

EUROPEAN PARLIAMENT

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Committee on Economic and Monetary Affairs

2008/2026(BUD)

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OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2009
(C6-0000/2008 - 2008/2026(BUD))

Section III - Commission

Rapporteur: Pervenche Berès

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SHORT JUSTIFICATION

This draft opinion takes as its reference point the preliminary draft budget (PDB) for the financial year 2009 published by the Commission on 6 May 2007.

General remarks

The Commission presents the 2009 PDB as providing higher spending for growth and employment and as highlighting the growing trend to gear policy spending towards the energy and environment.

On ECON issues in the PDB

Your draftsman believes that the European Union must ensure that the budgetary resources match the ambitions embodied in the Lisbon Agenda for a sustainable growth and the challenge of fighting climate change and ensuring energy supply:

- **Commitments for Competitiveness for Growth and Employment (sub-heading 1a)** equal EUR 11 690 million, leaving a margin of EUR 82 million; this represents an increase of 5,5% compared to 2008, but leave a limited margin to fund new priorities by redeployment without severely undermining important existing programmes.

- **For Cohesion for Growth and Employment (sub-heading 1b)**, there is an increase of 2,5% to a total of EUR 48 413,9 million, leaving a margin of EUR 14 million only in the technical assistance envelope. Your draftsman draws your attention to the sharp decrease in payments and expresses her support to all efforts to make sure that the twelve new Member States can rely on sufficient sums through the structural funds to enhance their growth potential, employment creation and the quality of their infrastructures.

As regards more specifically the ECON committee policy areas, the following elements should be highlighted:

On Title 1: Economic and Financial Affairs

Your draftsman considers as positive the increase in human resources with regards to administrative expenditure of Economic and financial affairs policy area (budget heading 01 01).

Concerning the Economic and Monetary Union (budget heading 01 02), your draftsman considers that there is a need for more resources for analysis of comparative economic performance of the EU Member States. The 2.2% increase of budget heading 01 02 02 (Coordination of economic and monetary union) is insufficient.

Your draftsman notes with concern that a 2.6% decrease (22% decrease in the DB) of budget heading 01 02 04 may jeopardise the adequate implementation of the PRINCE initiative (Communication on economic and monetary union, including the Euro). This is

particularly worrying bearing in mind that the 10th anniversary of the euro on 1 January 2009 should provide a unique opportunity to become more proactive in the communication to the general public in the euro. Therefore the amount allocated to PRINCE is clearly insufficient.

The same concerns arise with regard to the decrease of 34,9% of budget heading 01 03 (International Economics and Financial Affairs). Such reduction of resources will not allow the EU to make a financial contribution to international accounting standard setting in the interest of the European Union.

As regards the Financial Operations and Instruments (budget heading 01 04), your draftsman welcomes the provisioning of the Guarantee Fund under budget heading 01 04 01 14. However, your draftsman notes with concern that the substantial reduction of budget headings 01 04 05 (Completion of programme for enterprises: improvement of the financial environment for SMEs) and 01 04 11 (Preparatory action – Promoting a more favourable environment for micro-credit in Europe) can have a detrimental effect on policies in favour of SMEs.

On Title 2: Enterprise

With regard to the administrative expenditure of Enterprise (budget heading 02 01), it is difficult to see the rationale behind the important reduction (70 posts) of human resources.

Your draftsman considers that a decrease of 0.9% in the commitments towards Competitiveness, industrial policy, innovation and entrepreneurship (budget heading 02 02) sends the wrong signal for such a broad and important chapter, particularly as regards SMEs, and seems to be at odds with the objectives of the Small Business Act initiative.

On Title 3: Competition

Your draftsman welcomes the increase in staff under administrative expenditure of Competition Policy Area (budget heading 03.01).

On Title 14: Taxation and customs union

Your draftsman welcomes the increase of budget headings 14 03 (International aspects of taxation and customs) and 14 04 (Customs policy). With regards to Taxation Policy (budget heading 14 05), your draftsman does not understand the significant decrease (-15.3%) proposed in a crucial area for the good functioning of the internal market. Your draftsman underlines the importance of ensuring the necessary funding for the computerisation of the EU Excise System (EMCS).

On Title 24: Fight against fraud

Your draftsman is concerned with the 15.4% decrease of the budgetary support to protect the financial interests of the European Union against fraud and corruption.

On Title 29: Statistics

Although there is an overall increase of budget heading 29 02 04 (Modernisation of European Enterprise and Trade Statistics – MEETS), your draftsman takes the view that the decrease in human resources could have a negative impact in the quality of European statistics.

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers that there is a need for more resources to be allocated to the functioning of the Eurogroup and to the analysis of the comparative economic performances of the Member States;
2. Expresses its concern on the reduction of resources allocated to the PRINCE initiative 01, which is at odds with the results of the [EMU@10](#) project;
3. Welcomes the provision of the Guarantee Fund, but notes with concern that the substantial reduction of budget headings 01 04 05 and 01 04 11 may have a detrimental effect on policies favouring SMEs;
4. Notes the changes in the international economy, which create new opportunities for SMEs at the global level and calls for more SME involvement in international projects through subcontracts concerning activities within their expertise; suggests that preparatory action provide a basis for a European strategy for SME involvement in projects with third countries;
5. Underlines the necessity for reinforced European action aiming at harmonisation of business models and data exchange standards between SMEs along the supply chain of one or more interrelated industry sectors; considers a pilot project to be appropriate for accelerating the pace of integration of digital innovation among European SMEs;
6. Reiterates that sufficient funding must be set aside for a financial contribution to the functioning of the three Lamfalussy level 3 committees, as well as for international accounting standard setting, in particular to the International Accounting Standards Committee Foundation, including the International Accounting Standards Board, and its European voice through the European Financial Reporting Advisory Group;
7. Welcomes the agreement on the Memorandum of Understanding on Cross-Border Financial Stability; calls for sufficient funding and full commitment in regard to its implementation at EU level; in this respect, recommends conducting a study and developing a common toolbox of procedures for crisis prevention, management and resolution at EU level;
8. Considers that the important reduction (70 posts) of human resources and the decrease (by 0,9 %) in commitments towards competitiveness, industrial policy, innovation and entrepreneurship (budget heading 02 02) send the wrong signal;
9. Calls for appropriate funding for targeted projects that would facilitate access to finance for SMEs; suggests that a pilot project be promoted for training and coaching SMEs to obtain financing; considers that particular attention should be attributed in this project to the exchange of experience and knowledge between SMEs across Member States;

10. Deplores the significant reduction of budgetary resources for taxation policy, which is a crucial area for the good functioning of the internal market;
11. Expresses its concern for the significant decrease (by 15,4 %) of budgetary support to protect the financial interests of the European Union against fraud and corruption;
12. Notes that an estimated EUR 40 billion are lost every year due to VAT fraud; calls for a pilot project to explore the potential of reducing carousel fraud and other shortcomings in the VAT payment cycle; considers that such a pilot project should, in particular, explore the possibility of moving the point of taxation from the invoicing to the settlement stage, using an automated intra-EU VAT-collection system;
13. Takes the view that the decrease in human resources could have a negative impact in the quality of European statistics;
14. Stresses the need for funding to support consumer and SME organisations in better representing their interests by enabling them to hire experts to advise them on the various Commission initiatives and comitology (Lamfalussy level 3 committees) consultations in the area of financial services.

