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2004



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Committee on Budgets

2005/0050(COD)

27.1.2006

OPINION

of the Committee on Budgets

for the Committee on Industry, Research and Energy

on the proposal for a Decision of the European Parliament and of the Council
establishing a Competitiveness and Innovation Framework Programme
(2007-2013)
(COM(2005)0121 – C6-0098/2005 – 2005/0050(COD))

Draftsman: Markus Ferber

PA_Leg

SHORT JUSTIFICATION

1. The proposal

With this 'Competitiveness and Innovation Framework', the Commission intends to bring together specific Community aid programmes and relevant elements of other Community programmes, combining the following existing programmes in particular:

- Decision 96/413/EC¹ on the implementation of a Community action programme to strengthen the competitiveness of European industry;
- Decision 2000/819/EC² on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs);
- Regulation 1655/2000³ concerning the Financial Instrument for the Environment (LIFE);
- Decision 2256/2003/EC on a multiannual programme for the monitoring of the eEurope 2005 action plan, dissemination of good practices and the improvement of network and information security;
- Decision 2001/48/EC on a multiannual Community programme to stimulate the development and use of European digital content on the global networks and to promote linguistic diversity in the information society;
- Regulation 2236/95 on general rules for the granting of Community financial aid in the field of trans-European networks;
- Decision 1336/97/EC⁴ of the European Parliament and of the Council on a series of guidelines for trans-European telecommunications networks;
- Decision 1230/2003/EC⁵ of the European Parliament and of the Council on a multiannual programme for action in the field of energy: 'Intelligent Energy – Europe' (2003-2006).

The Commission's proposed funding of EUR 4 212.6m for the duration of the programme is to be shared among three specific programmes (Article 2) as shown below (in EUR million):

Operational expenditure	2007	2008	2009	2010	2011	2012	2013	Total
Entrepreneurship and Innovation Programme	283	313	340	373	408	438	476	2631
ICT Policy Support Programme	69.70	70.90	123	128	132	137	141	801.6
Intelligent Energy-Europe II	60	70	90	100	137	152	171	780
CIP Total	412.7	453.9	553	601	677	727	788	4212.60

The funding allocated for the programme as a whole over its seven-year period is broken down into commitment and payment appropriations as follows:

¹ OJ L 167, 6.7.1996, p. 55.

² OJ L 333, 29.12.2000, p. 84; OJ L 268, 16.8.2004, p.3.

³ OJ L 192, 28.7.2000, p. 1; OJ L 308, 5.10.2004, p. 1.

⁴ OJ L 183, 11.7.1997, p. 12; OJ L 200, 30.7.2002, p. 1.

⁵ OJ L 176, 15.7.2003, p. 29.

Operational Expenditure	2007	2008	2009	2010	2011	2012	2013	Total
CA	412.7	453.9	553	601	677	727	788	4212.6
PA	200.8	293.7	419	516.3	672	687.6	722.4	4212.6

On top of this amount, there is to be a further EUR 22.68m in administrative expenditure.

If the framework programme is adopted, at present the following headings of the Community budget would be affected:

Economic and financial affairs

01 04 05 (Programme for enterprises: improvement of the financial environment for SMEs);

Enterprise and Industry

02 02 03 01 (Multiannual Programme for enterprise and entrepreneurship, and particularly for SMEs); 02 02 03 02 (Support for SMEs in the New Financial Environment); 02 02 03 03 (Pilot project: Transfer of expertise through mentoring); 02 03 01 (Research and Innovation); 02 03 02 (Support for the coherent development of policies); 02 05 (Competitiveness and sustainable development); 02 01 04 03 (Industrial competitiveness policy for the European Union — Expenditure on administrative management); 02 01 04 04 (Programme for enterprise and entrepreneurship, administrative support); 02 01 05 01 (Expenditure related to research staff); 02 01 05 02 (External staff for research); 02 01 05 03 (Other management expenditure for research);

Information Society and Media

09 030100 (Modinis); 09 030200 (Promotion of the European digital presence in global networks); 09 010402 (Promotion of the European digital presence in global networks - Expenditure on administrative management); 09 030400 (Trans-European telecommunications networks); 09 010403 (Trans-European telecommunications networks - Expenditure on administrative management);

Environment

07 03 04 and 07 01 04 03 (LIFE III 2000 - 2006)

Energy and Transport

ABB 06 04 01 ('Intelligent Energy for Europe' Programme (2003-2006)); ABB 06 01 04 08 ('Intelligent Energy for Europe' Programme (2003-2006) - Expenditure on administrative management); ABB 06 01 04 30 ('Intelligent Energy Executive Agency').

II. The draftsman's position

Although the Commission makes clear reference in the explanatory memorandum to various

(European) Council decisions, nowhere does it explicitly mention the European Parliament resolutions on competitiveness and innovation in the context of the so-called Lisbon process. It should be noted, therefore, that, over the last six years, the European Parliament has been closely involved in work on the proposal the Commission is now presenting through its resolution of 15 March on the Special European Council to be held in Lisbon on 23/24 March 2000¹, its resolution of 16 March 2000 on eEurope - An Information Society For All: a Commission Initiative for the Special European Council of Lisbon, 23 and 24 March 2000², its resolution of 28 February 2002 on the strategy for full employment and social inclusion in the run-up to the spring 2002 summit in Barcelona: Lisbon process and the way to follow³, its resolution of 26 February 2004 on the preparation of the spring summit 2004: follow-up to Lisbon⁴, and its resolution of 9 March 2005 on the mid-term review of the Lisbon Strategy⁵. Since the relevant funding is to be allocated by both arms of the budgetary authority, it is appropriate to restore the balance regarding the actual political input by both institutions and remove references to the corresponding Commission and Council documents. This has the advantage of streamlining the legislative text in the interests of better lawmaking

It goes without saying that the provision of the total sum of programme funding should remain subject to the conclusion of a possible multiannual financial framework. Even following the agreement of the Heads of State and Government on 16 December 2005, this remains open. In order to emphasise the provisional nature of the amount, three amendments have been tabled, as in the case of other programmes within a variety of policy areas, two of which concern Parliament's legislative resolution and one Article 3 of the decision.

AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1 Paragraph 1 a (new)

1a Stresses that the appropriations mentioned in the proposal for a decision are purely for guidance until agreement is reached on the next multiannual financial framework for the period 2007 and the following years;

¹ B5-0236/2000.

² A5-0067/2000.

³ P5_TA(2002)0079.

⁴ P5_TA(2004)0114.

⁵ P6_TA(2005)0069.

Amendment 2
Paragraph 1 b (new)

1b. Calls on the Commission to present a new proposal, as soon as the next multiannual financial framework has been adopted, that adjusts accordingly the reference amount earmarked under this programme;

Justification

Necessary clarifications to stress the provisional nature of the amount specified until a new multiannual financial framework has been adopted.

Proposal for a decision

Text proposed by the Commission

Amendments by Parliament

Amendment 3
Recital 1

(1) ***The Lisbon European Council of March 2000 set the objective of making*** Europe the most competitive and dynamic knowledge-based economy in the world. ***It emphasized the importance of creating a*** climate favourable to small and medium-sized enterprises (SMEs), ***and considered it important to disseminate*** best practice and ***ensure*** greater convergence between Member States. The Gothenburg European Council of June 2001 defined the Community Strategy for Sustainable Development to ensure that economic growth, social inclusion and environmental protection go hand in hand. Enterprises' production patterns play an important role in sustainable development.

(1) ***By 2010, Europe should become*** the most competitive and dynamic knowledge-based economy in the world. ***A*** climate favourable to small and medium-sized enterprises (SMEs) ***should be created***, best practice ***disseminated*** and greater convergence between Member States ***ensured***. The Gothenburg European Council of June 2001 defined the Community Strategy for Sustainable Development to ensure that economic growth, social inclusion and environmental protection go hand in hand. Enterprises' production patterns play an important role in sustainable development.

Justification

This deletion streamlines the legislative proposal, making for better and more comprehensible lawmaking.

Amendment 4
Recital 22

(22) *The European Council of 20 and 21 March 2003 gave priority to innovation and entrepreneurship and stressed the need for Europe to do more to turn ideas into real value-added. It called for further action in order to create the conditions in which business innovates.* The linear model of innovation, that assumes that research leads directly to innovation, has proved to be insufficient to explain innovation performance and to design appropriate innovation policy responses. Recognising that enterprises are at the heart of the innovation process, funding to stimulate innovation activities of enterprises and preparing the market-take up of innovation as well as innovation governance and culture should therefore be placed under the Entrepreneurship and Innovation programme. This should help to ensure that innovation works to promote competitiveness and is carried through into practical application at a business level. The European Council of 25 and 26 March 2004 added that clean technologies are vital to fully exploit synergies between enterprise and the environment. The promotion of eco-innovation, which includes innovative clean technologies, can help exploit their potential.

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Justification

This deletion is intended to streamline the legislative proposal, making for better and more comprehensible lawmaking.

Amendment 5
Recital 35

(35) *The Green Paper entitled "Towards a European strategy for the security of*

(35) *The* European Union is becoming increasingly dependent on external energy

*energy supply"*¹ *noted that the* European Union is becoming increasingly dependent on external energy sources and *that* its dependence could rise to 70 % in 20-30 years' time. It therefore *stressed the need* to balance supply policy against clear action for a demand policy and *called for* better managed and more environmentally friendly *consumption*, particularly in the transport and building sectors. It also called for priority to be given the development of new and renewable sources on the energy supply side in order to respond to the challenge of global warming and to achieve the target already established by earlier action plans and resolutions of 12 % energy from renewable energy sources in gross internal consumption by 2010.

sources and its dependence could rise to 70 % in 20-30 years' time. It *is necessary* therefore to balance supply policy against clear action for a demand policy and *for consumption to be* better managed and more environmentally friendly, particularly in the transport and building sectors. It also called for priority to be given the development of new and renewable sources on the energy supply side in order to respond to the challenge of global warming and to achieve the target already established by earlier action plans and resolutions of 12 % energy from renewable energy sources in gross internal consumption by 2010.

(1) COM(2000) 769, 29.11.2000.

Justification

This deletion streamlines the legislative proposal, making for better and more comprehensible lawmaking.

Amendment 6
Article 3, paragraph 1

(1) The financial reference amount for the implementation of the Framework Programme shall be EUR 4 212.6 million.

(1) The *indicative* financial reference amount for the implementation of the Framework Programme *for the seven-year period beginning 1 January 2007, specified under Article 1*, shall be EUR 4 212.6 million.

Justification

Necessary clarifications to stress the provisional nature of the amount specified until a new multiannual financial framework has been adopted.

Amendment 7
Article 8, paragraph 1

The Commission shall regularly monitor the

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implementation of the Framework programme and its specific programmes. The Commission should establish an annual implementation report for each specific programme regarding the supported activities by means of financial implementation, results and impacts.

implementation of the Framework programme and its specific programmes ***with the aim to ensure effective usage of sources***. The Commission should establish an annual implementation report for each specific programme regarding the supported activities by means of financial implementation, results and impacts

Justification

Points out the need to stress effective usage of available sources.

Amendment 8
Article 46, paragraph 2

(2) Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to Article 8 thereof.

(2) Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply, having regard to Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be three months.

Justification

The traditional approach of Parliament's Committee on Budgets with regard to the division of powers is to support the Commission in its role as the Community's executive body. For this reason, the management procedure provided for in the Comitology Decision of 1999 should be replaced by the advisory procedure, in any case for as long as the amendment of this Council Decision (Corbett report), in the pipeline since 2002, remains unadopted.

Amendment 9
Annex II, section 1, point A(2)

The transfer of resources between instruments shall be ***kept flexible*** in order to respond to new developments and changing market conditions occurring during the programme.

The transfer of resources between instruments shall be ***possible, pursuant only to Articles 22 to 24 of the Financial Regulation of the European Communities***, in order to respond to new developments and changing market conditions occurring during the programme.

Justification

The transfer of resources the Commission anticipates proposing in the course of the programme must comply with the provisions of the Financial Regulation of the European Community and should not restrict the rights of the budgetary authority.

PROCEDURE

Title	Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme (2007-2013)
References	COM(2005)0121 – C6-0098/2005 – 2005/0050(COD)
Committee responsible	Industry, Research and Energy
Opinion by Date announced in plenary	BUDG 9.6.2005
Enhanced cooperation – date announced in plenary	
Draftsman Date appointed	Markus Ferber 9.6.2005
Previous draftsman	
Discussed in committee	24.1.2006 25.1.2006
Date adopted	25.1.2006
Result of final vote	+: unanimity –: 0:
Members present for the final vote	Herbert Boesch, Simon Busuttil, Paulo Casaca, Brigitte Douay, Bárbara Dührkop Dührkop, Markus Ferber, Neena Gill, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Jutta D. Haug, Anne E. Jensen, Wiesław Stefan Kuc, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Giovanni Pittella, Wojciech Roszkowski, Anders Samuelsen, Esko Seppänen, Nina Škottová, László Surján, Helga Trüpel, Yannick Vaugrenard, Kyösti Tapio Virrankoski, Marilisa Xenogiannakopoulou
Substitute(s) present for the final vote	Lidia Joanna Geringer de Oedenberg, Margarita Starkevičiūtė
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	...