

Excerpt from Council recommendation 2000/517/EC on the broad guidelines of the economic policies (19 June 2000)

Caption: The introduction to the Council recommendation on the broad economic policy guidelines (BEPGs) for 2000 proves to be particularly useful in depicting the Council's role as a coordinator, not only because it gives the reasons for the formal structure of the Act, as adopted each year by the Council, but also because it includes a section explaining exactly what are the BEPGs.

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Council recommendation of 19 June 2000 on the broad guidelines of the economic policies of the Member States and the Community (2000/517/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 99(2) thereof,

Having regard to the recommendation from the Commission,

Having regard to the discussion by the European Council on 19 June in Santa Maria da Feira;

Whereas a resolution on the recommendation from the Commission was adopted by the European Parliament,

RECOMMENDS:

I. General economic policy guidelines

1. Introduction

Globalisation and the prospect of a new knowledge-driven economy present major opportunities for the European Union and its citizens. To take advantage of these opportunities, there is a need to accelerate the ongoing transformation of the European economy. To this end, these broad economic policy guidelines (BEPGs) build on and extend the existing strategy and give operational content to the conclusions of the Lisbon Summit. In particular, they focus on the medium and long-term implications of structural policies and on reforms aimed at promoting economic growth potential, employment and social cohesion, as well as on the transition towards a knowledge-driven economy. The Cardiff and Luxembourg processes will deal with their respective subjects matters in more detail.

Member States face broadly the same challenges and policy needs. Hence the general recommendations set out in Section 3 apply to all of them. At the same time, Member States differ in terms of economic performance and prospects as well as structures and institutions. This means that within the overall strategy, policy priorities differ somewhat across Member States. These are addressed in Part II which identifies country-specific economic guidelines. It should be noted that the country-specific guidelines, in so far as labour market issues are concerned, complement the 2000 employment guidelines and underpin the implementation of the revised national action plans. The latter have just been submitted by the Member States and will be further assessed in the joint employment report in the context of the next employment package.

Participation in the euro area implies the need for enhanced policy coordination. To this end, the Ministers of the euro-area Member States will continue to meet informally in the Euro-11 Group, without prejudice to the role of the Ecofin Council at the centre of the economic policy coordination and decision-making process. The Euro-11 Group is deepening its discussion of issues of common concern, in line with the conclusions of the Luxembourg European Council. In doing so, they pay attention, inter alia, to issues such as euro exchange-rate developments, current account positions, capital market developments, and cyclical positions and budgetary stances of participating Member States.

The Euro-11 Group will continue, and where appropriate strengthen, the continuous surveillance of budgetary developments and policies of the Member States participating in the euro area. This continuous surveillance will foster debates aimed at keeping fiscal policies in line with the BEPGs or with the criteria mentioned in the Treaty. On external issues relevant to its competence, the Euro-11 Group will continue to formulate common euro-area positions in international forums. It also attaches particular importance to the productive dialogue with the European Central Bank, which is regularly represented at meetings. Building on the experience gained over the past two years, the Group continues to develop and strengthen a common language, where appropriate, prepared by the Economic and Financial Committee, and agreed positions

among themselves, so as to ensure coherent expressions of views on subjects of common concern.

The broad economic policy guidelines

The Treaty requires Member States to conduct their economic policies with a view to contributing to the achievement of the objectives of the Union and in the context of the broad economic policy guidelines (BEPGs) (Article 98). It also requires Member States to regard their economic policies as a matter of common concern and to coordinate them within the Council (Article 99). To this end, since the start of Stage 2 of economic and monetary union, the Council, on a recommendation of the Commission, has adopted each year the BEPGs. At the centre of the economic policy coordination process, they provide the framework for the definition of the overall policy objectives and orientations for the Member States and the Union. The BEPGs, acquire an increased significance in view of the Council report entitled 'Economic policy coordination' endorsed by the Helsinki European Council, and the Lisbon special European Council on employment, economic reform and social cohesion, in which the European Council decided that it will hold an annual spring meeting devoted to economic and social questions.

In order to allow the European Council to give effective political guidance in a timely manner at its annual spring meeting and to ensure that the Ecofin Council is able to draw on the work of other Council formations, the organisation of the preparation of the BEPGs will be modified.

From this year on, the BEPGs will be forwarded to other relevant Council formations for them to assume responsibility for implementation in their respective areas. At the same time, these Council formations will be invited to pursue work with a view to the formulation of the BEPGs for the coming year, and to make their contributions available by the end of January of the following year.

The Commission, in the light of this work and drawing, *inter alia*, on the stability and convergence programmes, the joint employment report and the Cardiff reports, as well as its own assessment of the implementation of the BEPGs, will prepare the orientation debate at the Ecofin Council meeting which precedes the annual spring meeting of the European Council.

The Ecofin Council will draw up, on this basis, a paper setting out the key issues on which the European Council will be invited to focus its discussion in the part of the annual spring meeting which has a direct bearing on the BEPGs.

The Ecofin Council, acting on a recommendation by the Commission, and in the light of the priorities established by the European Council in the annual spring meeting as well as possible comments by other Council formations on the Commission's recommendation, will draw up a draft for the BEPGs on the basis of which the June meeting of the European Council will discuss its conclusion. The Ecofin Council will subsequently adopt the BEPGs as provided for in the Treaty.

2. Main priorities and policy requirements

[...]

3. Policy recommendations

[...]

II. Country-specific economic policy guidelines

[...]

Done at Santa Maria da Feira, 19 June 2000.

*For the Council
The President
J. PINA MOURA*