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European Semester for Economic Policy Coordination: Annual Growth Survey 2017

European Parliament resolution of 15 February 2017 on the European Semester for economic policy coordination: Annual Growth Survey 2017 (2016/2306(INI))

(2018/C 252/14)

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU), and in particular Articles 121(2), 126, 136, and to Protocol No 12 on the excessive deficit procedure,
- having regard to Protocol No 1 on the role of National Parliaments in the European Union,
- having regard to Protocol No 2 on the application of the principles of subsidiarity and proportionality,
- having regard to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union,
- 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⁾,

⁽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.

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- 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 ⁽¹⁾,
- 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 ⁽²⁾,
- having regard to the Council conclusions on the Annual Growth Survey 2016 of 15 January 2016,
- having regard to the Council conclusions on the Fiscal Sustainability Report 2015 of 8 March 2016,
- having regard to the European Council conclusions of 17-18 March 2016,
- having regard to the Euro group Statement of 9 September 2016 on common principles for improving expenditure allocation,
- having regard to the ECB Annual Report 2015,
- having regard to the European Commission's Autumn 2016 European Economic Forecast of 9 November 2016,
- having regard to the Commission communication of 13 January 2015 entitled 'Making the best use of the flexibility within the existing rules of the Stability and Growth Pact' (COM(2015)0012),
- having regard to the Communication of the Commission of 16 November 2016 on the 'Annual Growth Survey 2017' (COM(2016)0725),
- having regard to the Communication of the Commission of 16 November 2016 on the recommendation for a Council Recommendation on the economic policy of the euro area (COM(2016)0726),
- having regard to the Communication of the Commission of 16 November 2016 'Towards a positive fiscal stance for the Euro Area' (COM(2016)0727),
- having regard to the report from the Commission of 16 November 2016 on the 'Alert Mechanism Report 2017' (COM(2016)0728),
- having regard to the debate with national Parliaments in the context of the 2017 edition of the European Parliamentary Week,
- having regard to the Report on completing Europe's economic and monetary union ('Five Presidents' Report'),
- having regard to the Commission communication of 21 October 2015 on steps towards Completing Economic and Monetary Union (COM(2015)0600),
- having regard to its resolution of 24 June 2015 on the review of the economic governance framework: stocktaking and challenges ⁽³⁾,
- having regard to the Eurofound's European Restructuring Monitor annual report 2015,

⁽¹⁾ OJ L 140, 27.5.2013, p. 11.

⁽²⁾ OJ L 140, 27.5.2013, p. 1.

⁽³⁾ OJ C 407, 4.11.2016, p. 86.

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- having regard to the G20 Leader's Communiqué delivered at the Hangzhou Summit of 4-5 September 2016,
 - having regard to the Statement of the President of the ECB at the 34th meeting of the International Monetary and Financial Committee on 7 October 2016,
 - having regard to the COP21 agreement adopted at the Paris Climate Conference on 12 December 2015,
 - having regard to the resolution of the Committee of the Regions on the 2016 European Semester and in view of the 2017 Annual Growth Survey (12 October 2016),
 - having regard to the Annual Report on European SME's 2015/2016,
 - having regard to the report from the Commission to the European Parliament and the Council dated 26 August 2016 on the implementation of Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (COM(2016)0534),
 - 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, the Committee on the Environment, Public Health and Food Safety and the Committee on Regional Development (A8-0039/2017),
- A. whereas the European Union's economy is slowly recovering and growing at a moderate pace, albeit unevenly across Member States;
- B. whereas real GDP growth in 2016 is projected by the Commission at 1,8 % for the EU and at 1,7 % for the euro area, and in 2017 at 1,6 % and 1,7 %, respectively, and the government debt is set to stand at 86,0 % in the EU and 91,6 % in the euro area in 2016; whereas the euro area deficit is set to stand at 1,7 % GDP in 2016, 1,5 % in 2017 and 2018;
- C. whereas consumer spending is the current key driver of growth and is expected to remain as such in 2017; whereas, however, Europe still faces an important 'investment gap' where investment remains well below pre-crisis levels;
- D. whereas the employment rate in the EU is growing, although unevenly and at an insufficient pace, reducing unemployment in the euro area to 10,1 % in 2016, but not enough to significantly curb youth and long-term unemployment;
- E. whereas this recovery in the labour markets, and growth, is different between the Member States and remains fragile, and whereas there is a need to promote upward convergence in the EU;
- F. whereas growth has to an important degree relied upon unconventional monetary policies, which cannot last forever; whereas this supports the call for a three-pronged policy approach of growth-friendly investment, sustainable structural reforms and responsible public finances through a consistent implementation of the Stability and Growth (SGP) pact across Member States, with full respect of its existing flexibility clauses;
- G. whereas some Member States still carry a very high private and public debt, exceeding 60 % of GDP threshold as set within the SGP;
- H. whereas the Commission's assessments of the draft budgetary plans (DBPs) for 2017 of euro area Member States finds that no DBP for 2017 has been found in particularly serious non-compliance with the requirements of the SGP, but that, in several cases however, the planned fiscal adjustments fall short, or risk doing so, of what is required by the SGP;
- I. whereas the Commission's assessments on the euro area Member State's Draft Budgetary Plan for 2017 finds that only nine Member States are compliant with the requirements under the SGP;

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- J. whereas the long-term sustainability of public finances of EU Member States is a matter of concern for intergenerational fairness;
- K. whereas the size of government debt can be affected both by contingent and implicit liabilities;
- L. whereas some Member States record very high current account surpluses and European macroimbalances are still large;
- M. whereas the EU requires important additional private and public investment efforts, in particular in education, research, ICT and innovation, as well as new jobs, business and companies, in order to materialise its growth potential and to close the current 'investment gap' where investment remains below pre-crisis level; whereas this requires, in particular, an improved regulatory environment;
- N. whereas the high level of non-performing loans remains a serious challenge in a number of Member States; whereas credit growth is recovering gradually but it is still below pre-crisis levels;
- O. whereas in order to improve the EU's insufficient level of global competitiveness and increase its economic growth, a better implementation of the new policy mix, intelligent structural reforms in the Member States, and the completion of the single market are necessary;
- P. whereas economies with more punitive bankruptcy regimes forego the potential growth in value added and employment which calls for the full implementation of the Small Business Act second chance principle by all Member States;
- Q. whereas European competitiveness also depends heavily on non-prices elements related to innovation, technology and organisational capabilities, rather than solely on prices, costs and wages;
- R. whereas the late payments directive 2011/7/EU was designed to help companies that are facing high costs or even bankruptcies due to late payments by private and public companies; whereas the external ex-post evaluation revealed that public entities in more than half of all Member States are not yet respecting the 30-day payment limit imposed by law; whereas the report has identified that Member States under adjustment programmes have difficulties applying the directive where prompt payment of current invoices has to be balanced against accumulated debt repayment;
1. Welcomes the Commission's Annual Growth Survey 2017 reaffirming the strategy of a virtuous triangle of private and public investment, socially balanced structural reforms and responsible public finances, and calls for a better implementation of this policy mix; agrees that faster progress on the adoption of reforms, in line with the country-specific recommendations, is needed to deliver on growth and jobs, in order to support the economic recovery; deplors, therefore, the very low implementation rate of country-specific recommendations, which declined from 11 % in 2012 to only 4 % in 2015; stresses that Member States will need to step up their efforts to reform if they want to return to growth and create jobs; supports the Commission in its priority of boosting jobs, growth and investment for the Union;
 2. Observes the current excessive reliance on the monetary policy of the European Central Bank and notes that monetary policy alone is insufficient to stimulate growth when investments and sustainable structural reforms are lacking;
 3. Agrees with the Commission that the euro area would need to rely increasingly on domestic demand; considers that stronger domestic demand would be better for the euro area's sustainable growth;
 4. Notes that growth in 2016 is continuing at a positive moderate pace, surpassing the pre-crisis level, but that the modest growth must be seen in the perspective of an extraordinary monetary policy and that it remains weak and uneven between Member States; notes with concern that GDP and productivity growth rates remain below full potential, and that there is therefore no time for complacency, and that this moderate recovery requires relentless efforts if it is to achieve greater resilience through higher growth and employment;

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5. Notes that the referendum in the United Kingdom has created uncertainties for the European economy and the financial markets; notes that the outcome of the recent presidential election in the United States of America has created political uncertainty that is expected to affect the European economy, not the least regarding international trade relations;
6. Notes with concerns the backlash against globalization and the rise of protectionism;
7. Finds that while unemployment is, on average, gradually decreasing, and that activity rates are growing, structural challenges persist in many Member States; notes that the rates of long-term and youth unemployment remain high; underlines that inclusive labour market reforms, with full respect for the social dialogue, are necessary in the Member States concerned if these structural deficiencies are to be addressed;
8. Stresses that the investment rate in the EU, and in the euro area, is still far below pre-crisis levels; believes that this 'investment gap' needs to be filled in by private and public investments, and underlines that only targeted investment can bring about visible results in a short timeframe and at an appropriate scale; agrees with the Commission that the low funding cost environment supports frontloading investments, in particular in infrastructure;

Investment

9. Agrees with the Commission that access to finance and the strengthening of the single market are crucial for businesses to innovate and grow; stresses that new capital and liquidity requirements, albeit necessary to enhance the resilience of the banking sector, should not undermine banks' ability to lend to the real economy; believes more efforts should be done to boost SME access to finance; calls on the Commission, therefore, to step up its efforts to improve the financing environment;
10. Stresses that private and public investments in human capital and infrastructure are of the utmost importance; considers that there is a strong need to facilitate investment in areas such as education, innovation and research and development, which are crucial factors for a more competitive European economy;
11. Welcomes the Commission's proposal to extend the duration, and double the amount, of the European Fund for Strategic Investments (EFSI); stresses that geographical and sectorial coverage must be improved significantly if the objectives set out in the regulation are to be achieved; stresses that EFSI should also attract finance for projects with a cross-border dimension, balanced across the Union; stresses the importance of better coordination between the Member States, the Commission and the European Investment Advisory Hub;
12. Calls on the Member States and the Commission to speed up and maximise the use of European Structural and Investment Funds (ESIF) in order to take advantage of all internal growth drivers and to promote upward convergence;
13. Notes that a credible financial system and its institutions are crucial for attracting investment and growth in the European economy; stresses that safety and stability in the current financial system has increased compared to pre-crisis level; notes, this notwithstanding, that some pressing challenges remain unaddressed, such as the stock of nonperforming loans (NPLs) accumulated during the financial crisis;
14. Stresses that a fully functioning Capital Markets Union (CMU) can, in a longer perspective, provide alternative financing to SMEs, complementing that of the banking sector, and bring about more diversified sources of financing for the economy in general; calls on the Commission to accelerate its work on the CMU with a view to creating a more efficient allocation of capital throughout the EU, improving the depth of EU capital markets, increasing diversification for investors, stimulating long-term investment and making full use of the EU's innovative financial instruments designed to support access to capital markets for SMEs; stresses that the completion of the CMU should not undermine the achievements obtained so far, but should strive to be of ultimate benefit to the European citizens;
15. Stresses that increased financing of investments is needed; calls for a well-functioning financial system where increased stability and existing cross-border institutions can facilitate liquidity and market making, especially for SMEs; notes as well, in this regard, that high-growth companies have issues with access to finance; calls for the Commission to identify and implement projects that support and attract market-based investment for such companies; underlines that reforms regarding banking structure must not hamper liquidity making;

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16. Encourages a thorough, step-by-step completion of the Banking Union and the development of the CMU, with the aim of increasing resilience in the banking sector, contributing to financial stability, creating a stable environment for investment and growth, and avoiding fragmentation of the euro area financial market; stresses, in this context, the principle of liability, and underlines that moral hazard must be avoided, in particular in order to protect citizens; urges respect for the existing common rules;

17. Highlights that public and private investment is crucial to allow for the transition towards a low-carbon and circular economy; recalls the commitments of the European Union, particularly in the Paris Agreement, to finance the deployment of clean technologies, the scaling-up of renewable energies and energy efficiency, and the overall reduction of greenhouse gas emissions;

18. Emphasises that reliable investment requires a stable regulatory environment that allows for a return on investment; considers that predictable rules, efficient and transparent public administrations, effective legal systems, a level playing field and a reduced administrative burden are crucial factors for attracting investment; stresses that 40 % of the country-specific recommendations for 2016 address obstacles to investment which the local and regional authorities can help to remove; calls, furthermore, on the Commission to take the necessary action on the basis of the 'Call for evidence: EU Regulatory Framework for Financial Services', to reduce red tape, simplify regulation and improve the financing environment;

19. Recognises the untapped potential for productivity growth and investment that could be reaped if single market rules were fully enforced, and the product and services markets were better integrated; recalls the importance of country-specific recommendations in pointing out key areas for actions in Member States;

20. Agrees with the Commission that the benefits of trade are not always recognised in the public debate, and stresses that international trade can be a significant source of jobs for Europeans and a crucial contribution for growth; reiterates that more than 30 million jobs are now supported by exports from the EU; underlines that international trade agreements should not undermine European regulatory, social and environmental standards, but rather strengthen global standards;

21. Notes with concern that the EU share of global foreign direct investments flows have fallen significantly since the crisis; calls on the Commission and the Member States to step up efforts to improve the business environment for investments, inter alia by fully implementing and enforcing EU Single Market legislation; agrees that faster progress on the adoption of sustainable structural reforms, in line with the country-specific recommendations, is needed to enhance the EU's competitiveness, to promote a favourable environment for businesses (especially SMEs) and investment, and to deliver on growth and jobs, as well as to foster upward convergence between Member States;

22. Insists on the need to safeguard the long-term investment capacities of financial institutions, the profitability of low-risk savings, and of long-term pension products, in order not to jeopardise the sustainability of savings and pensions provisions of European citizens;

23. Stresses that sustainable structural reforms need to be complemented by longer-term investment in education, research, innovation and human capital, notably education and training aimed at providing new skills and knowledge; believes that partnerships between policy-makers, legislators, researchers, producers and innovators can also be considered as tools to promote investment, deliver smart and sustainable growth, and complement investment programmes;

Structural reforms

24. Agrees that sustainable structural reforms in product and service markets, as well as in inclusive labour, health, housing and pension markets, remain a priority in the Member States in order efficiently to support the recovery, to tackle high unemployment, to boost competitiveness, fair competition and growth potential, and to improve the efficiency of research and innovation systems, without watering down worker's rights, consumer protection or environmental standards;

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25. Considers that well-functioning and productive labour markets, combined with an adequate level of social protection and dialogue, have proven to be quicker to recover from the economic downturn; calls on Member States to reduce segmentation of the labour markets, increase labour market participation and upgrade skills, including by means of a stronger focus on training and lifelong learning to enhance employability and productivity; observes that some Member States still have a considerable need for reform if they are to make their labour markets more resilient and inclusive;

26. Underlines the importance of launching or continuing the implementation of coherent and sustainable structural reforms for stability in the medium and long terms; stresses that the EU and its Member States cannot compete on general or labour costs alone, but need to invest more in research, innovation and development, education and skills, and resource efficiency, at both national and European level;

27. Is concerned about the effects of demographic developments on public finances and sustainable growth, conditioned by, inter alia, low birth rates, ageing societies and emigration; points in particular to the impact of ageing populations on pension and healthcare systems in the EU; notes that, owing to different demographic structures, the effects of these developments will vary across Member States, but warns that the already foreseeable funding costs will have a significant impact on public finances;

28. Recalls that an important factor for ensuring the sustainability of pension systems is to achieve and maintain a high employment rate; points as well, in this context, to the importance of using migrants' skills in better ways in order to adapt to labour market needs;

29. Notes that the Member States currently spend 5-11 % of their respective GDPs on healthcare, a share that is expected to increase considerably in the coming decades as a result of demographic changes; urges the Commission to focus efforts on cost-effective spending on high-quality healthcare, and on universal access thereto, through cooperation and sharing of best practices at EU level and by addressing the sustainability of quality healthcare systems in country-specific recommendations;

30. Invites the Commission to publish regular fiscal sustainability assessments for each Member State, taking into account all country-specific factors, such as demographical developments, and contingent, implicit and other off-budget obligations that affect the sustainability of public finances; recommends that these reports be part of the annual country reports; suggests that the Commission develop an indicator to assess the effect of public finances and annual budgets on future generations, taking into account future liabilities and implicit budgetary obligations; agrees that the administrative burden for these assessments should be kept limited;

31. Welcomes the fact that, on average, youth unemployment is declining, although it is still too high; notes that stark differences remain across the Member States that call for continued reforms to facilitate the entry of young people into the labour market, thereby ensuring intergenerational fairness; emphasises, in this regard, the importance of the Youth Guarantee, and calls for continued EU funding for this crucial programme; agrees with the Commission that more action is needed from the Member States to fight youth unemployment, particularly in enhancing the effectiveness of the Youth Guarantee;

32. Stresses the importance of responsible and growth-friendly wage developments, providing a good standard of living, in line with productivity, taking account of competitiveness, and the importance of an effective social dialogue for a well-functioning social market economy;

33. Agrees that taxation must support investments and job creation; calls for reforms in taxation with a view to tackling the high tax burden on labour in Europe, improving tax collection, combating tax avoidance and tax evasion, and making tax systems simpler, fairer and more efficient; highlights the need for better coordination of administrative practices in the field of taxation; calls for further transparency among the Member States in the field of corporate taxation;

Fiscal responsibility and structure of public finances

34. Notes that the Commission considers that fiscal sustainability remains a priority, and that challenges have receded since the peak of the crisis and they may not be a major source of risks for the euro area as a whole in the short term;

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35. Notes as well that the Commission considers that challenges persist, and that legacies inherited from the crisis, as well as structural deficiencies, remain and need to be addressed if long-term risks are to be avoided;

36. Underlines the fact that all Member States are obliged to comply with the SGP, with full respect of its existing flexibility clauses; points, in this regard, also to the importance of the Treaty on Stability, Coordination and Governance (TSCG), and urges the Commission to submit a comprehensive assessment of its experience in implementing it, as a basis for the necessary steps to be taken in accordance with the TEU and the TFEU with the aim of incorporating the substance of this Treaty into the legal framework of the EU;

37. Notes that while six Member States continue to be under the Excessive Deficit Procedure (EDP), there is a decrease of the average public deficit level, which is expected to have remained below 2 % in 2016 and to continue to fall in the coming years, and that only two Member States are expected to remain under the EDP in 2017; notes that, in several cases, the large increase in debt in the recent past is also the result of bank recapitalisation and low growth; underlines that when interest rates begin to rise again, difficulties in improving public finances could increase;

38. Emphasises the Commission's role as guardian of the treaties; underlines the necessity for an objective and transparent evaluation of the application and enforcement of commonly agreed legislation;

39. Insists that there should be no differentiated treatment between Member States; notes that only a fiscal policy that respects and follows Union law will lead to credibility and trust between Member States, and serve as a cornerstone for the completion of EMU and the trust of the financial markets;

40. Invites the Commission and the Council to be as specific as possible when addressing fiscal recommendations under the preventive and corrective arm of the SGP in order to increase transparency and enforceability of the recommendations; underlines the need to include in the recommendations, under the preventive arm, both the target date of the country-specific medium-term-objective and the fiscal adjustment required to achieve or remain at it;

41. Considers that macroeconomic imbalances inside Member States should be addressed in line with the Macroeconomic Imbalance Procedure (MIP) through efforts involving all Member States, building on relevant reforms and investments; stresses that each Member State must deliver on its individual responsibilities in this context; notes that high current account surpluses imply the possibility of greater domestic demand; stresses that high public and private debt levels represent a significant vulnerability, and that responsible fiscal policies and higher growth are needed to reduce them faster;

42. Notes that, while public finances have improved over the recent years, following the assessment of the 2017 DBPs, eight Member States are considered to be at risk of non-compliance; considers that the agreed fiscal adjustment paths need to be adhered to;

43. Welcomes the reduction in average public deficits and debts, but agrees that aggregate pictures hide significant disparities across the Member States; stresses that aggregate pictures should always be looked at in conjunction with the examination of individual budgets, and underlines the need for sound fiscal policies in anticipation of rising interest rates; considers that upward convergence, in particular between euro area Member States, needs to be achieved;

Fiscal stance for the euro area

44. Notes that according to the Commission's 2016 autumn economic forecast, the fiscal stance in the euro area moved from restrictive towards neutral in 2015 and is expected to be mildly expansionary over the forecast horizon; notes, furthermore, the Commission's consideration that a full delivery of the fiscal requirements contained in the country-specific recommendations of the Council would lead, on aggregate, to a modestly restrictive fiscal stance for the euro area as a whole in 2017 and 2018, and the Commission's calls for a positive expansionary fiscal stance though recognising the economic and legal constraints for this;

45. Considers the Commission's communication on a positive fiscal stance an important development; welcomes the communication's intention to contribute to the better coordinating economic policies in the euro area and to highlight the opportunities for fiscal stimulus in Member States having room for this; stresses that fiscal requirements are based on commonly agreed fiscal rules; recalls that the Member States are obliged to comply with the SGP, regardless of aggregate

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recommendations; notes that there are divergent views regarding the potential, and level, of an aggregate fiscal stance target; welcomes the ongoing work of the independent European Fiscal Board on this matter;

46. Takes the view that improving the structure of public budgets is one of the key levers to ensure compliance with EU fiscal rules, and to allow for the financing of indispensable expenditure, for the building of buffers for unforeseen needs and growth-enhancing investments and, lastly, for the financing of less essential spending, as well as to contribute to a more efficient and responsible use of public funds; recalls that the composition of national budgets is decided at national level taking into account country-specific recommendations;

47. Notes that the debate on a smart allocation of public spending and policy priorities is regularly taking place on the EU budget, and that such a critical assessment is also indispensable for national budgets to improve the quality of public budgets in the medium-term and long-term and avoid linear budget cuts;

48. Welcomes the ongoing review of public spending, and encourages the Member States to assess critically the quality and composition of their budgets; supports efforts towards improving the quality and efficiency of public expenditure; including by shifting unproductive expenses towards growth-enhancing investments;

49. Believes the EU budget could help relieve the strain on national budgets by collecting own resources instead of relying extensively on national contributions;

50. Welcomes the thematic discussions undertaken and best practice standards adopted by the Eurogroup, such as on expenditure reviews, during the 2016 Semester Cycle; Invites the Commission and the Eurogroup to make them more effective and transparent;

51. Invites the Commission and the Council to formulate the country-specific recommendations in a way that makes progress measurable, in particular for cases where the policy recommendation repeatedly targets the same policy area and/or where the nature of the reform requires implementation beyond one Semester cycle;

Coordination of national policies and democratic accountability

52. Highlights the importance of national parliaments debating country reports, country-specific recommendations, national reform programmes and stability programmes, and to act on them more than hitherto;

53. Believes that better implementation of country-specific recommendations requires clearly articulated priorities at European level and genuine public debate at national, regional and local levels, leading to greater ownership; calls on the Member States to involve local and regional authorities in a structured manner, in view of the impact and challenges felt within Member States also at sub-national level, in order to improve the implementation of country-specific recommendations;

54. Urges the Commission to launch negotiations on an interinstitutional agreement on economic governance; insists that this IIA should ensure that, within the framework of the Treaties, the structure of the European Semester allows for meaningful and regular parliamentary scrutiny of the process, in particular as regards the Annual Growth Survey priorities and the euro area recommendations;

Sectorial contributions to the 2017 AGS Report

Budgets

55. Considers that the EU budget could provide added value for investment and structural reforms in Member States if greater synergy between existing instruments and linkage with Member States' budgets is introduced; believes, therefore, that the Annual Growth Survey (AGS), as an important policy document which provides basic content for national reform programmes, country-specific recommendations (CSRs) and implementation plans, should serve as a guideline for Member States and for the preparation of national budgets, with a view to introducing joint solutions that are visible in national budgets and are linked to the EU budget;

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56. Recalls that improving the systems for collecting VAT and customs duties should be of highest priority for all Member States; welcomes the Commission's proposal for establishing an EU blacklist of tax havens, which should be enforced by criminal sanctions in order to deal with multinationals that evade taxes;

Environment, Public Health and Food Safety

57. Stresses that an improved and more efficient use of resources, reducing foreign energy dependence and introducing sustainable production, based on better design requirements for products and more sustainable consumption patterns, involves promoting entrepreneurship and job creation, implementing international targets and the Union's environmental objectives effectively and diversifying revenue sources, in a context of fiscal responsibility and economic competitiveness; considers that the European Semester should also incorporate reporting on energy efficiency and interconnectivity on the basis of targets set at EU level;

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