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15. Considers that the management of economic policy requires reliable and comparable statistics and calls upon the Commission to increase the means available to Eurostat to carry out its mission of gathering and monitoring the statistics of Member States and, within the framework of the OECD and other relevant international organisations, to press for an improvement in the reliability and comparability of statistics at international level; believes that the administrative burden and the costs involved in collecting statistics must not hamper the competitiveness of businesses; calls for the focus to be on key indicators for measuring the spirit of enterprise;

16. Instructs its President to forward this resolution to the Council, the Commission, the European Economic and Social Committee, the governments and parliaments of the Member States and the social partners.

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Public finances in EMU — 2004

European Parliament resolution on Public finances in EMU — 2004 (2004/2268(INI))

The European Parliament,

- having regard to the Commission communication of 24 June 2004 to the Council and the European Parliament on Public finances in EMU — 2004 (COM(2004)0425),
- having regard to the Commission communication of 3 September 2004 to the Council and the European Parliament on strengthening economic governance and clarifying the implementation of the Stability and Growth Pact (COM(2004)0581),
- having regard to the Commission communication of 27 November 2002 to the Council and the European Parliament on strengthening the coordination of budgetary policies (COM(2002)0668),
- having regard to the Commission communication of 27 November 2002 to the Council and the European Parliament on the needs and the means to upgrade the quality of budgetary statistics (COM(2002)0670),
- having regard to the Presidency Conclusions of the Lisbon European Council of 23 and 24 March 2000 and of the Gothenburg European Council of 15 and 16 June 2001, with particular reference to the agreed strategy on economic growth, full employment, sustainable development and social cohesion,
- having regard to the Presidency Conclusions of the Amsterdam European Council of 16 and 17 June 1997 on the Stability and Growth Pact, to Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ⁽¹⁾, and to the code of conduct on the content and format of the stability and convergence programmes adopted by the Ecofin Council of 10 July 2001,
- having regard to the Statement by the Ecofin Council of 13 September 2004 on the Stability and Growth Pact,
- having regard to the judgment of the Court of Justice of the European Communities of 13 July 2004 ⁽²⁾ relating to certain measures taken by the Ecofin Council on 25 November 2003,

⁽¹⁾ OJ L 209, 2.8.1997, p. 1.

⁽²⁾ Case C-27/04, Commission v. Council.

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- having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0025/2005),
- A. whereas the Luxembourg Presidency has included in its work programme an examination of the rules of operation and a clarification of the implementation of the Stability and Growth Pact, and the European Parliament is to adopt a resolution on possible changes to the regulations and rules of conduct governing its application in Spring 2005,
- B. whereas, in the last decade, the EU economy has grown well below its potential, with a decrease not only in private investment but also in gross public investment, which has fallen from 4 % of GDP in the early 1970s to 2,4 % in the euro area, and whereas, inter alia owing to a lack of structural reforms and productive investment in many Member States, the GDP growth rate for the eurozone has fallen once again behind predictions,
- C. whereas in 2003 the eurozone budget deficit rose to 2,7 % of GDP, up from 1,6 % in 2001 and 1,1 % in 2000, and approached the 3 % threshold in 2004, reaching 2,9 % of GDP,
- D. whereas, by the end of 2002, only four Member States in the eurozone — together accounting for a mere 18 % of eurozone GDP — and five euro-area Member States in 2004 had reached a close-to-balance position; whereas, conversely, the number of Member States in the euro area with a budget deficit above 3 % of GDP rose from three to four; whereas, since the advent of the Stability and Growth Pact, 12 Member States have breached its rules or those of the EC Treaty, including five in the euro area — Germany, Greece, France, the Netherlands and Portugal — and the United Kingdom, to which the excessive deficit procedure does not apply but which is nevertheless bound by the requirement laid down in Article 116(4) of the Treaty 'to endeavour to avoid excessive government deficits' as long as it is in the second stage; whereas the excessive deficit procedure was also launched against the six new Member States exceeding the 3 % threshold: the Czech Republic, Cyprus, Hungary, Malta, Poland and Slovakia,
- E. whereas, in September 2004, in response to the apparent disparity between the 1997 rules of the Stability and Growth Pact and recent economic developments, Commissioner Almunia presented proposals for reform, outlined in the abovementioned Commission communication of 24 June 2004,
1. Notes that, in the Commission's view, the economic cycle is only partly to blame for the higher nominal deficits, which are in fact largely the result of a discretionary loosening of budgetary policy by some Member States;
 2. Notes that some Member States have not responded to the opening of excessive deficit procedures against them by taking sufficient measures to combat their respective deficits, and that there remain sufficient grounds for concern regarding their prospects for bringing their deficits below 3 % of GDP in the immediate future;
 3. Highlights the importance of introducing both structural reform packages and investment activities, which in the medium and long term will prove crucial for financial sustainability, the competitiveness of the European economy and growth;
 4. Notes that the management of the economic changes in the countries of central and Eastern Europe has in some new Member States had a severe impact on their deficit and public debt levels; considers that more ambitious fiscal reforms together with structural reforms are necessary to enhance incentives for increased employment and for investment in greater productivity;
 5. Underlines the fact that there is no exception to the rules and procedures of the Stability and Growth Pact but calls on all EU institutions to accept their responsibility in the implementation and control of, and compliance with, the Stability and Growth Pact; calls for all Member States, large or small, to receive equal treatment; considers that, to achieve that, the Commission's role, particularly in launching the excessive deficit procedure, should be enhanced; calls on all Member States to successfully conclude the examination

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of the Stability and Growth Pact during the Luxembourg Presidency by seeking strong, fair and workable solutions on each chapter heading, as defined by the ECOFIN Council on 13 September 2004, while strengthening the preventive aspect, paying greater heed to differences in economic situations and improving the implementation of the excessive deficit procedure (the corrective part of the Pact) and economic governance;

6. Urges all Member States that have not yet done so to reduce their deficit levels significantly to below 3 % of GDP so as to ensure budgetary and price stability in an enlarged European Union and to allow sufficient financial reserves to be stored up in good times so that economic measures may be taken in difficult times without running the risk of a breach of the Stability and Growth Pact rules;

7. Highlights the importance of improved budgetary statistics with more accurate and standardised definitions, methods of calculation and procedures, to be set out in a manual of methodological guidelines, and welcomes the initiative of the Commission to present proposals for minimum standards for the independence, integrity and quality of national statistical institutes, and enhanced competence for Eurostat to coordinate, monitor and carry out on-the-spot control of the figures forwarded by Member States;

8. Urges the new Member States to speed up reform of their public finances by re-allocating resources as a further move towards ensuring genuine convergence of their economies and to focus in particular on the modernisation of their pension and social benefits systems in support of an effective employment policy;

9. Stresses the need for continuous improvements in fiscal administration and the establishment of an effective tax collection system, in order to create favourable conditions for the activities of enterprises throughout the single market, promote a culture of entrepreneurship and encourage company start-ups;

10. Reminds the Member States of their commitment in the Stability and Growth Pact to bring their budgets 'close to balance or in surplus'; considers that excessive deficits should be avoided, so as to contribute to price stability and to ensure sustainability of public finances; recommends a greater emphasis in the Stability and Growth Pact on economic developments and an increased focus on safeguarding the sustainability of public finances; warns that excessive government expenditure puts at risk price stability, low interest rates and government investment levels, and in addition reduces the capacity to face the challenge of demographic changes and ageing populations in the European Union;

11. Reiterates its call for a clear method, which includes a definition of 'high-quality public expenditure', of quantifying public budgetary positions and their contribution to growth and investment, with a view to making a positive contribution to the Lisbon goals; furthermore, calls for public expenditure to be redirected in such a way as to ensure that the various budget headings at European and national level reflect the major political priorities set for 2010;

12. Instructs its President to forward this resolution to the Council, the Commission, the European Economic and Social Committee, the Committee of the Regions and the governments and parliaments of the Member States.
