EPP Group APPROVED

Believe in People

EPP Group **Policy Paper**

Five building blocks for growth and jobs

EPP Group
in the European Parliament

EPP Group **Policy Paper**

Five building blocks for growth and jobs

Table of Contents

Five building blocks for **growth and jobs**

Europe is still the best place to live in this changing world. We want to defend our social market economy in a globalised world and against the backdrop of a worrying demographic trend. To afford to do this we have to improve our competitiveness and explore Europe's growth potential. We want to keep competitive industry producing in Europe instead of exporting jobs and (even higher) pollution to other parts of the world.

We want Europe to reclaim its position as a leader in research, innovation and education. Member States are responsible for a number of important areas such as structural reforms, flexible labour markets and competitiveness, which can best be achieved if supported by a functioning and real dialogue with social partners. There can be no lasting stability without social justice. A functioning social market economy is the basis for any creation of new jobs.

As outlined in the Lisbon Treaty, the Union will work for a "highly-competitive social market economy, aiming at full employment and social progress." Europe has a vital role to play and many aspects of its contribution have been outlined in the Cost of non-Europe study. During the five years of this new term and based on its 'Priorities' as adopted in Albufeira, the EPP Group will orient its work around the following five priorities to spur sustainable growth and help create jobs, in particular for young Europeans, who currently suffer from the highest levels of unemployment:

> Ensuring a basis for growth: stability

> SME access to capital

> Smart regulation for a dynamic European Single Market

> Making investments reach the recipient

> Strengthening industry in a connected Europe

1. Ensuring a basis for growth: **stability**

There will be no lasting growth without stability. And there will be no lasting stability without growth. Fiscal problems in one Member State not only affect citizens of that country, but the economy and jobs in the whole of the EU. Member States and the Union have worked hard over the past years to regain trust in our fiscal stability and financial markets.

We have weathered the worst of the storm and Europe is slowly but steadily returning to sustainable growth. Risks do, however, remain and the regained credibility must not be put at risk. The rules of the Stability and Growth Pact, the macro-economic surveillance framework, the Two Pack and the Six Pack must be fully implemented and respected. There must not be any politically-motivated changes and concessions.

Responsibility today in meeting sustainable budgets and making smart investments will avoid burdening future generations with new debt. Member States need to comply with well-targeted country-specific recommendations in the European Semester, with stronger emphasis on structural reforms and competitiveness in economic and fiscal coordination. Primary emphasis will be placed on the application and enforcement of the agreed Banking Union to ensure that a credible and robust system is established without delay.

2. SME access to **capital**

The growth of our companies is closely linked to stability in financial markets: the funding problems of SMEs and start-ups will only be solved once the banks' balance sheets are repaired and the Banking Union is properly implemented. Following the results of the ECB stress test it is imperative that those banks needing more capital follow the plan which is set out to them. Our Group has constantly worked to facilitate SME access to capital markets. The Capital Market Union should support SMEs' will to invest in the real economy, following the Europe 2020 strategy.

The EIB plays a key role in facilitating smaller companies' access to capital. The 2013 EIB capital increase has to be used fully. The mobilisation of additional paid-in capital of 20 billion Euro for EIB instruments is necessary. The EIB can step in and take over the risk where regular banks currently leave a gap. It should extend its guarantees to local banks, which play a crucial role in financing the real economy, in particular in regions affected by the economic crisis. The EIB should also expand the Trade Finance Initiative at EU level. Member States should use part of their Structural Fund allocations to share the EIB loan risk and provide loan guarantees supporting knowledge and skills as well as access to finance for SMEs. We need to build further on the EIB Group's initiatives for innovative financing of SMEs, to encourage banks to provide financial resources by means of loans and guarantees, to ensure the provision of long-term risk capital without prejudice to the regular credit services sector and with a special focus on regions in which SMEs have only restricted access to capital.

In addition, alternatives to banking-sector finance have to be developed, as we need modern financial instruments such as venture capital, crowd funding and project bonds. Financial cooperatives for funding SMEs (credit unions) should also be considered as alternative funding instruments. SMEs must have better access to EU-level and national public procurement and funding.

As SME loans remain an important instrument, framework conditions should facilitate and not hinder such loans. SME access to capital must be one of the priorities of the Commission's investment package, which our Group will fully support. With a view to the broad support and expectations of national governments, contributions from their side would indeed demonstrate the credibility of this joint effort.

In short: the EU needs to mobilise and set incentives for all sources of investment, public and private, ensuring SME access to capital. Public-private partnerships should be further encouraged.

Five building blocks for growth and jobs
EPP Group **Policy Paper**

3. Smart regulation
for a dynamic European Single Market

Europe should be big on big things, and small on small things. In times of unemployment and sluggish growth we need above all to avoid burdensome regulation and revise existing rules: de- and re-regulating the legislative framework to favour jobs and investment.

We call for obligatory impact assessments to measure the administrative burdens and related costs of new proposals and an obligatory SME Test. The EPP Group also proposes independent assessments of the consequences of EU legislation on respect for the principles of subsidiarity and proportionality.

Europe needs systematic proposals to curb bureaucracy. The work of bodies such as those already existing in Sweden, the Czech Republic, Germany and the UK set a good example for the European Union.

As requested by our Group, the new European Commission has a Vice-President in charge of better regulation and we trust this new structure can deliver. The new European Commission is called on to ensure that we achieve a 25% reduction in costs linked to bureaucratic burdens without diluting our high social, environmental and consumer protection standards. Existing rules should systematically be examined for their added value and appropriateness, fully applying sunset or review clauses. We should encourage a regulatory environment that allows new and young enterprises to start their business with a reduced regulatory and administrative burden.

At the same time we need to set effective rules where they establish a common market creating growth and jobs. Finalising Consumer Product Safety and Market Surveillance legislation is a key step in this effort. Indeed the services sector is one of the largest contributors to EU GDP and is the largest employer in Europe. By early 2015 the new European Commission should identify steps to address the remaining obstacles to the realisation of a true single energy market. The growth and job potential of the circular economy has to be seized.

Obviously, however, the smartest rules will not help unless they are fully applied and respected.

Obstacles to growth and job creation remain and new barriers are erected in some Member States, including through 'gold-plating'. One example of the problems arising from implementation is that of the Natura programme which threatens to hamper key investment projects. The European Commission must address these problems as a matter of priority. Only then can we tap the full growth and jobs potential of the Natura engine and only then will there be a level playing field ensuring fairness to our companies.

As to new projects for this term, it is in particular the Digital Single Market which offers potential for growth and jobs. Experts see efficiency gains amounting to up to 260 billion Euro per year. Market fragmentation in the European Union is a major obstacle in the rapid development of this market, and so is the low level of trust consumers have in doing business online.

We therefore need to ensure the implementation and enforcement of the Consumer Rights Directive, alternative dispute resolution and online dispute resolution.

A level playing field for companies operating in this sector is essential and particular attention needs to be devoted to enforcing competition rules. The rapid conclusion of the Telecoms Single Market Package will bring about the end of roaming, more harmonisation of spectrum allocations and a legal framework for the net neutrality principle. The review of certain parts of the Telecoms regulation planned for 2016 will allow us to examine how far the rules support investment in that area and strengthen the European market.

Enhancing our citizens' digital skills should be a top priority. We need to adjust our educational systems to the new digital challenges. Data protection being vital for trust in the digital market, the Council has to conclude its first reading on common data protection rules by the end of this year. The Commission has been asked to propose legislation for the protection of intellectual property rights next year, as well as to make proposals for their enforcement. In a global economy, they are vital for reaping the full potential of the digital market. We need a strong European strategy for internet security and against violations of privacy.

Analysis is required to develop the legislative framework needed to address issues such as the Internet of Things while respecting privacy online.

Finally, the potential of our Single Market can only be fully exploited, and unemployment really curbed, if there is more mobility in the European labour market.

4. Making investments **reach the recipient**

Europe's budget for structural policies until 2020 is more than 350 billion Euro and is a key tool for providing investment, competitiveness and solidarity and delivering the Europe 2020 objectives. Our aim is to build the critical mass of investment and ensure maximum impact of the European Structural Investment funds (ESI). Partnership agreements should provide the convergence of national budgets with ESI Funds. National strategies should be elaborated as swiftly as possible and should be scrutinised in order to include efficient ESI spending as well as a clear orientation towards growth and jobs. These financial means must be used in a growth-oriented way, adequately addressing the country-specific recommendations. But we will only be able to spur growth and job creation and assist those in need if the funding arrives on time and actually reaches its aims. Programmes such as Horizon and COSME play a key role in our growth strategy.

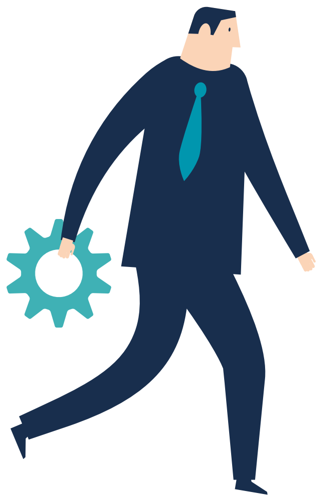
More investments have been made possible through the budgetary frontloading of key EU programmes conducive to growth and jobs.

The EPP Group will not tolerate any cuts, delays or any mismanagement in growth programmes or political priorities like the ESF which threaten vital impulses on which both Parliament and Councilhave agreed. The EPP Group is committed to finding a solution to the recurrent shortage of payment appropriations in the EU budget in order to ensure that the EU can meet its legal obligations in full.

Our Group finds the current situation and attitude of a number of national governments cynical and unacceptable. As regards the European Youth Initiative, we are concerned that only a few Member States have started to use the funds and we call for all necessary efforts to facilitate the application process. Together with the European Youth Guarantee, they can prove extremely useful in getting young people out of job insecurity. The mid-term revision of the Multiannual Financial Framework foreseen for 2016, but also the annual budgets, should allow further orientation towards innovation, investment, jobs and growth, exploring an increased use of investment instruments so as to enlarge the leverage effect of the EU budget.

5. Strengthening industry in a **connected Europe**

The 'real economy' being the basis of European economies: It is our aim to strengthen our industrial competitiveness and to keep producing in Europe. Europe must reach the target of a 20% share of industry in EU GDP. We have to mobilise all means and resources, notably in the field of science by supporting a strong research policy and in developing high-quality training and education, to maintain the competitive edge of innovative industrial companies in our Member States - especially in strategic sectors such as aeronautics, automobile, pharmaceutical and chemical. Industry and services go handin- hand in a modern, innovative economy.



Our Group will do everything in its power to avoid European industry being burdened in comparison to its global competitors: we want no new burdens for our industry in the global competitive environment. We need to strike the right balance between the environmental regulation that is indispensable and the consequences in terms of costs and competitiveness on our European industries.

Fast development of new technologies makes this trade-off easier than ever. Development of environmentally-friendly technologies at the same time should become a very important branch of European industry.

Next to affordable and internationally-competitive energy prices for our consumers and companies alike, Europe has to benefit from a well-connected and functioning internal market in energy, transport and

telecommunications. The Commission investment package must provide new impetus for this. Alongside the Connecting Europe Facility, it could help leverage public and private investment for the swift implementation of urgently-needed infrastructure projects, in particular the Trans-European Network in transport and 248 'Projects of Common Interest' as regards energy.

Transport is the backbone of the European growth engine. Legislative projects for European railway and aviation need to bring real progress and be swiftly adopted. The completion of the European Railway market and of SESAR is a test case for Europe's ability to master challenges in infrastructure.

EPP Group
in the European Parliament

Published by: EPP Group in the European Parliament
Press and Communications Service
Publications Team

Editor: Pedro López de Pablo

Responsible: Greet Gysen

Coordinator: Daniela Bührig

Revision: Mark Dunne

Address: European Parliament, 60 Rue Wiertz, B-1047 - Brussels

Internet: www.eppgroup.eu

E-mail: epp-publications@ep.europa.eu