliament	T5-0378/2004	Summary
22/04/2004	End of procedure in Parliament		

Technical information	
Procedure reference	2004/2020(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative

Legal basis	EC Treaty (after Amsterdam) EC 099-p2; Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/20806

Documentation gateway

Non-legislative basic document	COM(2004)0238	07/04/2004	EC	Summary
Committee report tabled for plenary, single reading	A5-0280/2004	19/04/2004	EP	
Text adopted by Parliament, single reading	T5-0378/2004 OJ C 104 30.04.2004, p. 0750-1061 E	22/04/2004	EP	Summary

Broad guidelines for the economic policies BGEP of the Member States and the European Community for 2003-2005

PURPOSE : to revise the Broad Economic Policy Guidelines (BEPGs) to take into account the acceding countries. **CONTENT** : the revised Broad Economic Policy Guidelines (BEPGs) reaffirms the economic policy strategy adopted by the European Council in June 2003 and confirms that this strategy is also appropriate for the acceding countries. The Commission also adopts in parallel recommendations on employment (CNS/2004/0082), drawing on policy lines agreed at the European Council in March 2004, and the findings of the European Employment Task Force, chaired by Wim Kok, while maintaining the same framework of European Employment Strategy and Guidelines as revised in 2003. The main focus of this update is on the integration of new Member States into the existing economic policy coordination framework. The guidelines continue to be based around three broad themes: 1) Growth and stability-oriented macroeconomic policies: Including the importance of new member states achieving real and sustainable nominal convergence; sound budgetary positions; reduced current account deficits; and nominal wage increases consistent with both price stability and productivity gains. 2) Economic reforms to raise Europe's growth potential, with accession countries needing to: - implement employment policies to support ongoing structural shifts in the composition of the jobs market; - raise productivity through enhanced competition, reduced regulatory burdens, improved R&D and better developed capital markets. 3) Strengthening sustainability in the areas of: - economic stability, in particular to cope with the ageing population; social sustainability, with jobs playing a vital role in lifting people out of poverty; - environmental sustainability, where investment in the transport and energy sectors can play an important role. In view of the scale of the challenges, it is clear that the new Member States face some difficult policy choices. The Broad Economic Policy Guidelines take into account the specific circumstances of the acceding countries by, for example, including in the country-specific recommendations longer adjustment periods than for existing Member States. Regarding the existing Member States, the recommendations included in the BEPGs adopted by the European Council in June 2003 remain fully valid for the period up to 2005. Short updates are included for the country-notes of Germany, Greece, France, Italy, the Netherlands, Portugal and the United Kingdom to indicate the need for a policy adjustment in the area of budgetary policies.?

Broad guidelines for the economic policies BGEP of the Member States and the European Community for 2003-2005

The European Parliament gave critical praise to the Commission recommendation on updating the Broad Guidelines of the Economic Policies of the Community and the Member States. Although it finds the general guidelines 2003-2005 valid, it calls for structural reforms, investment and "more and better jobs". Whereas the Commission puts the focus of the update on the integration of the ten new Member States, Parliament emphasises the need to deal with the "prolonged phase of economic slowdown" in the present Member States as well. The House says that the Commission and Council should focus even more on boosting economic growth, which would lead to more employment and growth in productivity. Most of all, Europe must strengthen internal economic growth and increase the focus on strengthening economic, social and environmental sustainability. This would reduce its vulnerability to appreciation of the euro and external shocks, as well as contribute to the integration of the internal market and the new Member States. Parliament says also that more emphasis should be put on investment in education, skills, lifelong learning, innovation, R&D, industrial policy focussed on SMEs, renewable energy and environmentally friendly technology. Specifically, it calls for the speedy implementation of the Environmental Technology Action Plan and strategies that would lead to more economic convergence, less social exclusion, less informal sector and eradication of poverty. Improvement in the collection of taxes and fight against tax fraud and unfair tax competition are important in order to finance public investments. Parliament also asks for "appropriate and equitable measures", which would enhance adaptability of workers, flexibility in standard contracts and more security in non-standard contracts. MEPs believe that these measures would attract more people to and keep them in the labour market, increase the overall flexibility of the labour market and increase investments in human capital. The European Parliament approves the Commission's position that the BEPGs 2003-2005 remain valid but must be more focused on structural reforms, investment and more and better jobs, welcomes the European Action for Growth and calls for additional measures complementing the initiative at national level, in particular in the fields of human resources, R&D and innovation. Parliament repeats its conviction that application of the Stability and Growth Pact is needed to bring Europe's economy more swiftly back into balance; urges those Member States whose budget is not in surplus or is at least in balance to undertake all necessary steps to achieve these aims. The focus in the update on the integration of ten new Member States is welcomed into the economic policy co-ordination framework and the completion of the existing strategy with the inclusion of country-specific recommendations for the ten new Member States. It points out that the current EU budget spending of 0.8% of GDP may be exceeded, insisting that there is room to spend as much as 1.24% of GDP 2004-2006 and still keep within the present financial perspective 2000-2006 and the Lisbon objectives, and retain full promotion of the European Structural Funds with all Lisbon objectives during the second phase of the programme period 2000-2006. Parliament calls on the Council to take account of the following modifications: - the existing strategy remains valid, but must be more focused on structural reform, investment and more and better jobs. - the general guidelines 2003 - 2005 remain valid but must be focused even more

on boosting economic growth resulting in job creation and productivity growth. In view of the prolonged phase of economic slowdown and the disappointing growth rates and speed of recovery as compared to other regions in the world, Europe must strengthen internal economic growth and increase the focus on strengthening economic, social and environmental sustainability. This will not only help to reduce Europe's vulnerability to the negative impacts of the appreciation of the Euro and other external shocks and risks such as international terrorism but also facilitate the integration of the internal market and the real economic convergence of all Member States, including the 10 new Member States in the internal market. The second focus in this update is on the integration of the ten new Member States into the existing economic policy coordination framework. - more emphasis should however be put on investment in education, skills, lifelong learning, innovation, research and development, and in an industrial policy with a special focus on SMEs, renewable energy and environmentally friendly technology. - the Environmental Technology Action Plan should be speedily implemented. Furthermore, with the enlargement, social and regional cohesion are now even more central to the Lisbon Agenda. Strategies that have a decisive impact on real economic convergence, the reduction of the informal sector, social exclusion and the eradication of poverty must be reinforced. Investments aimed at enhancing growth could also be financed by an improvement in the collection of public revenues, focusing on the widespread problem of tax fraud, which deprives Member States of considerable fiscal resources. The Commission should work with Member States to establish a co-operation and benchmarking system to combat tax fraud and unfair tax competition; Negotiations on appropriate and equitable measures leading to an increase in the adaptability of workers, flexibility in standard contracts and more security in non-standard contracts, attracting more people to and keeping more people in employment, increasing the overall flexibility of the labour market and increasing investments in human resources are keys to achieving economic and social success. Current Member States must dramatically increase their efforts to fulfil the "Kyoto commitments" of reducing greenhouse gas emissions by 8% by 2010.?