



# PARLIAMENT OF ROMANIA

## CHAMBER OF DEPUTIES

### DECISION

#### **approving the Opinion on the Communication from the Commission – Annual Growth Survey for 2014 COM (2013) 800**

Pursuant to Article 67 and Article 148 of the Romanian Constitution, republished, of Law No 373/2013 on the cooperation between the Parliament and the Government in the European Affairs, and Article 40 of the Decision of the Chamber of Deputies No 11/2011 on the work procedure and decision-making mechanism for parliamentary control of draft legislative acts of the European Union in accordance with the provisions of the Lisbon Treaty relating to the role of the national parliaments,

the Chamber of Deputies has adopted this **Decision**:

**Sole Article** – Taking into account Draft Opinion No 4c-19/94 adopted by the European Affairs Committee in its meeting of 26 February 2014,

1. The Chamber of Deputies appreciates the clarity and realistic analysis, and considers that the document adequately reflects the evolution of economic growth in the Union.

2. The Chamber of Deputies appreciates the recommendation that the National Reform Programmes (NRPs) and Stability and Convergence Programmes (SCPs) be discussed with the national parliaments and with all relevant stakeholders, especially the social partners and sub-national actors, and guarantees its full availability in this regard.
3. The Chamber of Deputies considers that the analysis would benefit from greater accuracy, and therefore the measures derived from it would be more effective if the following aspects were taken into account, particularly in combating unemployment and the social consequences of the crisis:
  - The Communication stresses that reducing youth unemployment (through guarantees in order to ensure that young people receive a quality offer of employment, continued education, apprenticeships or internship within four months after leaving formal education or after entry into unemployment) will take time. The Chamber of Deputies advises the European Commission to assess these time periods to guide policies in the field both in the Union and the Member States. The benefits of the financial support of the Union should lead to convergence, but without neglecting the objectives of improving the national labour market.
  - The access of young people to conducting public procurement contracts is one of the practical ways of combating unemployment and stimulating lifelong training. In this respect, the new package of directives on public procurement represents a step forward by introducing the opportunity given to contracting authorities to reflect such social considerations when evaluating bids. The Chamber of Deputies invites the European Commission to integrate this opportunity into the strategies and programmes dedicated to reducing unemployment, including in the Mutual Learning Programme, which is an important method of coordination and exchange of experience between the Member States in the field of European policy on increasing employment, pursuant to Article 149 TFEU.
  - It considers active employment measures, especially the active support and training of the unemployed, as well as the implementation of the Council Recommendation of 22 April 2013 on the establishment of a Youth Guarantee (2013/C 120/01), to be a priority. The Communication echoes the concern over the fact that 20% of the Union's workforce has a lack of skills. However, the Annual Growth Survey makes no reference to the differentiated causes of this situation in different regions and Member States. The Chamber of Deputies advises the European Commission to explain the causes of this situation and

improve the flexible methods and concepts applied at Union level, where flexicurity plays an important role, in order to respond effectively to the needs of the economy based on knowledge, and thus to reduce skills shortages.

- It is worrying that the gap in innovation is increasing in Europe, especially since some Member States are losing ground in comparative terms, starting in 2010, despite the support of the Union and national concerns. The Chamber of Deputies welcomes the attention granted to innovation in the new financial year of the Union, particularly the allocation of EUR 9 billion through the “Horizon 2000” programme. In this context, the Chamber of Deputies advises the European Commission to show the flexibility needed to meet the specific needs of the Member States.
- The information on the state and evolution of social and economic processes in the Union are essential for political decision making, including the achievement of convergence. However, some information is available with a significant time lag, such as the case of surveys on entrepreneurship in the Member States, for which the data are from 2012. The Chamber of Deputies invites the European Commission to initiate a mechanism of rapid information flow on advances in economic growth and the employment situation, possibly based on the monitoring system of the Annual Growth Survey. Such a mechanism would provide a real-time image, which would be very useful especially for countries that have gaps to recover in certain areas, such as Romania.
- It points out that the reduction of wages presents a risk of growing inequality within countries and of divergence between EU countries.
- It supports the idea of concentrating ESI Funds (European Structural and Investment Funds) on the European and national priorities, strengthening the internal market and the digital agenda as they ensure conditions for the economic growth and for a synergistic impact within society.
- It stresses the importance of broad debate of the National Reform Programme and of the Stability and Convergence Programme at parliamentary level with the participation of social partners.
- The European Commission reiterates the importance of small and medium-size enterprises (SMEs) for growth prospects, and cites the access to funding as a priority area. However, access to funding for SMEs is only one of the six areas of action to increase entrepreneurship in the Union as pointed out by COM (2012) 795 - ENTREPRENEURSHIP 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe. Undoubtedly, access to funding is a fundamental concern for

most entrepreneurs but other objectives mentioned by COM (2012) 795, such as the simplification of bureaucracy, might be achieved faster and therefore would provide the desired results faster. The Chamber of Deputies proposes that the European Commission consider action to increase the predictability of tax practice in the Member States, possibly by establishing common rules on the unified interpretation of obligations.

- It supports the efforts to reduce the differences between states concerning SME access to finance, and stresses that the achievement of a European banking union is a necessary element to ensure the stability of the investment climate; it considers that doubling the amount provided for SMEs in the structural funds and the European investments is essential for Member States where the financial conditions remain difficult.
- It welcomes the initiative of the European Commission and the European Investment Bank to mobilise the investment of the private sector and the capital market in the SME sector through the creation of tools that will be functional as soon as possible.
- It supports both the policy level approach through the Green Paper on the long-term funding of the European economy, and the alternatives created at European level for the alternative funding of SMEs, in particular by the following measures: Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds, Proposal for a Directive of the European Parliament and of the Council on markets in financial instruments repealing Directive 2004/39/EC of the European Parliament and of the Council (recast)-COM (2011) 656 final (2011/0298 (COD)), Proposal for a Directive of the European Parliament and of the Council amending Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and Commission Directive 2007/14/EC - COM (2011) 683 final (2011/0307 (COD)).
- It supports the strategic direction specified by the European Commission to reduce taxes and social security contributions while enhancing long-term investments in education, research, innovation, energy and climate policies.
- It considers that the underestimation of fiscal multipliers has led to the incorrect assessment of growth potential. The immediate consequence of this error is the incorrect estimate of the structural deficit. The assessment of a structural deficit greater than it actually is has led to recommendations aimed at greater fiscal consolidation efforts.

- It requests that the European Commission reassess the calculation methodology of fiscal multipliers and structural deficits, and recommends the Council to take into account the corrections made to enable slowing fiscal consolidation.
- It welcomes the European Commission's recommendation on the need for a greater emphasis on public spending, and the modernisation of government at all levels.
- It appreciates the European Commission's recommendation to design taxes to drive growth but it expresses its reservations about transferring the tax burden to the tax bases of consumption, which would lead to reduced demand already affected by severe fiscal consolidation measures.
- It supports the European Commission's analysis that the differences in the access to credit cannot be explained only by the differences between the current economic conditions.
- It takes note of the European Commission's finding that the achievement of the bank union in the true sense is the main element of the EU's response.
- It expresses at the same time its concern about the compromise of the Council of 18 December 2013 on the single resolution mechanism, which to a large extent voids the original proposal of its content.
- It considers that the single resolution mechanism must be equipped with a fast and efficient decision procedure to trigger bank resolution.
- It considers that it will be necessary to achieve a swift mutual funding of banking resolution at European level in order to fulfil one of the major objectives of banking union: breaking the vicious circle between sovereign debt and bank debt.
- It considers the solution chosen at European level to achieve asymmetric adjustments by lowering the wages in countries with a competitiveness deficit as inadequate, and notes that the previous rounds of wage cuts have proven to be ineffective adjustments.
- In terms of continuing the differentiated and growth-friendly fiscal consolidation it considers fiscal consolidation as a means to ensure financial macro-stability, and as a basis for economic growth.

4. The macroeconomic situation and the main risks and difficulties that Romania might face in 2014 have been subject to analysis and discussion, including a substantial contribution from the Comisia Națională de Prognoză [National Forecasting Board], the governmental body responsible for national public policy support through the processing of statistical data in accordance with methods agreed by the Union. On the basis of that analysis and discussion, the Chamber of Deputies would point out the following:

- In view of the international economic context and the economic and financial developments in the euro area for 2014, the forecast for Romania predicts a GDP growth of 2.2%, with domestic demand as the engine of economic growth.
- In Romania, consolidating the process of reducing inflation is supported by good results in agricultural production in 2013, and the effects of the measures to reduce the VAT rate on bread and flour, which will determine a base effect for 2014 that will favourably influence the dynamics of prices in the first three quarters.
- The restrictive lending policies of the banking sector must be emphasized because this constitutes a risk that impacts all economic sectors and especially SMEs, although the interest rate of monetary policy has been relaxed.
- The European Commission` forecasts confirm the expectation that the economic recovery in the EU would continue and accelerate in 2014. However, if this does not happen, the reduction in demand from the EU and especially from countries that are major trading partners of Romania will affect - through export and investment flows - the growth of the gross domestic product.
- The external risks to the macroeconomic outlook of Romania continue to include those linked to financial market fragility, to the uncertainty of U.S. fiscal policy and geopolitical tensions that could lead to a greater increase in energy prices.
- The financial contribution of the Union will have a significant economic impact not only on economic growth but also on the labour market in Romania. According to an optimistic scenario, more than 200 000 new jobs will be created in this way by 2017.

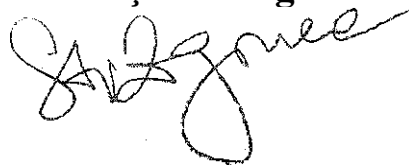
- Efforts have been made by state institutions to develop entrepreneurship, facilitating business start-ups and supporting businesses run by young people, their employment, further study and participation in training courses or apprenticeships.
- Romania`s reaffirms its commitment to accelerate structural reforms, and to make every effort to increase competitiveness and productivity.
- We are determined to make every effort to fill the gaps that have been recorded in Romania compared to other Member States in the field of research and development.
- One of Romania`s concerns is to increase the proportion of the employment of people with disabilities, including through retraining measures and advice on labour market access.
- the Chamber of Deputies reiterates that among the priorities of Romania arising from the document analysed is the growth of environmental performance of the energy industry and points out that if in theory the completion of a single energy market would lead to lower energy costs, the impact of the environmental legislation and of the compensation to support renewable energy could slow this decrease; therefore, the Chamber of Deputies stresses the link between the competitiveness of the energy industry and the state of international agreements on climate change as an expression of the risk of relocating energy companies.
- The Communication stresses that Member States must find ways to protect or promote long-term investments in education, research, innovation, energy and climate policies. For a number of Member States, including Romania, investing in education and research is a pressing necessity. In this respect, account should be taken of the analysis of the opportunity for concerted action at EU level, including financially, and for increased consultation between Member States.

The Chamber of Deputies shall consider these issues in its analysis and opinions in order to contribute to the consolidation trend of the economic recovery of the Union, and to the implementation of the Europe 2020 strategy.

*This Decision was adopted by the Chamber of Deputies in the meeting of 11 March 2014, in compliance with Article 76 (2) of the Constitution of Romania, republished.*

**PRESIDENT  
OF THE CHAMBER OF DEPUTIES**

**Valeriu Ștefan Zgonea**

A handwritten signature in black ink, appearing to read 'Valeriu Ștefan Zgonea', written in a cursive style.

Bucharest, 11 March 2014

No 8.