

**Decision**

adopting the opinion regarding the Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - Annual Growth Survey 2016: Strengthening the recovery and fostering convergence  
COM(2015) 690

Under Articles 67 and 148 of the Romanian Constitution, republished, Law No 373/2013 on cooperation between Parliament and the Government in the area of European affairs, and Articles 160-185 of the Rules of Procedure of the Chamber of Deputies, republished,

The Chamber of Deputies has adopted this Decision:

Sole Article - Having regard to Opinion No 4c-19/203 adopted by the Committee for European Affairs at its sitting of 1 March 2016,

1. We welcome the launch of the Annual Growth Survey 2016, as the opening of the European Semester initiating a new annual economic governance cycle, especially given the signs of a possible new financial and economic crisis while the effects of the previous crisis are still being felt. We recall that the European Semester has been conceived precisely for the purpose of avoiding other crisis, and consider that deeper coordination of economic policies at EU level could substantially reduce the effects of a new crisis.

2. We note that the EU response to the crisis and the post-crisis recovery have been based on two major pillars: budgetary and fiscal discipline, and structural reforms aimed at increasing the size and flexibility of markets. The reasoning underpinning this approach is based on two major assumptions: the main cause of the crisis was the states' lack of fiscal discipline, and the economy is not operating smoothly due to rigid markets (labour market, the market for goods and services) that create barriers to potential investors. Given this diagnosis, a response was proposed, based on the two aforementioned pillars: fiscal consolidation to discipline the states and structural reforms to tackle the supply deficit.

3. We consider that there is an alternative argument based on two other major assumptions: the main cause of the crisis was the markets' lack of discipline, especially on the financial markets, and the economy is not operating smoothly due to the demand deficit. Investors are not investing because of the high degree of uncertainty with regard to the sale of goods and services to a general public that is either too cautious or does not have enough money.

4. We note that the most important part of the investment pillar is the third axis, referring to removing regulatory barriers and making markets more attractive to private investors. This is the same as the second pillar for the structural reforms, i.e. stimulating supply. The new pillar does not add anything actually new to the asymmetrical approach to managing supply and demand used so far. We note that the main concern is to remove barriers to investors, which is a measure relating exclusively to the supply side of the economy.

5. We take note of the European Commission's approach maintaining the three priorities identified in 2015, to support the roadmap drawn up by the five Presidents in order to complete the Economic and Monetary Union, but we would mention that the expected results

in terms of economic growth and employment have not been achieved to a sufficient extent. We consider that it may be necessary to change the priorities or at least adjust them.

### **Re-launching investment**

6. We agree that the progress achieved in mobilising both private and public investment, and in selecting strategic projects under the Investment Plan for Europe, has to be accompanied by improvements in the investment and regulatory environment at national and European level.

7. We recommend that the impact of the Investment Plan for Europe on economic growth be analysed from the perspective of multiple macroeconomic theories, so as to ensure a diverse range of possible actions, thus increasing the flexibility of policies both at EU level and at the level of the Member States, as applicable. It may be preferable to favour a policy mix based on managing both supply and demand.

8. We stress that it is essential to promote an environment favourable to public investment, especially in large infrastructure projects, but also in human resources, through a more flexible interpretation of budgetary rules.

9. We consider that it is imperative to achieve a re-launch of investment at national level in 2016, combined with an improvement in the investment environment and better regulation at national level, given the unsatisfactory state of investment in 2015.

10. We emphasize that, at national level:

- it would be useful to analyse all specific, administrative or regulatory barriers relating to investment, which prevent rapid provision of financing for investment projects, and to identify, together with the European Commission and the private sector, ways of removing such barriers as quickly as possible;

- the terms for bank loans to undertakings have been improved;

- in the private sector, debt levels are normal, including in respect of non-performing loans;

- measures will be taken to remove barriers to the free movement of capital, in accordance with the roadmap drawn up by the European Commission;

- measures are still needed, to be implemented possibly in 2016, to support the development of private and public investment projects and co-investment platforms, and to use the possibility to combine the European Fund for Strategic Investments with other EU funds.

### **Pursuing structural reforms**

11. We consider that it was correct to have the Annual Growth Survey 2016 focused on completing the single European market by removing barriers arising from differing regulations and standards between the Member States of the European Union. There is, indeed, a need for better coordination of economic policies, because a functional single market depends on an integrated economy that can manage its own resources efficiently, by using the economic potential of the Member States.

12. We welcome the action taken to identify barriers affecting the investment environment in each country, including Romania, as an important step in overcoming such obstacles, but we

consider that the same effort must be made also to support demand, through direct public investments accompanying the Investment Plan for Europe, intended to promote private investments by changing the projects' risk profile.

13. We would point out that it is essential to further improve the supervision and regulation of financial markets, the volatility and excessively speculative nature of which can cause further major financial crises, and of the emerging markets of the Member States that could be more seriously affected due to interconnection.

14. We welcome the emphasis placed on fiscal responsibility, as one of the main pillars underpinning the recommendations in the Annual Growth Survey, but we would point out that macroeconomic stability is not sufficient, given that economic growth also requires investing in the economy. For such investments to be made, it is necessary to remove the uncertainty that is discouraging investors from funding projects.

15. We would stress that Romania:

- is continuing its efforts to modernise its economy, given that the required macroeconomic stability has already been achieved;

- will take part, in the context of the convergence process, in the dialogue initiated by the European Commission on the main challenges, including in respect of increasing productivity in the medium term;

- will participate in exchanges of best practices between Member States of the European Union, and in drawing up common standards for the labour market, competitiveness, the business environment and public administration, and certain aspects of fiscal policies.

## **Unemployment**

16. We take note that the Communication stresses the following: 'Long-term unemployment is one of the factors linked to the increase in poverty in the EU since the start of the crisis. In 2014, a quarter of the EU population was at risk of poverty or social exclusion.'

17. We note that the differences between the Member States of the EU in terms of unemployment suggest differences between their social and economic policies. Although in the area of employment the European Union is competent only to support the measures taken by the Member States, and can draw up an employment strategy, lay down a cooperation framework, propose organisation and coordination measures or use exchanges of best practices, we would still recommend that the Commission make a more sustained effort in respect of convergence and adaptation to local conditions.

18. We maintain our remarks and recommendations on integrating the long-term unemployed into the labour market (COM(2015) 462):

- the emphasis on developing entrepreneurship and the recommendation that EU documents intended to support the unemployed outline the current tendency towards a change in the job paradigm, present a new job paradigm that uses high technology and has a significant entrepreneurial component, and provide examples of such jobs and the methods of accessing this type of job;

- in the context of the European Semester, which resulted in country-specific

recommendations, it was noted that there was a need for a balance between flexibility and security, but contracts without working times and agreements between employees and employers to save an enterprise by temporarily reducing the employees' entitlements was not regarded as an achievement or failure of the flexicurity concept.

19. We agree that the social protection system requires substantial reforms in order to adapt to the new realities determined by an ageing population. Supporting human resources is important for investment, and job creation should continue to be a key element of the reform efforts.

### **Responsible fiscal policies**

20. We consider that there is a need for a certain relaxation of the fiscal discipline rules under the Stability and Growth Pact, depending of the situation of each Member State, especially where there is investment. The pace of fiscal adjustments should take into account the situation of each Member State. For example, Romania had an economic growth rate of 3.7 % in 2015, compared to 2014, and the estimated growth rate for 2016 is 4.1 %, which would justify a faster pace for such adjustments.

21. We consider that there is a need for structural reforms in the education system, in the area of research and innovation, which are currently underfunded.

22. We support the Communication under consideration and believe that re-launching investment, pursuing structural reforms and managing public finances responsibly will be successful in guiding the actions of the Member States of the EU in the near future.

This Decision was adopted by the Chamber of Deputies at its sitting of 9 March 2016, in compliance with Article 76(2) of the Romanian Constitution, republished.

Valeriu Ștefan Zgonea,  
President of the Chamber of Deputies

Bucharest, 9 March 2016

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