

Procedure file

Basic information	
INI - Own-initiative procedure	2004/2269(INI)
Procedure completed	
Situation of the European economy, report on the broad guidelines for economic policies BGEF	
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	PSE GOEBBELS Robert	13/12/2004
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2638	17/02/2005

Key events			
13/01/2005	Committee referral announced in Parliament		
02/02/2005	Vote in committee		Summary
07/02/2005	Committee report tabled for plenary	A6-0026/2005	
17/02/2005	Resolution/conclusions adopted by Council		Summary
22/02/2005	Results of vote in Parliament		
22/02/2005	Debate in Parliament		
22/02/2005	Decision by Parliament	T6-0034/2005	Summary
22/02/2005	End of procedure in Parliament		

Technical information	
Procedure reference	2004/2269(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed

Documentation gateway

Committee report tabled for plenary, single reading		A6-0026/2005	07/02/2005	EP	
Text adopted by Parliament, single reading		T6-0034/2005 OJ C 304 01.12.2005, p. 0020-0128 E	22/02/2005	EP	Summary
Commission response to text adopted in plenary		SP(2005)1076/2	31/03/2005	EC	

Situation of the European economy, report on the broad guidelines for economic policies BGEP

The committee adopted the own-initiative report by Robert GOEBBELS (PES, LU) on the EU's Broad Economic Policy Guidelines. The report expressed regret at the delays in implementing the Lisbon Strategy and called for a number of measures to improve the EU's economic situation.

MEPs urged the Commission to step up its efforts to complete the internal market and ensure fair competition in all sectors. They supported the independence of the European Central Bank and the harmonisation of both the economic hypotheses and the timetables for setting national budgets for eurozone members. They added that Labour market reforms should be carried out so as to strike a balance between flexibility and security.

The report said a general increase in working time would be unavoidable to cope with demographic change and cover all economic and social needs. The committee expressed alarm at continuing high unemployment and stressed the need to create an environment which "promotes the spirit of enterprise and a risk-taking culture", by simplifying the regulatory environment, easing the administrative burden on small businesses and reducing the general level of taxation.

MEPs also said that the growth of free international trade, founded on equal opportunities, would both contribute to the development of poor countries and create new markets for developed countries.

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The Council adopted conclusions and held a policy debate on the main questions addressed.

It welcomed the Commission's Second Implementation Report on the 2003-2005 Broad Economic Policy Guidelines, which provides a comprehensive account of progress made since the original Guidelines were adopted in June 2003 (and updated in July 2004). The Council welcomed the improved focus on policy measures, compared to the concentration on policy intentions in last year's Implementation Report. The Council also acknowledged that the assessment of the new Member States is less conclusive as they had only limited time to respond to the country-specific challenges identified in the 2004 update of the BEPGs.

In discussing the Implementation Report on the BEPGs, Ministers fully shared the view that macroeconomic policies supportive of stability and growth are indispensable in reaping the full benefits of structural reforms in terms of growth and employment. Successful structural reforms enhance the effectiveness of macroeconomic policies, ensuring long-lasting growth and the long-term sustainability and quality of public finances.

Ministers also highlighted the following elements, which are central to the Lisbon strategy aim to enhance Europe's growth potential:

? Enhancing productivity. The Council noted that the recovery was only moderate and that the budgetary position of the EU as a whole did not improve. In this context, the appreciation of the euro, the oil price increase, inflation differentials and wage developments within the euro area are relevant. The Council reiterated the need for reaching or maintaining sound budgetary positions, which are a key requirement for a macroeconomic framework supportive of growth and stability. It welcomed progress made in specific areas crucial for raising the EU's growth potential. In this context, one should note the good progress made in providing a regulatory framework for more efficient capital markets, in making the overall business environment more favourable and enhancing the effectiveness of competition policies. However, the Council noted with concern the disappointing transposition record for Internal Market directives and the high number of infringement cases. The EU continues to lag behind the US in the transition towards a knowledge-based economy. The current pace of reform in research, innovation, education and training systems is too slow to attain the objectives set in Lisbon and Barcelona.

? Increasing employment. The Council noted that progress has been made in reforming European labour markets towards efficiency, but recalls with some concern that the pace is insufficient in order to achieve the employment targets (possibly with the exception of the female employment rate target). As regards Member States, the Council welcomed the measures adopted in Germany in 2004 and the good progress made in Denmark, Ireland, the Netherlands and Austria. Measures have generally remained focused on tax cuts, life-long learning strategies or active labour market policies. Most Member States undertook measures in 2003 and/or 2004 to make work pay by increasing work-related tax credits or reducing the marginal tax rate at the low end. Reforms to address the unemployment benefit system were also undertaken in some Member States (notably the Czech Republic, Denmark, Germany, France and the Netherlands). The Council noted that only few initiatives have been taken related to wage bargaining or employment protection legislation.

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The European Parliament adopted, by 331 votes to 273 against, with 34 abstentions, the report by Robert GOEBBELS (PES, LU) on the

European economic situation - preparatory report on the Broad Economic Policy Guidelines. It should be noted that this report was adopted despite a call from rapporteur Robert GOEBBELS for MEPs to vote against. He argued that the final text after amendments at committee stage and in plenary had become distorted and no longer reflected his views.

During the debate, he said that structural reforms have taken place but without growth they will not be effective. The problem in the eurozone is not a lack of stability, it is a lack of growth, especially in France, Germany and Italy. One large European economy has done relatively well: the UK, thanks to proactive government investment and consumer spending.

The Parliament welcomes the definition of the key priorities by the Group chaired by Mr Wim Kok. It calls on the Member States to be pro-active in implementing the key priorities. The Commission is encouraged to focus its efforts on these areas. It also takes the view that the general guidelines set out in the 2003-2005 BEPGs have not been incorporated into the economic policies of the Member States. The Commission is called upon to analyse the best performance of Member States and to learn lessons therefrom. Parliament recommends giving greater weight to growth and job creation by means of increased competition and competitiveness within the Lisbon Strategy.

Parliament recalls that financial stability, the reform of public finances and the low interest rates brought about by the stability policy of the European Central Bank are the explicit pillars of the Lisbon Strategy.

A simplification and improvement in the coordination of the various instruments available to the European Union is recommended as is a reduction in the number of reports and programmes both at Community and at national level, with the aim of securing greater commitment by Member States. The Commission is asked to step up its efforts to complete the internal market in sectors where there are still protectionist barriers and trade restrictions; also asks the Commission not to slacken its endeavours to secure fair competition in all sectors.

Parliament supports wholeheartedly the independence of the European Central Bank and considers that any influence on monetary policy by the bodies determining economic policies would be contrary to the Treaty, since it would put an end to that independence. It proposes the harmonisation of the economic hypotheses used as a basis for drawing up the budgets and of the budgetary timetables of the Member States of the eurozone, taking into account the timetable for drawing up the BEPGs and the employment guidelines.

Member States are called upon to support forward-looking investments, by promoting investment and emulation in research, including basic research, and development, high technology, environmentally-friendly technologies and trans-European infrastructures and networks and education and lifelong learning.

It is noted that intra-Community trade accounts for the bulk of the external trade of the Member States of the Union, and concludes that the completion of the internal market is necessary in order to contribute to economic growth and thus the social development of the Union.

It considers that the growth of free and fair international trade, founded on equal opportunities, on the basis of the Doha commitments will both contribute to the development of poor countries and create new markets for developed countries, and that it is only through growth that developing countries will be able to increase the income of their population and achieve higher social and environmental standards.

Parliament reiterates its wish to see both national parliaments and the European Parliament more closely involved in discussions on the BEPGs. It considers that this would result in greater democratic accountability and, above all, mean that Member States would embrace them more wholeheartedly and therefore be more committed to their implementation.

Lastly, the Parliament considers that the management of economic policy requires reliable and comparable statistics and calls upon the Commission to increase the means available to Eurostat to carry out its mission of gathering and monitoring the statistics of Member States and, within the framework of the OECD and other relevant international organisations, to press for an improvement in the reliability and the costs involved in collecting statistics must not hamper the competitiveness of businesses.