

# EUROPEAN PARLIAMENT

2004



2009

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*Committee on the Internal Market and Consumer Protection*

**2005/2002(BUD)**

13.10.2005

## **OPINION**

of the Committee on the Internal Market and Consumer Protection

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006  
(C6-0000/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Joseph Muscat

PA\_NonLeg

## SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

This Committee is looking within heading 3 'Internal Policies' at title 12 'Internal Market', at title 14 'Taxation and custom union' as far as it concerns customs aspects and at title 17 'Health and Consumer Protection' focusing on consumer protection.

This opinion is drafted considering that the year 2006 is the last budgetary year within the present financial framework 2000 - 2006. Therefore the suggestions hereafter made have to take into account on the one hand the existing Budget structure and policy priorities for the final year of this financial period. On the other hand, the ongoing discussions about the orientations of the next Financial Perspectives for the years 2007-2013 have an influence on the suggestions this committee is putting forward.

Since the EU Budget derives from revenues generated in the Member States, the overall realities of budgetary policies in the Member States have their effects on the financial environment of EU expenditure. Generally, public expenditure at national level has seen reductions to the effect that many programs are limited to the absolute essential.

Bearing in mind the importance of the policy areas within the remit of this committee, such savings may not always be indicated for these areas.

The responsibilities of this committee cover the operation and development of the Internal Market including administrative and personnel costs, actions in the customs field such as the Customs 2007 Programme and certain measures within health and consumer protection.

### **1. Internal Market**

The Internal Market being a backbone of the EU economic policy deserves sufficient resources allowing proper functioning and further developments, where appropriate. The recent enlargement of the Union to now 25 Member States created the biggest integrated market around the world. Challenges resulting from this development need to be taken into account in analysing the proposed financial envelop for this policy area. The Commission's preliminary draft budgets for heading 3 relating to the policy areas this Committee looks after sees an increase of 1,8% or 166,4 M € to a total of 9,129 Billion € for commitment appropriations.

In contrast to the importance of the Internal Market as briefly set out above, Title 12 concerning the internal market is cut down by a third, precisely by -33% or -3,3 M €, from 10 M € in 2005 to 6,7 M € in 2006 for commitment appropriations.

These appropriations are available for expert opinions, conferences, the SOLVIT system, Public Relations and expenditure on business impact studies and most importantly on implementation and preparatory studies prior to proposing new legislation.

The proposed reductions seem to be contrary to the political priorities as expressed in the

Commission's annual policy strategy document that identified Internal Market actions as deliverables linked to the Lisbon Strategy. Furthermore the above mentioned enlargement and the yet to completed Internal Market requires continuing efforts.

In particular budget line 12.0201 for implementation and development of the internal market has seen a dramatic reduction shrinking to a level which is even below the 2004 one. The success, especially of the SOLVIT system, whose real effect is only now measurable, underpins the fact that this reduction is questionable, to say the least.

Even though considering the transfer of a part of the funds to DG Enterprise it is assumed that action to sensitise business and citizen awareness actions should be reinforced.

Therefore, the following amendment is proposed:

***1) Budget line 12.0201 should be increased from the proposed 6,7 M € to 7,5 M €, which would still be below the average of the 2004 respectively 2005 commitment appropriations respecting that in 2005 probably more immediate effects of the enlargement need to be covered. It would be premature to assume that the transition period after enlargement will be completed by 31 December 2005.***

## **2. Customs Union**

Commitment appropriations for the policy area taxation and customs union under subheading 14 is proposed to increase by 5,9% or 3,41 M € to 61,62 M €. Budget line 14.02.01 concerning the implementation and development receives 600.000 € more in comparison with the budget figures for the year 2005 while the customs 2007 programme sees a decrease of 490.000 € in commitment appropriations.

Considering that the Community could achieve that all 10 new Member States were fully equipped upon accession with the necessary tools, especially IT installations, the functioning and security of the supply chain as well as the protection of own resources could be secured at an early point in time.

Therefore, the budgetary provisions are considered to respect the needs in this policy area as it would allow catching up with the actual execution of commitments for which contracts have been concluded but respective programme requests are still to be formalised.

Therefore, the following amendment is proposed:

***1) Budget line 14.0201 should remain at the level as initially proposed of 3,50 M € for commitment appropriations. The reduction by Council cannot be accepted.***

## **3. Consumer Protection**

For title 17 (health and consumer protection), the preliminary draft budget foresees an 18,9 % increase in commitment appropriations (+22,747 Billion €), whereas both budget lines in relation to consumer protection (17.01.04.03 and 17.02.01) are not granted any increase.

Referring to the statements about the size and importance of the EU's Internal Market, Consumer Protection is one of the most positive and visible aspects of the EU close to its citizens. Therefore, this sector should be strengthened in view of the yet underdeveloped

structures for effective consumer protection in the new Member States.

Well noting that the negotiations on the financial perspectives are yet to be concluded it is worth mentioning the foreseen doubling of the funds available for this policy area as of 2007. It is a known phenomenon that new programmes take off with quite delay in terms of effective execution of available funds.

Agreeing with the envisaged increase for this policy area as of 2007, it seems counterproductive to keep the 2006 envelope at the same level as in 2005 just the year before this envelope shall be increased by 100%. In addition that would take effect in the transition period following the mid-2004 enlargement.

Another important element is linked to the experience after the introduction of the Euro in 12 of the then 15 Member States it were at the time of the introduction. The positive effects of this very important integration step were somewhat partly offset by the actual and perceived price increases. Even though the statistical effect was minimal, European citizens experienced most price increases in everyday goods and services. Lessons should be learnt from this experience. Already now preparatory actions need to be undertaken in the new Member States to observe and accompany the transition phase towards introduction of the Euro in the coming years.

Therefore, the committee suggests the following amendments:

***1) Budget line 17.02.01 shall be set at 21 M € instead of the proposed 19,08 M € to allow some frontloading in view of the much enlarged financial envelope as of 2007.***

***The increased funds should partly be earmarked for actions that would foster consumer confidence in the 10 MS that joined the Union mid 2004 including preparatory actions in relation to the introduction of the Euro in those MS.***

***Another part of funds should be used to promote ethical standards for professional organisations that provide support to consumer.***

#### 4. Budget tables

##### Internal Market (figures in M €)

| Budget line | 2005 CA | 2005 PA | 2006 CA | 2006 PA | Draft budget figures 2006 <sup>1</sup> | Difference 2006 / 2005 for CA | Difference 2006 / 2005 for PA |
|-------------|---------|---------|---------|---------|--|-------------------------------|-------------------------------|
| 12.02.01    | 10,00   | 9,40    | 6,70    | 9,40    | as proposed                            | -3.30                         | 0,00                          |
| 12.01.04    | 2,10    | 2,10    | 0,96    | 0,96    | as proposed                            | -1,14                         | -1,14                         |

##### Customs Union (figures in M €)

| Budget line | 2005 CA | 2005 PA | 2006 CA | 2006 PA | Draft budget figures 2006 <sup>1</sup> | Difference 2006 / 2005 for CA | Difference 2006 / 2005 for PA |
|-------------|---------|---------|---------|---------|--|-------------------------------|-------------------------------|
| 14.02.01    | 2,90    | 3,45    | 3,50    | 3,00    | <i>CA reduced by 0,40 to 3,10</i>      | 0,60                          | -0,45                         |
| 14.04.02    | 35,06   | 29,61   | 34,57   | 30,00   | as proposed                            | -0,49                         | 0,39                          |

<sup>1</sup> Figures yet indicative; to be adopted by Council on 15 July 2005

### Consumer Protection

| Budget line | 2005 CA    | 2005 PA    | 2006 CA    | 2006 PA   | Draft budget figures<br>2006 <sup>1</sup> | Difference 2006 / 2005 for<br>CA | Difference 2006 / 2005 for<br>PA |
|-------------|------------|------------|------------|-----------|---|----------------------------------|----------------------------------|
| 17.01.04.03 | 1.122.222  | 1.122.222  | 1.122.220  | 1.122.220 | as proposed                               | -2                               | -2                               |
| 17.02.01    | 19.077.778 | 20.000.000 | 19.077.780 | 18.500.00 | as proposed                               | 2                                | -1.500.000                       |

## PROCEDURE

|   |   |           |           |           |           |
|---|---|-----------|-----------|-----------|-----------|
| <b>Title</b>  | 2006 Budget: Section III - Commission   |           |           |           |           |
| <b>Procedure number</b>   | 2005/2001(BUD)  |           |           |           |           |
| <b>Committee responsible</b>  | BUDG  |           |           |           |           |
| <b>Committee asked for its opinion</b><br>Date announced in plenary | IMCO<br>29.9.2005   |           |           |           |           |
| <b>Enhanced cooperation</b>   | No  |           |           |           |           |
| <b>Drafts(wo)man</b><br>Date appointed                              | Joseph MUSCAT<br>15.3.2005  |           |           |           |           |
| <b>Discussed in committee</b>                                       | 18.4.2005   | 24.5.2005 | 15.6.2005 | 13.7.2005 | 13.9.2005 |
| <b>Date suggestions adopted</b>                                     | 13.9.2005   |           |           |           |           |
| <b>Result of final vote</b>   | for:  | 33        |           |           |           |
|   | against:  | 1         |           |           |           |
|   | abstentions:  | 0         |           |           |           |
| <b>Members present for the final vote</b>                           | Charlotte Cederschiöld, Mia De Vits, Bert Doorn, Janelly Fourtou, Evelyne Gebhardt, Małgorzata Handzlik, Malcolm Harbour, Christopher Heaton-Harris, Anna Hedh, Edit Herczog, Anneli Jäätteenmäki, Henrik Dam Kristensen, Alexander Lambsdorff, Kurt Lechner, Arlene McCarthy, Manuel Medina Ortega, Bill Newton Dunn, Béatrice Patrie, Zita Pleštinská, Guido Podestà, Marco Rizzo, Zuzana Roithová, Luisa Fernanda Rudi Ubeda, Heide Rühle, Leopold Józef Rutowicz, Andreas Schwab, Eva-Britt Svensson, József Szájer, Marianne Thyssen, Jacques Toubon, Bernadette Vergnaud, Phillip Whitehead, Joachim Wuermeling |           |           |           |           |
| <b>Substitutes present for the final vote</b>                       | Gisela Kallenbach, Cecilia Malmström, Maria Matsouka, Joseph Muscat, Alexander Stubb  |           |           |           |           |
| <b>Substitutes under Rule 178(2) present for the final vote</b>     |   |           |           |           |           |