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DRAFT REPORT

on the European Semester for economic policy coordination: Annual Growth Survey 2015
(2014/2221(INI))

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Semester for economic policy coordination: Annual Growth Survey 2015
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The European Parliament,

– having regard to Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 amending Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies[1],

– having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States[2],

– having regard to Regulation (EU) No 1174/2011 of the European Parliament and of the Council of 16 November 2011 on enforcement measures to correct excessive macroeconomic imbalances in the euro area[3],

– having regard to Council Regulation (EU) No 1177/2011 of 8 November 2011 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure[4],

– having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances[5],

– having regard to Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area[6],

– having regard to Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area,

– having regard to Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability,

– having regard to the Commission communication of 2 June 2014 on country-specific

[1] OJ L 306, 23.11.2011, p. 12.
[2] OJ L 306, 23.11.2011, p. 41.
[3] OJ L 306, 23.11.2011, p. 8.
[4] OJ L 306, 23.11.2011, p. 33.
[5] OJ L 306, 23.11.2011, p. 25.
[6] OJ L 306, 23.11.2011, p. 1.

recommendations 2014 (COM(2014)0600),

– having regard to its resolution of 25 February 2014 on the European Semester for economic policy coordination: Employment and Social Aspects in the Annual Growth Survey 2014[1],

– having regard to the debate with representatives of national parliaments on the implementation of the 2015 priorities of the European Semester,

– having regard to its resolution of 5 February 2013 on improving access to finance for SMEs[2],

– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets and the Committee on the Environment, Public Health and Food Safety (A8-0000/2015),

A. whereas the economic recovery in the EU slowed down considerably in the course of 2014 but has a prospect of catching up in 2015 and of doing even better in 2016;

B. whereas the investment level has fallen by EUR 470 billion since the peak of the crisis, and the investment gap is EUR 230-370 billion compared to its long-term trends;

1. Notes that growth in 2014 is more broadly based; believes, however, that the recovery is still fragile and should be enhanced if it is to deliver substantially more growth and jobs in the medium term;

2. Welcomes the Commission’s Annual Growth Survey 2015, which endeavours to promote a return to higher growth levels and to strengthen the recovery; supports the three main pillars approach (boosting investment, accelerating structural reforms and pursuing responsible growth friendly fiscal consolidation) as the right way to achieve these goals; welcomes the Commission’s suggestions for improving the European Semester by simplifying procedures and increasing national ownership as needed, considering that only 10-15 % of the Country Specific Recommendations are fully implemented by the Members States;

3. Expresses concern that most Member States are still losing market shares globally and have a growing negative net international investment position; believes that the EU economy as a whole needs to boost its competitiveness further in the global economy, particularly by increasing competition in the product and services markets in order to enhance innovation-driven efficiency, while keeping labour costs in line with productivity;

Investment

4. Believes that the lack of investment is caused by low confidence, high indebtedness, slow deleveraging and subdued expectations of demand;

[1] Texts adopted, P7_TA(2014)0129.
[2] Texts adopted, P7_TA(2013)0036.

5. Welcomes the Investment Plan for Europe, which is an important instrument for increasing private and public investment; notes that the plan is meant to trigger additional investment, develop new projects, attract investors and restore confidence;

6. Calls on the Members States actively to support the Investment Plan, and to contribute to the European Fund for Strategic Investment, supplementing the amounts provided through the EU budget and by the EIB, in order to guide and encourage the private sector to invest; welcomes the principle of using public money to leverage and attract additional private capital;

7. Stresses that a lack of access to finance, particularly for SMEs, is one of the greatest obstacles to growth in the EU; believes that alternatives to bank financing are needed, especially by improving the business environment for venture capital, but also, more broadly, by improving the efficient allocation of capital through capital markets;

8. Is still concerned about the lack of progress in reducing excessive private debt levels; points out that this is not only a concern for financial stability, as it also limits the EU's growth potential and makes the ECB's monetary policy less effective; calls on the Commission to make proposals for the preparation of effective procedures for private sector deleveraging, including bankruptcy and insolvency procedures, as the huge debt burden weighing on companies and households is one of the key factors limiting private investment;

Structural reforms

9. Welcomes the ambitious structural reforms implemented by those Member States most affected by the crisis; welcomes as well the fact that those Member States that have successfully implemented adjustment programmes or financial sector programmes have been able to return to the capital markets, where they now access capital at low interest rates;

10. Calls on the Member States to make their labour markets more efficient, to modernise social protection systems, including pensions, and to improve and streamline the legal and administrative environment for business investment; stresses that structural reforms need to be complemented by well-targeted, longer-term investments in education, research and development, innovation, infrastructure, ICT and sustainable energy;

11. Stresses that the EU cannot compete on costs alone, but needs to increase productivity through sustainable investment in research and development, education and skills, and resource efficiency, at national as well as European level;

12. Points out that EU financial assistance to certain Member States, provided on terms combining solidarity with conditionality, has proved to be most successful when there was a strong ownership and commitment to reform; reminds the Commission and the Member States that they need to explore ways of bringing the financial assistance under the EU framework;

13. Calls for urgent action to be taken by the Commission to fight tax fraud and tax evasion; calls for a tax system that is simple and transparent; reiterates its call on the Member States to shift taxes from labour to consumption;

14. Believes that the Member States and the Commission have not yet delivered on their commitment to complete the single market, especially the single market for services and the digital economy;

15. Reiterates its call on the Commission to improve the governance of the single market; urges the Commission to align the aims of the Single Market with those of the European Semester; believes that analytical tools, composed of indicators measuring the implementation of the single market, can provide useful guidance for country-specific recommendations and the Annual Growth Survey;

16. Underlines the fact that the absence of a well-functioning internal labour market and of a balanced approach to immigration is hampering growth in the EU;

17. Reiterates the importance of ensuring labour mobility (both cross-border and cross-sectoral), enhanced labour productivity (connected with skills trainings to improve employability) and labour market flexibility, while preserving the necessary scope of work security;

Fiscal responsibility

18. Welcomes the strong decrease in the number of countries under the excessive deficit procedure – down to 11 in 2014 from 24 in 2011; notes that due to this fiscal improvement the fiscal stance in the EU is now expected to remain broadly neutral in the coming years; expresses its concern, however, about the still very high indebtedness of a number of Member States in the euro area, a circumstance that not only hinders growth but also constitutes a substantial risk in case of possible future shocks;

19. Agrees with the Commission that most Member States need to continue to pursue growth-friendly fiscal consolidation; invites Member States with sufficient fiscal space to consider reducing taxes and social security contributions with a view to stimulating private investment;

20. Notes the Commission assessment of the Member States' draft budgetary plans; stresses that the examination of draft budgetary plans should aim at sustainable finance; insists on the strict application of fiscal rules and on respect for the equal treatment principle;

21. Is concerned that only five Member States were found to be fully compliant with the provisions of the Stability and Growth Pact (SGP);

Strengthened coordination of national policies

22. Welcomes the Alert Mechanism Report; welcomes the gradual reduction of internal imbalances in the EU economy; draws attention to the external imbalances, including the large trade surpluses;

23. Points out that the objective of the macroeconomic imbalance procedure is not only meant to avoid strong negative effects on growth and employment inside a country, but also to prevent the effects of ill-designed national policies from spilling over into other Member States in the euro area;

24. Instructs its President to forward this resolution to the European Council, the Council, the Commission, the governments of the Member States, the national parliaments and the European Central Bank.