



# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2006/2272(INI)</a>	Procedure completed
European economic situation: preparatory report on the integrated policy guidelines for 2007, concerning in particular the broad economic policy guidelines		
Subject 5.10.01 Convergence of economic policies, public deficit, interest rates		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		25/09/2006
		PSE <a href="#">BULLMANN Udo</a>	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	
European Commission	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2787</a>	27/02/2007
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">2766</a>	28/11/2006
	Commission DG <a href="#">Economic and Financial Affairs</a>	Commissioner ALMUNIA Joaquín	

Key events			
28/11/2006	Resolution/conclusions adopted by Council		Summary
29/11/2006	Committee referral announced in Parliament		
24/01/2007	Vote in committee		Summary
26/01/2007	Committee report tabled for plenary	<a href="#">A6-0012/2007</a>	
14/02/2007	Debate in Parliament		
15/02/2007	Results of vote in Parliament		
15/02/2007	Decision by Parliament	<a href="#">T6-0051/2007</a>	Summary
15/02/2007	End of procedure in Parliament		

Technical information	
Procedure reference	2006/2272(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/41418

Documentation gateway					
Committee draft report		<a href="#">PE382.354</a>	05/12/2006	EP	
Amendments tabled in committee		<a href="#">PE382.597</a>	10/01/2007	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0012/2007</a>	26/01/2007	EP	
Text adopted by Parliament, single reading		<a href="#">T6-0051/2007</a>	15/02/2007	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2007)1040</a>	21/03/2007	EC	
Commission response to text adopted in plenary		<a href="#">SP(2007)1730</a>	30/04/2007	EC	

## European economic situation: preparatory report on the integrated policy guidelines for 2007, concerning in particular the broad economic policy guidelines

The Council discussed the implementation of the Member States' National Reform Programmes (NRPs) for the period 2005-2008. It endorsed the report prepared by the Economic Policy Committee which covers four major areas of reform: innovation, labour markets, energy, and better regulation. The Council noted that:

- The overall picture on progress being made towards the Lisbon objectives is encouraging, but results vary and there is more work to be done. Europe should make good use of the current relatively favourable economic outlook to build upon the reforms already underway and turn to the areas where progress remains limited, such as fostering competition, improving incentives in benefit systems and extending working lives which is an important element to promoting fiscal sustainability.

- The development of innovation policies is a key element in all NRPs. More should be done to create fully competitive markets as this is an important incentive for companies to innovate. In view of the EU-wide target, more should be done to foster private R&D expenditure. Particular attention should also be given to supporting innovation in the services sector and creating an innovation friendly environment for companies. Furthermore, Member States should strive to maximise returns on innovation inputs by enhancing the quality of their policy measures, especially the effectiveness of public research expenditure.

- Increasing employment in Europe remains a top priority. Bringing the overall employment rate of the EU closer towards 70% will require significant additional efforts by many Member States. In a number of countries, tax systems have been made more conducive to employment. However, additional steps will be required to improve incentives in tax and benefit systems and increase the adaptability of the labour market. Increasing effectiveness of activation measures and training programmes is also important in this area. Member States have put much effort into increasing the participation of older workers, but more progress is needed for the EU to reach the employment rate target for older workers of 50%. Even fulfilling this target will not be enough to respond to the challenge of ageing populations. Therefore, more should be done to extend working lives and discourage early withdrawal from the labour force or contain pension cost increases. Further attention should also be given to raising employment for female and young workers.

- The EU is far from having a well-functioning and fully integrated internal market in electricity and gas. Full implementation of agreed directives would be a first step towards an efficient energy market in the EU. The working of the energy markets would be further enhanced by increasing the degree of interconnectivity, full implementation of the provisions for unbundling and third party access, increased transparency in the markets and greater co-operation between national regulators. Member States plan many measures to promote energy efficiency and the use of renewables and should continue to address incentives and financial barriers to investment in technologies and infrastructure that promote energy efficiency. The design of the Emission Trading Scheme, including a more rational allocation of permits and the participation of other relevant emitting countries, is a key issue and it needs to be improved for the post 2012 period in the review taking place in 2007.

- Much progress is being made on better regulation, especially in the area of measuring and reducing the unnecessary administrative burden. This momentum should be maintained. National strategies for regulatory reform should be developed further. Member States should follow the experiences of 'first mover countries' by undertaking concrete actions to reduce undue administrative burdens in particular to businesses. Follow-up needs to be given to intensifying efforts with respect to the thorough use of regulatory impact assessments and the simplification of existing regulation.

The Council confirms that benchmarking national performance, accompanied by qualitative assessment, can help Member States to implement reform by facilitating the exchange of best practice. The work carried out by the EPC to develop further the use of structural

indicators and their use in surveillance is useful in this respect, and Eurostat and EPC are invited to improve the database in 2007. Indicators should be developed for example in the field of integration. The structural indicators should remain part of the methodology for assessing progress with the implementation of the Lisbon strategy. The lack of reliability and transparency of the indicators, time lags in the availability of data and the diversity of countries, should be taken into account.

## European economic situation: preparatory report on the integrated policy guidelines for 2007, concerning in particular the broad economic policy guidelines

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The committee adopted the own-initiative report by Udo BULLMANN (PES, DE) on the EU's broad economic policy guidelines for 2007. The key message contained in the report was that Europe should take advantage of the present improvement in economic growth to make the changes and investment needed to enhance its potential growth rates for the longer term, so as to be able to generate more employment.

Among its recommendations, the committee called for:

- effective coordination of economic policies, including growth-intensive public spending, stimulation of private investment and public-private cooperation, notably on projects for science, research, transport, communication, energy and environmental sustainability;
- improved access to financing for small and medium sized businesses, along with favourable tax and social contribution arrangements;
- the curbing of protectionist tendencies;
- action to make the labour market more inclusive, balancing job security and flexibility, as well as better opportunities to combine professional and family life;
- enhanced and structured economic cooperation in the EU and in particular the euro area.

The report also recommended a number of measures at institutional level, including:

- publication by the Commission of a 'league table' of Member States with the best and worst reform records, in the interest of learning from both successes and failures;
- action to make the Lisbon Strategy more visible to all players in Member States' societies, with broader consultation;
- a joint process of reflection between the EU bodies via an inter-institutional working party following the 2007 spring summit, to develop the next set of integrated policy guidelines for the years to come

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The European Parliament adopted a resolution based on the own-initiative report by Udo BULLMANN (PES, DE) on the EU's broad economic policy guidelines for 2007. (For a summary of the report, please see the document dated 24/01/2007.) The resolution was adopted by 480 votes in favour to 60 against with 25 abstentions.