

Thursday 26 May 2005

49. Believes that an enhanced information and communication strategy is necessary if the objectives of promoting fundamental rights and raising awareness of fundamental rights issues (creating a culture of respect for fundamental rights) are to be attained; believes that the inclusion of a subject on the Member States' school curricula to cover both fundamental rights and the human rights recognised by the international community could help to attain these objectives;

50. Takes the view that these concrete steps should include training measures organised by the Agency for those working in the field of human rights in Europe, whether representatives of civil society or professional organisations;

51. Instructs its President to forward this resolution to the European Council, the Council and the Commission, the governments and parliaments of the Member States, national human rights bodies, the Council of Europe, the OSCE and the UN.

P6_TA(2005)0209

BEPGs

European Parliament resolution on the Commission recommendation on the broad guidelines for the economic policies of the Member States and the Community in the framework of the integrated guidelines for growth and jobs (2005-2008) (COM(2005)0141 — 2005/2017(INI))

The European Parliament,

- having regard to the Commission recommendation (COM(2005)0141),
 - having regard to Article 99(2) of the EC Treaty,
 - having regard to the Spring 2005 economic forecasts drawn up by the Commission for the euro area and the European Union (2005-2006),
 - having regard to the conclusions of the Presidency of the Lisbon European Council of 23 and 24 March 2000, the Gothenburg European Council of 15 and 16 June 2001 and the Barcelona European Council of 15 and 16 March 2002,
 - having regard to the conclusions of the Presidency of the European Councils held in Brussels on 20 and 21 March 2003, 16 and 17 October 2003, 25 and 26 March 2004, 4 and 5 November 2004 and 22 and 23 March 2005,
 - having regard to its resolution of 22 February 2005 on the European economic situation — preparatory report on the broad economic policy guidelines ⁽¹⁾,
 - having regard to Rule 107 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0150/2005),
- A. whereas growth in the euro area and the 25-member European Union is failing to achieve its potential on a sustained basis and is still too weak, particularly in the four leading economies in the euro area; whereas household consumption is still faltering and the economic outlook for 2005 and 2006 continues to be unsatisfactory, contributing to a continuing high level of unemployment which will decline only slowly; whereas, despite the lowest interest rates since the Second World War, there is little willingness to invest;
- B. whereas structural reforms of product, energy and labour markets and taxation systems and the implementation of the internal market have not been carried out in all the Member States with the requisite care, and whereas reforms at Community level are making only slow progress,

⁽¹⁾ Texts Adopted, P6_TA(2005)0034.

Thursday 26 May 2005

- C. whereas the Stability and Growth Pact has contributed to maintaining a low level of inflation and a historically low level of interest rates,
 - D. whereas worldwide competition is steadily increasing; whereas the European Union is lagging behind the growth rates in many other parts of the world and sees its market shares on third markets threatened; whereas the economic growth in the Union as an average is lagging behind the U.S. as well as some key Asian economies,
 - E. whereas the Lisbon Strategy requires the mobilisation of all existing instruments, in particular the broad economic policy guidelines (BEPGs), the Seventh EU Framework Programme for Research (2007-2013) and the Competitiveness and Innovation Framework Programme (2007-2013), and the redirecting of expenditure towards growth-enhancing and job-creating categories in the framework of the financial perspective 2007-2013,
 - F. whereas the Lisbon process is part of the EU's strategy for sustainable development and whereas the environmental dimension must be an integral part of the European strategy to boost employment,
 - G. whereas the Union is now an entity comprising 455 million men and women in 25 very disparate countries; whereas there are considerable economic and social disparities between and, in many cases, within the Member States; whereas the growth in a number of Member States is considerably higher than in others; whereas excessively general guidelines could fail to take account of the diversity of problems arising,
 - H. whereas economic growth is not an objective in itself but part of an integrated approach focusing on the welfare and quality of life of citizens; whereas the pursuit of sustainable growth must be based on social, employment, environmental and budgetary policies which show a sense of responsibility towards future generations and respect for the different preconditions of the Member States;
 - I. whereas unemployment is the greatest social injustice; whereas social cohesion can only be strengthened by growth in all parts of the Union, facilitating a high level of social protection and a high level of employment, in accordance with the objectives set out in the Treaty,
 - J. whereas growth can only be achieved through higher competitiveness and more investment; whereas the Union lags far behind its main competitors in the field of research and development, innovation and investing in the start-up of new enterprises;
1. Welcomes the presentation of integrated BEPGs and employment guidelines which concentrate on growth and employment while remaining committed to a balance between the three pillars of the Lisbon Strategy in line with the presidency conclusions of the Brussels European Council of 22 and 23 March 2005, that integrated presentation being a sign of the complementary nature of economic and social policy and of commitment to further progress towards making the macro-economic framework established for the Union simpler and easier to understand; supports the determination of the Council and the Commission to concentrate to a greater extent on growth and employment by increasing competitiveness, extending the internal market to the services sector, improving the efficiency of public services and consequently boosting domestic demand;
 2. Deplores the fact that the Commission's recommendations pay little attention to the environmental dimension in kick-starting growth and employment; recalls that environmental requirements will help to establish a forward-looking, dynamic and efficient economy which offers citizens a high quality of life;
 3. Stresses the importance of creating employment in the personal services and community services sector in a society of high female employment with an ageing and urbanised population; points to the importance of diversification and increased competition in a sector where it is important for citizens to enjoy the highest possible level of service and a range of choices, as such objectives also create opportunities for entrepreneurship for both women and men;

Thursday 26 May 2005

4. Regrets the excessively general nature of the integrated guidelines, which do not take sufficient account of the differences between Member States; encourages the Commission in its plan to submit a communication identifying the key challenges for each of the Member States, especially in the field of structural reforms and investment as well as for more rapid exchange of advanced knowledge in setting economic policy;
5. Recalls that a healthy macro-economic environment implies adequate interaction between coordinated budgetary policies, an independent monetary policy that maintains the objective of price stability and further pursues the one of achieving the Union's general goals as enshrined in the Treaty, in an effort to reach better living standards and the objectives of sustainable development; calls on the Member States to implement structural reforms that help stimulate investment and therefore make full use of the low interest rates guaranteed by the ECB and to use the room for manoeuvre in the reformed Stability and Growth Pact to foster a more qualitative European economic growth, all of which underlines the opportunities and the need for increased trade in all sectors and the necessity to complete the Single Market;
6. Highlights the attraction exerted by the European model and the major role of the Union and of the Member States in world trade; underlines the need for a labour market which is open to all citizens and flexible enough to help people opt into the market and which does not force older people willing to work out of their jobs;
7. Stresses the necessity to restructure economic policy, focusing it on factors related to productivity growth, e.g. the modernisation of the economy, knowledge and social welfare and institutional arrangements, to meet the challenges of the recent enlargement and the requirements of a modern economy and resist the deflationary pressure of the third world;
8. Notes that increased labour productivity, efforts to strengthen competitiveness, investment and growth are prerequisites for higher wages and an equitable distribution of the fruits of growth, employment and social cohesion; stresses that such a development should be followed by an obligation for enterprises to meet their social responsibilities;
9. Is of the view that increased and sustainable growth in Europe requires simultaneous, coordinated action by all Member States, including the completion of the internal market, a higher level of investment and innovative labour market reforms;
10. Regrets the conditions, in particular in terms of the timetable, under which Parliament is required to express an opinion on the integrated guidelines; calls for the conditions relating to interinstitutional cooperation on the integrated guidelines to be clarified before the European Council in June 2005 in order to prevent this situation being repeated, while taking into account the consequences of the revision of the Lisbon Strategy;
11. Calls on the Council to take account of the following modifications:

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

Modification 1

Section A, Chapter A.1, paragraph 4

Guideline. To secure economic stability, Member States should maintain their medium-term budgetary objectives over the economic cycle and, as long as this objective has not yet been achieved, take all the necessary corrective measures in line with the Stability and Growth Pact. Subject to this, Member States should avoid pro-cyclical fiscal policies. Member States posting current account deficits that risk being unsustainable should work towards correcting them by implementing structural reforms to boost external competitiveness and also contribute to their correction via fiscal policies (Integrated guideline No 1).

*Guideline. To secure economic stability **in order to facilitate economic growth, and to transform a competitive advantage of diversity of cultural heritage and intellectual capital into innovation-driven growth in productivity.** Member States should maintain their medium-term budgetary objectives over the economic cycle and, as long as this objective has not yet been achieved, take all the necessary corrective measures in line with the Stability and Growth Pact. Subject to this, Member States should avoid pro-cyclical fiscal policies. Member States posting current account deficits that risk being*

Thursday 26 May 2005

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

unsustainable should work towards correcting them by implementing structural reforms to boost external competitiveness and also contribute to their correction via fiscal policies, **particularly by using the fruits of growth; moreover, Member States should redirect public spending towards budget categories that support the objectives of the Lisbon strategy, particularly investment aimed at developing human resources, knowledge, innovation and infrastructure, in order to assist economic development** (Integrated guideline No 1).

Modification 2

Section A, Chapter A.1, paragraph 7

Guideline. To safeguard economic sustainability Member States should, in view of the projected costs of ageing populations, undertake a satisfactory pace of government debt reduction to strengthen public finances, reform pension and health care systems to ensure that they are financially viable while being socially **adequate** and accessible, and take measures to raise employment rates and labour supply (Integrated guideline No 2). See also integrated guideline 'Promote a lifecycle approach to work' (No 17).

Guideline. To safeguard economic sustainability **as a basis for increased employment**, Member States should, in view of the projected costs of ageing populations **and taking account of the economic cycle**, undertake a satisfactory pace of government debt reduction to strengthen public finances, **reform tax systems, inter alia by reducing the burden on low wage earners, further reform** pension and health care systems to ensure that they are financially viable while being socially **satisfactory** and accessible, and take measures to raise **citizen's responsibility for pension systems**, employment rates and **high-quality** labour supply (Integrated guideline No 2). See also integrated guideline 'Promote a lifecycle approach to work' (No 17).

Modification 3

Section A, Chapter A.1, paragraph 9

Guideline. To promote an efficient allocation of resources Member States should, without prejudice to guidelines on economic stability and sustainability, direct the composition of public expenditure towards growth-enhancing categories, adapt tax structures to strengthen growth **potential** and ensure that mechanisms are in place to assess the relationship between public spending and the achievement of policy objectives and ensure the overall coherence of reform packages (Integrated guideline No 3).

Guideline. To promote an efficient allocation of resources Member States should, without prejudice to guidelines on economic stability and sustainability, direct the composition of public expenditure towards growth-enhancing **and job-creating** categories **and** adapt tax structures to strengthen **potential** growth and **stimulate private investment, particularly by creating a fiscal framework that is favourable to SMEs and offers incentives to create jobs; Member States should cooperate to combat tax evasion; Member States should also** ensure that mechanisms are in place to assess the relationship between public spending and the achievement of policy objectives and ensure the overall coherence of reform packages (Integrated guideline No 3).

Modification 4

Section A, Chapter A.1, paragraph 11

Guideline. To promote greater coherence between macroeconomic and structural policies Member States should pursue reforms that support the macroeconomic framework by increasing **flexibility**, mobility and adjustment capacity in response to globalisation, technological advances and cyclical changes

Guideline. To promote greater coherence between macroeconomic and structural policies Member States should pursue reforms that support the macroeconomic framework by **maintaining strict fiscal procedures, stimulating investment and enterprise and fostering consumer confidence, and by further**

Thursday 26 May 2005

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

(Integrated guideline No 4). See also integrated guideline 'Promote flexibility combined with employment security and reduce labour market segmentation' (No 20).

increasing **adaptability**, mobility, **creativity** and adjustment capacity in response to **the challenges of** globalisation, technological advances and cyclical changes; **Special attention must be given to the flexibility and security of the labour market.** (Integrated guideline No 4). See also integrated guideline 'Promote flexibility combined with employment security and reduce labour market segmentation' (No 20).

Modification 5

Section A, Chapter A.1, paragraph 14

Guideline. To ensure that wage developments contribute to macroeconomic stability **and** growth and to increase adaptability Member States should promote nominal wage increases and labour costs consistent with **price stability and** the trend in productivity over the medium term, taking into account differences across skills and local labour market conditions (Integrated guideline No 5). See also integrated guideline 'Ensure employment-friendly wage and other labour cost developments' (No 21).

Guideline. To ensure that wage developments contribute to macroeconomic stability, growth **and employment**, and to increase adaptability Member States **and the social partners** should promote nominal wage increases and labour costs consistent with the trend in productivity over the medium term, taking into account differences across skills and local labour market conditions; **The fulfilment of the Single Market, labour market reforms and a strengthening of the social partners' responsibility for low unemployment by decentralised wage negotiations are crucial to increase wages and reduce differences in income, while remaining consistent with the evolution of productivity and competitiveness.** (Integrated guideline No 5). See also integrated guideline 'Ensure employment-friendly wage and other labour cost developments' (No 21).

Modification 6

Section A, Chapter A.2, paragraph 6

Guideline. To contribute to a dynamic and well-functioning EMU, euro area Member States need to pay particular attention to fiscal discipline, and in this connection those that have not yet reached their medium-term budgetary objective should pursue an annual improvement in their cyclically-adjusted budget deficit net of one-offs and other temporary measures of 0,5% of GDP as a benchmark, while ensuring a higher adjustment effort in good times; press forward with structural reforms that will improve euro area competitiveness and economic adjustment to asymmetric shocks; **and** ensure that the **euro area's influence** in the global economic system is commensurate with its economic weight (Integrated guideline No 6).

Guideline. To contribute to a dynamic and well-functioning EMU, euro area Member States need to pay particular attention to fiscal discipline, **so as to ensure better coordination of their economic and budgetary policies, initially by harmonising their budgetary timetables;** and in this connection those **Member States** that have not yet reached their medium-term budgetary objective should pursue an annual improvement in their cyclically-adjusted budget deficit net of one-offs and other temporary measures of 0,5% of GDP as a benchmark, while ensuring a higher adjustment effort in good times; **bearing in mind that, in future, structural reforms will be taken into account when defining the adjustment path to the medium term objective, and temporary deviations from this objective will be allowed for countries that have already reached it;** press forward with structural reforms that will improve euro area competitiveness **inter alia by investing in innovation, industrial policy, education and vocational training** and economic adjustment to asymmetric shocks; **Member States should complete the reform of the Stability and Growth Pact and ensure that it is strictly applied in order to re-establish confidence. Moreover, Member States should ensure the external representation of the euro area in accordance with the commitments made at the Vienna European Council of 11 and 12 December 1998, so that the increasingly important role of the euro** in the global economic system is commensurate with its economic weight. **In the new Member States, nominal convergence must be accompanied by real convergence.** (Integrated guideline No 6).

Thursday 26 May 2005

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

Modification 7

Section B, Chapter B.1, paragraph 4

Guideline. To extend and deepen the Internal Market, Member States should speed up the transposition of Internal Market directives, give priority to stricter and better enforcement of Internal Market legislation, accelerate the process of financial market integration, eliminate tax obstacles to cross-border activities and apply EU public procurement rules effectively (Integrated guideline No 7).

Guideline. To extend and deepen the Internal Market, Member States should speed up the transposition of Internal Market directives, give priority to stricter and better enforcement of Internal Market legislation, accelerate the process of financial market integration, eliminate **bureaucratic and** tax obstacles to cross-border activities **by pressing forward with negotiations on harmonising the tax basis** and apply EU public procurement rules effectively (Integrated guideline No 7).

Modification 8

Section B, Chapter B.1, paragraph 9

Guideline. To ensure open and competitive markets, Member States should give priority to the removal of regulatory and other barriers that hinder competition in key sectors; a more effective enforcement of competition policy; selective market screening by competition and regulatory authorities in order to identify and remove obstacles to competition and market entry; **a reduction in** State aid that distorts competition; and a redeployment of aid in favour of support for certain horizontal objectives such as research and innovation and the optimisation of human capital. Member States should also fully implement the agreed measures to open up the network industries to competition in order to ensure effective competition in European wide integrated markets, allowing at the same time to guarantee the **satisfactory** delivery of high quality services of general economic interest (Integrated guideline No 8).

Guideline. To ensure open and competitive markets, Member States should give priority to the removal of regulatory and other barriers that hinder competition in key sectors; a more effective enforcement of competition policy; selective market screening by competition and regulatory authorities in order to identify and remove obstacles to competition and market entry, **which are contrary to consumers' interests; the abolition of** State aid that distorts competition **inside the internal market;** and a redeployment of aid in favour of support for certain horizontal objectives such as research and innovation and the optimisation of human capital. Member States should also fully implement the agreed measures to open up the network industries to competition in order to ensure effective competition in European wide integrated markets, allowing at the same time to guarantee the delivery of high quality services of general economic interest (Integrated guideline No 8).

Modification 9

Section B, Chapter B.1, paragraph 14

Guideline. To create a more attractive business environment, Member States should improve the quality of their regulations through a systematic and rigorous assessment of their economic, social and environmental impacts, while taking into consideration the administrative costs associated with regulation. Moreover, Member States should consult widely on the costs and benefits of their regulatory initiatives, in particular where these imply trade-offs between different policy objectives (Integrated guideline No 9).

Guideline. To create a more attractive business environment **and to encourage private initiatives,** Member States should improve the quality of their regulations through a systematic and rigorous assessment of their economic, social and environmental impacts, while taking into consideration the administrative costs associated with regulation. Moreover, Member States should consult widely on the costs and benefits in terms of growth and employment of their regulatory **and legislative** initiatives, in particular where these imply trade-offs between different policy objectives (Integrated guideline No 9).

Modification 10

Section B, Chapter B.1, paragraph 16

Guideline. To promote a more entrepreneurial culture and create a supportive environment for SMEs, Member States should improve access to finance, adapt tax systems, strengthen the innovative potential of SMEs, and provide relevant information

Guideline. To promote a more entrepreneurial culture and create a supportive environment for SMEs, Member States should improve access to finance, **in particular to venture capital and microcredit, reform and** adapt tax systems, **stimulating invest-**

Thursday 26 May 2005

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

and support services in order to encourage the creation and growth of start-ups in line with the SMEs Charter. In addition, Member States should reinforce **entrepreneurship** education and training (cross reference to the relevant employment guideline). Member States should also facilitate the transfer of ownership, revise their bankruptcy laws, and improve their rescue and restructuring proceedings (Integrated guideline No 10).

ment initially by harmonising the tax basis, strengthen the innovative potential of SMEs, and provide relevant information and support services in order to encourage the creation and growth of start-ups in line with the SMEs Charter. In addition, Member States should reinforce education and training **in entrepreneurship** (cross reference to the relevant employment guideline) **and in assuming risks and take measures to tackle the stigmatisation of young entrepreneurs who not been wholly successful and help them to start again**. Member States should also facilitate the transfer of ownership, revise their bankruptcy laws, and improve their rescue and restructuring proceedings, **while improving the rules on corporate governance and managerial responsibility** (Integrated guideline No 10).

Modification 11

Section B, Chapter B.2, paragraph 4

Guideline. To increase and improve investment in R&D, Member States should further develop the mix of measures to foster business R&D through: improved framework conditions and ensuring that companies operate in a sufficiently competitive environment; increased and more effective public expenditure on R&D; strengthening centres of excellence; making better use of support mechanisms, such as fiscal measures to leverage private R&D; ensuring a sufficient supply of qualified researchers by attracting more students into scientific, technical and engineering disciplines and enhancing the career development and the transnational and intersectoral mobility of researchers (Integrated guideline No 12). See also integrated guideline 'Expand and improve investment in human capital' (No 22).

Guideline. To increase and improve investment in R&D, Member States should further develop the mix of measures to foster business R&D through: improved framework conditions and ensuring that companies operate in a sufficiently competitive environment; increased and more effective public expenditure on R&D; **developing public-private partnerships**; strengthening centres of excellence; making better use of support mechanisms, such as fiscal measures to leverage private R&D; ensuring a sufficient supply of qualified researchers by attracting more students into scientific, technical and engineering disciplines and enhancing the career development and the transnational and intersectoral mobility of researchers, **especially those European researchers who have left Europe; strengthening the link between science, research and innovation; ensuring secure public funding that strengthens centres of excellence; and increasing competition and emulation in the field of research**. Member States should make greater efforts to promote the sciences of the future, such as the information society, preventive healthcare and biotechnology, in particular by promoting more objective information on the advantages and risks involved in the more controversial areas of research, such as **GMO and embryo stem cell research**. (Integrated guideline No 12). See also integrated guideline 'Expand and improve investment in human capital' (No 22).

Modification 12

Section B, Chapter B.2, paragraph 7

Guideline. To facilitate innovation and the uptake of ICT, Member States should focus on improvements in innovation support services, in particular for technology transfer, the creation of innovation poles and networks bringing together

Guideline. To facilitate innovation and the uptake of ICT, Member States should focus on improvements in innovation support services, in particular for technology transfer, the creation of innovation poles and networks bringing together

Thursday 26 May 2005

COMMISSION RECOMMENDATION

MODIFICATIONS BY PARLIAMENT

universities and enterprises, the encouragement of knowledge transfer through FDI, better access to finance and affordable and clearly defined intellectual property rights. They should facilitate the uptake of ICT and related changes in the organisation of work in the economy (Integrated guideline No 13).

universities and enterprises **by facilitating the creation of incubators**, the encouragement of knowledge transfer through FDI, better access to finance and affordable and clearly defined intellectual property rights. They should facilitate the uptake of ICT and related changes in the organisation of work in the economy (Integrated guideline No 13).

Modification 13

Section B, Chapter B.2, paragraph 9

Guideline. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth, Member States should give priority to the internalisation of external environmental costs; to increasing energy efficiency and to the development and application of environment-friendly technologies. The implementation of these priorities should be in line with existing European Commitments and with the actions and instruments proposed in the Environmental Technologies Action Plan (ETAP), through the use of market-based instruments, risk funds and R&D funding, greening of public procurement and the removal of environmentally harmful subsidies alongside other policy instruments (Integrated guideline No 14).

Guideline. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth, Member States should give priority to the internalisation of external environmental costs **particularly in the fields of energy, transport and agriculture** to increasing energy efficiency and to the development and application of environment-friendly technologies. Member States should, moreover, use environmental policies more pro-actively to enhance growth and employment **by** developing eco-technology and eco-innovation, **especially investments needed to meet the Kyoto Protocol targets, including the efficient use of traditional forms of energy, especially those which do not pose a risk to the objectives of the Kyoto Protocol**; The implementation of these priorities should be in line with existing European Commitments and with the actions and instruments proposed in the Environmental Technologies Action Plan (ETAP), through the use of market-based instruments, risk funds and R&D funding, greening of public procurement and the removal of environmentally harmful subsidies alongside other policy instruments (Integrated guideline No 14).

Modification 14

Section B, Chapter B.2, paragraph 11

Guideline. To contribute to a strong European industrial base, Member States should focus on the development of new technologies and markets. This implies in particular commitment to the setting up and implementation of joint European technology initiatives and public-private partnerships that help tackle genuine market failures, as well as the creation and development of regional or local clusters (Integrated guideline No 15).

Guideline. To contribute to a strong European industrial base, Member States should focus on the development of new technologies and markets, **including outside Europe, to ensure that globalisation is not a threat but a new opportunity for the world's leading exporter. They should draw up a communication strategy to tackle the sense of insecurity felt by citizens in the face of globalisation, the opening up of markets and competition.** This implies in particular commitment to the setting up and implementation of joint European technology initiatives and public-private partnerships that help tackle genuine market failures, as well as the creation and development of regional or local clusters (Integrated guideline No 15).

12. Instructs its President to forward this resolution to the Council and Commission, and the governments and parliaments of the Member States.