

# EUROPEAN PARLIAMENT

2004



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*Committee on Economic and Monetary Affairs*

**2004/2001(BUD)**

1 September 2004

## **OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Budgets

on the guidelines for the 2005 budget procedure  
(2004/2001(BUD))

Draftswoman: Catherine Guy-Quint



## PROCEDURE

<b>Title</b>	on the guidelines for the 2005 budget procedure
<b>Procedure number</b>	2004/2001(BUD)
<b>Committee responsible</b>	<b>ECON</b>
<b>Enhanced cooperation</b>	Yes
<b>Draftswoman</b> Date appointed	Catherine Guy-Quint 30.8.2004
<b>Discussed in committee</b>	30.8.2004 31.8.2004
<b>Date suggestions adopted</b>	31.8.2004
<b>Result of final vote</b>	for: 31 against: 0 abstentions: 3
<b>Members present for the final vote</b>	Zsolt László Becsey, Pervenche Berès, Pier Luigi Bersani, Udo Bullmann, David Casa, Elisa Ferreira, Benoît Hamon, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia Helena In 't Veld, Othmar Karas, Piia-Noora Kauppi, Wolf Klinz, Christoph Werner Konrad, Guntars Krasts, Astrid Lulling, Cristóbal Ricardo Montoro Romero, Joseph Muscat, John Purvis, Alexander Radwan, Karin Riis-Jørgensen, Antolín Sánchez Presedo, Peter William Skinner, Margarita Starkevičiūtė, Ivo Strejček, Ieke van den Burg, Sahra Wagenknecht-Niemeyer, John Whittaker, Lars Wohlin
<b>Substitutes present for the final vote</b>	Katerina Batzeli, Valdis Dombrovskis, Catherine Guy-Quint, Jules Maaten, Theresa Villiers
<b>Substitutes under Rule 178(2) present for the final vote</b>	

## SHORT JUSTIFICATION

The Commission's preliminary draft budget (PDB) for 2005 in general terms follows the lines of those of earlier years regarding the areas of competence of the Committee on Economic and Monetary Affairs (ECON). From the procedural viewpoint, the point of departure for this draft opinion is the PDB, the aim being to ensure that the committee's members have sufficient time to examine the matter prior to the vote in committee scheduled for 31 August.

All in all, your draftsman welcomes the Commission's PDB for 2005. The Commission has opted for greater use, on a consolidated basis, of activity-based budgeting (ABB). This should contribute to establishing a much firmer link between political priorities and real expenditure, and, therefore, assisting Parliament in its task of examining proposed expenditure in detail. In this regard and in the context of the future financial perspective, your draftsman endorses the Commission's proposed approach of grouping expenditure under headings relating to political objectives. In the context of the work of ECON, the proposed heading 'Sustainable growth' should serve to stress the priority attached to achieving the objectives of the Lisbon agenda.

Specific comments now follow on the various aspects of the PDB which concern the work of ECON.

### **1. Administrative expenditure in the political field - 'Economic and financial affairs' (budget heading 01 01)**

Your draftsman welcomes the increase in appropriations for expenditure in respect of staff in active service (heading 01 01 01), but regrets the fact that this increase is considerably lower than those for other political fields, such as competition policy or fiscal policy and the customs union, under the same heading. The Commission's services must have the resources to enable them to carry out the tasks required of them as regards economic policy coordination, prior analysis and research, economic monitoring, etc. Your draftsman suggests that the appropriations for 2005 should be increased in keeping with the political ambitions which have been expressed in this area.

### **2. Coordination and monitoring of EMU (budget heading 01 02 02)**

Your draftsman welcomes the modest increase proposed by the Commission for this heading. Political decision-makers and the public must have access to high-quality, well-structured analyses if they are to monitor developments in the Union economy in an effective fashion. The accession of ten new Member States poses a challenge insofar as analyses of the existing type will now have to be undertaken for a Union of 25. Suitable resources need to be provided for this.

### **3. Prince - communication on EMU, including the euro (budget heading 01 02 04)**

Your draftswoman, while willing to accept a reduction in commitment appropriations for 2005 for the reasons explained below, nonetheless feels obliged to question the Commission's proposals in this field.

The information campaigns on the introduction of euro notes and coins in 2002 were a major component of the Commission's communication policy at the time, as covered by this budget heading over the previous years. It is highly unlikely that any new countries will join the eurozone in 2005. It would make sense to propose a smaller increase in payment appropriations for 2005, and to programme sufficient resources for 2006 to finance any large-scale information campaign on the euro, given that by then some of the new Member States will probably have reached the final stage of their preparations to join the eurozone.

Your draftswoman therefore suggests an amendment with a view to modifying the distribution of payment appropriations for 2005 and 2006, in the context of the likely timetable for eurozone membership.

### **4. Programme for businesses: improvement of the financial environment for SMEs (budget heading 01 04 05)**

Your draftswoman totally rejects the proposed drastic reduction in commitment appropriations for 2005 as compared with 2004, recalling that this programme corresponds to a firm political commitment entered into by Parliament, reiterated on numerous occasions and addressed to the Union's SMEs at a time when they are experiencing problems in the context of a financial framework which tends to privilege big companies as regards access to the capital markets. No restriction of any kind is acceptable: far from it, a greater effort must be made, especially in the wake of enlargement. In addition, the expected payment schedule furnished by the Commission shows that the commitments for 2005 will only be paid after 2007. This makes no sense whatever in relation to immediate needs.

Your draftswoman will propose an amendment in two parts: 1) commitment appropriations should be raised to the same level as payment appropriations; 2) in view of the high level of payments expected for 2005, payments for the following years (from 2006 on) should be aligned so as to ensure continuity for the effort made in the field.

### **5. Completion of the Fiscalis programme (action programme to reinforce indirect tax systems in the internal market) (budget heading 14 05 01)**

In the context of the completion period for this programme, launched in 1998 for five years and essentially intended for the training of civil servants, your draftswoman agrees with the absence of commitment appropriations from the 2005 budget. She is, however, extremely surprised that the payments for 2005 should have been set at a mere 10% of those for 2004 or 2006. If the Fiscalis programme is to continue, as seems to be the case, its financing must be ensured on a regular basis, every year until it finally ends. Your draftswoman will therefore propose an amendment with a view to rebalancing the payment appropriations over 2005, 2006 and 2007.

**6. Fiscalis 2007 (Community programme to reinforce tax systems in the internal market) (budget heading 14 05 03)**

Your draftswoman welcomes the substantial increase in both commitment and payment appropriations in this area. While needs are of course greater following enlargement, it appears necessary to propose a constant level of payments for the following years, given the probable accession of two new Member States in 2007. Your draftswoman therefore suggests an improved distribution of payments over 2005 and the following years, with a view to better ensuring the availability of the necessary human resources for the programme and in the interests of proper budgetary implementation.

**7. Prince - Role of the European Union in the world (budget heading 19 11 03, previously 16 04 05)**

In the context of globalisation and the Union's ever-more prominent role in world affairs, it is vital to ensure that the world's governments and citizens are correctly informed about both developments within the EU and the nature of the Union's priorities and values. Your draftswoman accordingly notes that the amounts entered under this heading for 2004 are maintained, and, even more importantly, endorses the objectives underlying this area of expenditure.

### **SUGGESTIONS**

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

- reiterates its support for allocating appropriate resources to ensure the availability of high-quality, well-structured economic analyses for an EU of 25 Member States, thus helping ensure the effective monitoring of developments in the Union economy; insists, however, on the need for a fair balance between personnel resources and the tasks to be performed; suggests a bigger increase in personnel expenditure in the field of economic and financial policy;
- reaffirms its support in principle for the Prince programme (communications programmes on EMU and the euro); points out, nonetheless, that, in view of the likely 'second wave' of preparations for and accessions to the eurozone from 2006, sufficient resources must be made available in good time under budget heading 01 02 04 to finance whatever public information campaigns prove necessary; recommends that priority be given to payment appropriations for actions to be carried out in 2006;
- recalls Parliament's oft-repeated position in favour of SMEs, as potential sources of employment and growth, as well as its support for all forms of action tending to promote a viable financial environment for small organisations; calls explicitly for actions in this field to receive more financing and for this to be properly executed over the coming budget year;
- reiterates its support for the Fiscalis and Fiscalis 2007 programmes for improving the workings of the tax systems in the EU and training national civil servants, in the context of

both indirect and direct taxation; points out the considerable impact of enlargement on needs in the areas of training, coordination and information exchange between tax systems, and strongly opposes the virtual drying-up of funding for the Fiscalis programme, should it continue beyond 2005; approves the substantial increase in appropriations for Fiscalis 2007, but recommends that they should be better distributed over time in order to ensure a constant effort over consecutive years;

- renews its support for the elements of the Prince programme aimed at promoting the role of the EU in the world, and expects the Commission to provide evidence of efficient use of the resources concerned.