P9_TA(2022)0076

European Semester for economic policy coordination: annual sustainable growth survey 2022

European Parliament resolution of 10 March 2022 on the European Semester for economic policy coordination: annual sustainable growth survey 2022 (2022/2006(INI))

(2022/C 347/15)

The European Parliament,

— having regard to the Treaty on the Functioning of the European Union, in particular Articles 121(2) and 136 thereof,

— having regard to Protocol No 1 to the Treaties on the role of national parliaments in the European Union,

— having regard to Protocol No 2 to the Treaties 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 the Paris Agreement of the United Nations Framework Convention on Climate Change and the Sustainable Development Goals,

— having regard to Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States ([1]),

— 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 ([2]),

— 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 ([3]),

— 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 ([4]),

— 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 ([5]),

— 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 ([6]),

— 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 ([7]),

([1]) OJ L 306, 23.11.2011, p. 41.
([2]) OJ L 306, 23.11.2011, p. 33.
([3]) OJ L 306, 23.11.2011, p. 1.
([4]) OJ L 306, 23.11.2011, p. 8.
([5]) OJ L 306, 23.11.2011, p. 12.
([6]) OJ L 306, 23.11.2011, p. 25.
([7]) OJ L 140, 27.5.2013, 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 [8],

— having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget [9] (Rule of Law Conditionality Regulation),

— having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility [10] (RRF Regulation),

— having regard to the Commission Communication of 27 May 2020 entitled 'Europe's moment: Repair and Prepare for the Next Generation' (COM(2020)0456),

— having regard to the Commission communication of 2 June 2021 entitled 'Economic policy coordination in 2021: overcoming COVID-19, supporting the recovery and modernising our economy' (COM(2021)0500),

— having regard to the Commission Communication of 4 March 2021 entitled 'The European Pillar of Social Rights Action Plan' (COM(2021)0102),

— having regard to the Porto Social Commitment of 7 May 2021 of the Council, the Commission, the Parliament and social partners,

— having regard to the Commission communication of 24 November 2021 entitled 'Annual Sustainable Growth Survey 2022' (COM(2021)0740),

— having regard to the Commission report of 24 November 2021 entitled 'Alert Mechanism Report 2022' (COM(2021)0741) and to the Commission recommendation of 24 November 2021 for a Council recommendation on the economic policy of the euro area (COM(2021)0742),

— having regard to the European Systemic Risk Board report of 16 February 2021 entitled 'Financial stability implications of support measures to protect the real economy from the COVID-19 pandemic',

— having regard to the Commission Staff Working Document of 27 May 2020 'Identifying Europe's recovery needs',

— having regard to the Commission's autumn 2021 economic forecast of 11 November 2021,

— having regard to the European Fiscal Board assessment of 16 June 2021 on the fiscal stance appropriate for the euro area in 2022,

— having regard to its resolution of 6 June 2021 entitled 'European Parliament's Scrutiny on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans',

— having regard to its resolution of 13 November 2020 on the Sustainable Europe Investment Plan — How to finance the Green Deal,

— having regard to the European Fiscal Board annual report of 10 November 2021,

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([8]) OJ L 140, 27.5.2013, p. 11.
([9]) OJ L 433 I, 22.12.2020, p. 1.
([10]) OJ L 57, 18.2.2021, p. 17.

— having regard to its resolution of 8 July 2021 on the review of the macroeconomic legislative framework for a better impact on Europe’s real economy and improved transparency of decision-making and democratic accountability [11],

— having regard to its resolution of 1 March 2022 on the Russian aggression against Ukraine [12],

— having regard to Rule 54 of its Rules of Procedure,

— having regard to the opinions of the Committee on Budgets and the Committee on the Environment, Public Health and Food Safety,

— having regard to the report of the Committee on Economic and Monetary Affairs (A9-0034/2022),

A. whereas the European Semester plays an important role in coordinating economic and budgetary policies in the Member States, thereby safeguarding the macroeconomic stability of the Economic and Monetary Union; whereas this process should not ignore the objectives of the European Pillar of Social Rights and the European Green Deal as well as other issues related to the financial sector and taxation; whereas the integration of these issues should not detract from the mainly economic and fiscal nature of the European Semester;

B. whereas according to the Commission’s winter economic forecast, the GDP growth rate for 2022 is expected to be 4,0 % of GDP for both the euro area and the EU-27, but is expected to fall to 2,7 % for the euro area and 2,8 % for the EU-27 respectively in 2023;

C. whereas the Commission’s winter economic forecast shows a significant difference in the pace of recovery between the Member States in 2021, with a disparity of GDP growth ranging from 2,8 % to 13,7 %;

D. whereas the crisis caused by the COVID-19 pandemic led to an increase in social, territorial, intergenerational, economic and gender-based inequalities;

E. whereas according to the Commission’s winter economic forecast, the average rate of unemployment fell to 7,0 % in the euro area and 6,4 % in the EU-27 in 2021;

F. whereas the unprecedented economic recession in 2020 and the measures taken in response to the pandemic pushed up the government debt-to-GDP ratio in 2021 to 100 % in the euro area and 92,1 % in the EU-27;

G. whereas enhancing the EU’s productivity and global competitiveness requires structural, socially balanced, growth-enhancing and sustainable reforms and an adequate level of investment;

H. whereas the post-pandemic economic recovery requires the fast and efficient implementation of the Recovery and Resilience Facility (RRF); whereas all recovery and resilience plans should address each of the six pillars and the general and specific objectives of the RRF Regulation and respect its horizontal principles;

I. whereas challenges relating to the rule of law have been identified during the European Semester process;

J. whereas aspects relating to the possible future of the EU fiscal framework have been dealt with in a dedicated European Parliament own-initiative report;

K. whereas the employment and social aspects of the annual sustainable growth survey are dealt with by the twin report by Parliament’s Committee on Employment and Social Affairs entitled ‘European Semester for economic policy coordination: employment and social aspects in the annual sustainable growth survey 2022’;

L. whereas aspects relating to the implementation of the RRF will be dealt with in a dedicated European Parliament own-initiative report;

([11]) OJ C 99, 1.2.2022, p. 191.
([12]) Texts adopted, P9_TA(2022)0052.

Economic prospects for the EU

1. Notes that the European economy is recovering faster than expected from the devastating impact of the global COVID-19 pandemic; underlines the crucial importance that timely and innovative policy interventions have played and will continue to play in mitigating the impact of the pandemic on the European economy;

2. Stresses that the conflict in Ukraine and the severe sanctions against the Russian Federation will unavoidably entail negative effects on the EU economy; calls on the Commission to identify and facilitate means and ways to address the economic and social consequences of the sanctions;

3. Is concerned about emerging new variants, localised pandemic lockdowns, increased energy prices, inflationary pressure, supply-side disruptions and emerging labour shortages; notes that these risks create a significant amount of uncertainty and could hamper economic growth prospects in the coming months and delay the transition to a more sustainable, digital, competitive and future-proof economy;

4. Notes that all Member States are expected to reach their pre-pandemic level of output by the end of 2022; is alerted by the fact that the speed of the recovery has varied across Member States and regions, with significant differences and a disparity between the Member States in 2021; notes, however, that the recovery is expected to be more even in 2022 and 2023; underlines the fact that the forecast growth rates for the EU in 2022 and 2023 are lower than the predicted global economic growth in GDP;

5. Recognises that the crisis triggered by the COVID-19 pandemic has been especially severe for enterprises, mostly small and medium-sized enterprises (SMEs), in tourism, hospitality and culture; stresses that the Member States that were more dependent on these services suffered the harshest economic impact;

6. Recognises the notion of European solidarity underpinning the establishment of the RRF; points out that a transparent and successful roll-out of the RRF will help to make EU economies and societies more prosperous, sustainable, inclusive, competitive, resilient and better prepared for the green and digital transitions, and will help to foster economic, social and territorial cohesion;

Responsible and sustainable fiscal policies

7. Notes that the general escape clause of the Stability and Growth Pact will continue to be applied in 2022 and is expected to be deactivated as of 2023, provided that the underlying justification of its activation ends;

8. Believes that the review of the EU's economic governance framework is necessary; agrees with the European Fiscal Board on the importance of having a clear pathway towards a reviewed fiscal framework, preferably prior to the deactivation of the general escape clause;

9. Takes note of the Commission's intention to provide guidance on fiscal policies for the period leading up to the deactivation of the general escape clause, reflecting both the specific economic situation of each Member State and discussions on the economic governance framework; recalls, in this regard, its resolution of 8 July 2021 on the review of the macroeconomic legislative framework;

10. Is convinced that the coordination of national fiscal policies remains crucial in underpinning the recovery; notes that the overall fiscal stance, taking into account national budgets and the RRF, is projected to remain supportive in 2022 to sustain the recovery and to ensure a gradual shift in fiscal policy; agrees with the Commission that Member States with low or medium levels of debt should pursue or maintain a supportive fiscal stance, and that Member States with high levels of debt should use the RRF to finance additional investment to support the recovery, while pursuing a prudent fiscal policy that does not, however, prevent the public investment needed to fund sectors of strategic importance for the recovery and resilience of European economies and societies; agrees with the Commission that all Member States should preserve or broadly preserve their national financed investment;

11. Stresses that both government revenues and government spending are essential to guarantee the sustainability of public finances; calls on the Member States to take action to tackle tax fraud, tax avoidance, tax evasion and money laundering, and to pursue sustainable, socially balanced and growth-enhancing reforms;

Growth-enhancing, balanced, inclusive and sustainable structural reforms and investment

12. Considers it crucial to coordinate national reform and investment efforts and the exchange of best practices in order to increase the convergence and resilience of our economies, promote sustainable and inclusive growth, and improve institutional frameworks to increase national ownership and accountability;

13. Highlights that the RRF presents an unprecedented and unique opportunity for all Member States to address key structural challenges and investment needs, including the just, green and digital transitions; insists that all recovery and resilience plans address all requirements of the RRF Regulation, in particular the six pillars; highlights the interplay between the European Semester and the RRF; calls on the Member States to make the most of this opportunity and to use it to transform their economies and make them sustainable, more competitive and more resilient to future shocks; highlights the role of the European Parliament in the implementation of the RRF, as enshrined in the RRF Regulation;

14. Recalls that the RRF and each of the national recovery and resilience plans should fully respect the Rule of Law Conditionality Regulation and that the measures set out in those plans should not go against the EU values enshrined in Article 2 of the Treaty on European Union; insists that to this end, the Commission must ensure that no projects or measures go against these values during both the assessment and implementation phases and requests that it take appropriate action for a review;

15. Highlights that the COVID-19 pandemic has had a significant impact on women; emphasises the importance of increasing women's participation in the economy, including inclusive participation in the digital economy and transformation, and ensuring more inclusive growth as part of the solution to the post-pandemic recovery, which will help to increase jobs, economic prosperity and competitiveness across the EU;

16. Notes that many Member States are having to contend with both a sub-optimal level of private and public investment and old and new structural challenges that are hindering their growth potential; highlights, therefore, that tackling structural challenges and increasing private and public investment is crucial for a sustainable recovery and continued growth; takes the view that implementing reforms to address old and new structural vulnerabilities is key not only to improving the ability to withstand and cope with existing challenges, but also to accomplishing the twin transitions in a sustainable, fair and inclusive manner and to reducing social inequalities; points to the lack of national ownership as one of the main weaknesses in enacting reforms aimed at addressing structural deficiencies;

17. Is concerned that the Commission identified macroeconomic vulnerabilities related to imbalances and excessive imbalances in 12 Member States; is worried that the nature and source of Member States' imbalances remain largely the same as before the pandemic and that the pandemic could also be exacerbating imbalances and economic divergences; calls on the Member States to take advantage of the unprecedented opportunity provided by the RRF to significantly reduce existing macroeconomic imbalances, in particular by including ambitious reform measures in the national plans of all Member States; stresses that sound execution is essential to make full use of this opportunity;

18. Note that high levels of public debt may become an element of macroeconomic instability, especially if the monetary policy of the European Central Bank were to become less accommodative; emphasises the importance of an appropriate regulatory framework and policy strategies that can combine a reduction of the debt-to-GDP ratio with an adequate level of private and public investment that is capable of ensuring sustained economic growth, high competitiveness and social cohesion;

19. Recognises the importance of the macroeconomic imbalance procedure in identifying, preventing and addressing macroeconomic imbalances in the EU; highlights that continuous monitoring and vigilance will be needed and that Member States should address emerging imbalances through reforms that enhance economic and social resilience and promote the digital transformation and green and just transitions; stresses that the Commission plays an important role in holding governments accountable in this regard;

20. Recalls that the European Semester cycle is a well-established framework for EU Member States to coordinate their fiscal, economic, social and employment policies; stresses that without coordinated efforts to implement the digital and environmental transitions and to address certain issues related to the financial sector, European economies may suffer

long-lasting damage, thereby undermining any attempts to promote sustainable and credible fiscal policies; Therefore, calls on the Commission to adequately consider all these elements in the future European Semester processes, without undermining the current approach based on fiscal and budgetary policies;

A more democratic European Semester

21. Highlights the importance of engaging in a full debate and properly involving both the national parliaments and the European Parliament in the European Semester process; reiterates its call to strengthen Parliament's democratic role in the economic governance framework and calls on the Council and Commission to take due account of its resolutions;

22. Invites the Commission to keep both Parliament and the Council, as co-legislators, equally well informed on all aspects relating to the application of the EU economic governance framework, including on the preparatory stages;

23. Notes that the Commission, the Council and the President of the Eurogroup should appear regularly before the competent Parliament committee in order to provide information and exchange views on the latest economic and political events;

24. Calls for committed coordination with social partners and other relevant stakeholders at both national and European levels in order to strengthen democratic accountability and transparency;

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25. Instructs its President to forward this resolution to the Council and the Commission.