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(Resolutions, recommendations and opinions)

RESOLUTIONS

COMMITTEE OF THE REGIONS

116TH. PLENARY SESSION, 10 AND 11 FEBRUARY 2016

Resolution on the European Commission's Annual Growth Survey 2016

(2016/C 120/01)

THE COMMITTEE OF THE REGIONS,

- having regard to the European Commission's Communication on the Annual Growth Survey 2016 and to the start of the 2016 European Semester ⁽¹⁾;
- having regard to the European Parliament's (draft) report on the European Semester for economic policy coordination: Annual Growth Survey 2016 (2015/2285(INI))

Re-launching investments

1. stresses that growth and employment in the EU are weakened by the post-crisis investment gap, which harms competitiveness and threatens economic, social and territorial cohesion; is concerned that an extended period of low investment is curbing long-term potential for employment growth and is lowering the quality of these new jobs;
2. notes that budget cuts hit public investments in infrastructure, as confirmed by a recent joint CoR-OECD survey ⁽²⁾, as well as in education, vocational training, healthcare, social services, childcare and housing services, at a time when private investment is discouraged by low expectations on the pace of economic activity;
3. stresses the need to remove obstacles to private and public investments by completing the internal market, in particular in the services sector, implementing structural reforms that aim to create good-quality jobs and to fight inequality, improving the regulatory and business environment, combating fraud and the shadow economy, encouraging entrepreneurship. In this regard, underlines the importance of the effective and efficient use of EU Funds in partnership with the private sector so that public and private funds are able to collectively deliver positive impact on the ground. Considering the European Commission's intention to engage in a dialogue with the Member States on the identification of such obstacles, stresses the need to specifically analyse them at all government levels and to involve the CoR in this process;

⁽¹⁾ COM(2015) 700 final.

⁽²⁾ OECD-COR Consultation of sub-national governments on 'Infrastructure planning and investment across levels of government: current challenges and possible solutions' (November 2015).

4. encourages EU Member States to involve their local and regional authorities in making the most of the Structural Funds, which account for approximately 14 % of total public investment on average but with a share beyond 50 % in nine Member States, as well as the Investment Plan for Europe (European Fund for Strategic Investments), which must be implemented flexibly and in a way that complements the Structural Funds, so that the full public and private investment potential can be harnessed;

5. supports a process of upward economic and social convergence, yet underlines that social, economic and territorial disparities will only be overcome through a territorial vision that would enable us to achieve a more bottom-up approach by combining a place-based policy approach with a territorial dimension of the revised Europe 2020 strategy and a result-oriented EU cohesion policy;

Pursuing structural reforms

6. notes that the proposed Structural Reforms Support Programme (SRSP) should, after having been subject to an ordinary legislative procedure, be available to national, regional and local authorities according to the current division of powers in Member States; stresses that the implementation of the SRSP should not reduce the financial endowment of the ESIF;

7. stresses that building up efficient administrative capacity at all levels of government, including local and regional authorities, is of paramount importance to deliver on re-launching long-term investments, structural reforms and responsible and effective spending;

Implementing responsible fiscal policies

8. stresses the importance of each Member State having sound economic policies and stable public finances, as a prerequisite for necessary short and long-term public investments;

9. considers that the AGS 2016 provides strong arguments for the Commission to look at proposing a fiscal capacity for the European Union as a whole to implement anti-cyclical policies and accelerate the recovery. Such a fiscal capacity would have to respect the subsidiarity principle and make sure that enough flexibility is provided for implementing policies that are appropriate to local needs by involving local and regional authorities in the design of policies;

10. reiterates its call for a golden rule for public accounting to keep long-term investments separate from current expenditure; to this effect reiterates its calls on the European Commission to present a White Paper building on the OECD principles for effective public investments across levels of government and setting out an EU-level typology for quality of public investment in the accounts of public expenditure according to its long-term effect; calls for a decrease in current expenditure in order to reduce the tax burden and so spur on private investment;

11. recalls its proposal for an indicator relating to the investment rate to be included in the assessment of macroeconomic imbalances;

12. stresses the need for flexibility in the implementation of the Stability and Growth Pact and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union so that the investment capacity by local and regional authorities is encouraged and not restricted. Following on its Communication of January 2015, the Committee expects the Commission to put forward further concrete proposals to take this aspect into account in the implementation or possible review of these agreements;

Review of the Europe 2020 strategy and new approach to sustainable development beyond 2020

13. welcomes the acknowledgment of the Europe 2020 strategy as a long-term multi-level policy framework; stresses the importance of giving the strategy a territorial dimension; announces that the CoR will consult local and regional authorities to help identifying indicators and targets of the revised Europe 2020 strategy as well as on the longer term strategy beyond 2020 announced by the European Commission in 2016. A new flagship initiative on demographic challenges is proposed for inclusion, a cross-cutting instrument to enable all regions that have to cope with different demographic challenges to experience smart, sustainable and inclusive growth;

The European Semester

14. stresses that National Reform Programmes and Country-specific Recommendations should include a territorial dimension to maximise growth and reduce territorial disparities;
15. reiterates its invitation to the Commission and the Parliament to adopt a Code of Conduct to ensure the structured involvement of the local and regional authorities in the European Semester; reiterates its commitment to make a concrete proposal on this issue in 2016; commits to engage in a regular dialogue with the European Commission, in particular in the European part of the Semester process;
16. welcomes the intention to better integrate the Euro area and national dimensions of the EU economic governance by presenting the 2016 Annual Growth Survey together with the Euro area recommendations at the beginning of the 2016 European semester cycle;
17. supports the European Parliament's call for inclusion of the Single Market (SM) pillar in the European Semester, with a system for regular monitoring and evaluation of SM integration comprising a set of quantitative and qualitative indicators, benchmarking, peer review and exchange of best practices;
18. welcomes the fact that the Commission's Annual Growth Survey (AGS) adds three social indicators (activity rate, youth unemployment and long-term unemployment) in the 2016 Alert Mechanism Report reflecting thereby the objectives set in Article 9 of the Treaty on the Functioning of the European Union;
19. instructs the President to forward this resolution to the Commission, the European Parliament, the Council and the President of the European Council.

Brussels, 10 February 2016.

*The President
of the European Committee of the Regions*
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