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*Committee on Industry, Research and Energy*

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**2012/2092(BUD)**

25.9.2012

## **OPINION**

of the Committee on Industry, Research and Energy

for the Committee on Budgets

on the Council position on the draft general budget of the European Union for the financial year 2013  
(12749/2012 – C7-0233/2012 – 2012/2092(BUD))

Rapporteur: Reinhard Bütikofer

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## SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Believes that the EU budget should be focused on EU policies and programmes that could make a substantial contribution to the revitalisation of sustainable growth in the EU and that address major societal challenges;
2. Highlights the importance of long-term investment in research, development and innovation (RDI) and of securing a suitable level of funding in 2013 for the transition towards a low-carbon, green economy;
3. Believes that steps need to be taken to integrate women into the labour market and to reconcile family and working life;
4. Recalls that the European Union's budget is an important instrument for enhancing solidarity between the Member States and between generations, as well as for enhancing European competitiveness; is convinced that the EU budget represents a synergetic potential for implementing policies that could not be carried out by the Member States alone; calls for optimal use to be made of existing EU funding by focusing on EU added value, increased economic, social and territorial cohesion, effective streamlining and leveraging effects;
5. Understands the Council's concern regarding the economic and budgetary constraints acting on the national level, as a result of the global crisis that has damaged the Member States' economic growth and financial stability as well as worsened their debt position, but believes that measures to strengthen solidarity and boost sustainable growth and employment must be taken in 2013 in order to achieve economic recovery;
6. Emphasises the need for the Commission and the Member States to shape and facilitate the creation of new, high-quality, sustainable jobs through the development in the EU not only of eco-friendly industries and efficient green transport and energy, but also of up-to-date, innovative services;
7. Recalls that the annual European Union budget must, with its leverage effect, support the Member States' recovery policies, and acknowledges the need to strengthen and coordinate funding in order to implement, and to be aligned with, the Europe 2020 Strategy for Growth and Jobs; maintains that the ceilings under Heading 1a for the current financial framework are insufficient to meet the EU's priority policies; welcomes the proposed increase in spending on sustainable growth, notably the Seventh Framework Programme (FP7) and the Competitiveness and Innovation Framework Programme (CIP); stresses the need to pay specific attention to the implementation of the Parliament's previous years' budgetary priorities in the fields of industrial policy, research and energy;
8. Believes, in this regard, that there should be a stronger focus on deployment projects within research and innovation funding in order to bridge the gap between research results and commercialisation, thereby ensuring European competitiveness;

9. Calls on the Commission to ensure a sufficient level of funding in 2013 for research and development relating to specific GNSS applications and services;
10. Notes the pivotal role that future EU flagship programmes such as Horizon 2020, COSME and the Connecting Europe Facility can play for the EU's economic recovery if they are given sufficient funding; believes that the 2013 budget should provide for a smooth transition towards the establishment of these new programmes; calls for more substantial resources to be mobilised, in synergy with cohesion policy, in order to boost the sustainability of the European economy as a key driver for future competitiveness, industrial development and resilience;
11. Emphasises the importance of EU support policies for media pluralism, especially through research, education and dissemination activities; stresses the valuable role that can be played by the newly established Centre for Media Pluralism and Media Freedom;
12. Draws attention to the fact that 85 % of net new jobs in the EU between 2002 and 2010 were created by small and medium-sized enterprises (SMEs)<sup>1</sup>; calls for enhanced EU support policies, programmes and resources to be provided to support SMEs to fully unlock their growth potential, i.e. by facilitating SMEs' participation in public procurement, securing investments in innovation, supporting start-ups, helping alleviate administrative burdens, enhancing the entrepreneurial mindset and facilitating and simplifying access to funding, including access to risk capital; welcomes the increased allocation to the Entrepreneurship and Innovation programme supporting innovation in SMEs; regrets, however, that the Commission proposal does not provide for the full implementation of the Intelligent Energy Europe Programme;
13. Reminds the Commission of the need to enhance the focus and funding of the programmes that aim to achieve the goals of the 'Small Business Act', in which a set of ten principles were laid out to ensure an SME-friendlier business environment;
14. Congratulates the Commission on the success of the Erasmus for Young Entrepreneurs preparatory action, and welcomes the decision to incorporate the programme into the Competitiveness and Innovation Programme; regrets, however, that action to extend the programme is hampered by the trifling financial allocation and that, for this reason, interested and capable partners are being turned away; calls, therefore, on the Commission to make funding available for the programme to grow adequately in 2012 and 2013;
15. Acknowledges the need to prevent SMEs from cutting back their investments, in particular in research and development; believes that the strengthening of European Investment Bank (EIB) support for SMEs and infrastructure should be a key priority and, therefore, that SMEs' uptake of this financial support must be maximised;
16. Fully supports the pilot Project Bond Initiative, aimed at mobilising private savings and improving the range of financial instruments available for infrastructure projects in energy, transport and ICT; stresses the need to make adequate use of the EIB's

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<sup>1</sup> Commission Communication of 25 June 2008 to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions – 'Think Small First' – A 'Small Business Act' for Europe, COM(2008)0394.

sustainability criteria, on an equal footing with the financial criteria;

17. Calls for specific financial instruments to be set up in support of European Investment Fund (EIF) initiatives to build up a European funding infrastructure for social entrepreneurship, in order to establish that sector as one on par with other economic sectors in Europe;
18. Recalls that around EUR 1 trillion<sup>1</sup> must be invested in our energy system between today and 2020 in order to achieve the Union's energy and climate policy objectives and that there is a financing gap of around EUR 100 billion for energy transmission networks;
19. Deplores the fact that initiatives aimed at enhancing the EU's energy headline targets are not given sufficient funding and that the SET Plan is yet to receive sufficient funds despite Parliament's continuous demands;
20. Believes that the EU needs to make investments in order to ensure guaranteed European access to space and orbital infrastructure;
21. Recalls that 2013 will be the last year of the current programming period and is concerned by possible cuts in the level of payment appropriations; stresses that it is essential to meet the EU's commitments to ongoing projects and supports the proposed increased in payments put forward by the Commission in its draft budget;
22. Welcomes the agreement reached in December 2011 on financing the additional costs of ITER, but takes the view that securing the amount of EUR 360 million in the 2013 budget should not threaten the successful implementation of other EU policies, especially those that contribute to achieving the goals of the Europe 2020 strategy during this last year of the programming period, and specifically opposes any redeployments that infringe on this budgetary priority.

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<sup>1</sup> Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network, COM(2010)0677.

## JUSTIFICATION

### Introduction

The priorities of the Committee on Industry, Research and Energy (hereinafter *the ITRE Committee*) in the EU 2013 Draft Budget were expressed in its opinion of 31 May 2012 on the mandate for the trilogue on the 2013 Draft Budget and the result of the vote is attached to the justification. The amendments on budgetary lines as modified by the Council were adopted in ITRE Committee on 3 September 2012.

The ITRE Committee expresses its clear convictions that the EU budget should in first line focus on the EU policies and programmes that substantially contribute to the revitalisation of sustainable growth in the EU and address major societal challenges.

In particular the ITRE Committee wants to stress following priorities in 2013 Draft Budget:

- Long-term investments in research, development and innovation (RDI) as well as investments for the transition towards a low-carbon, green economy.
- EU needs to implement enhanced support policies for SMEs, programmes and resources to fully unlock their growth potential.
- The annual European Union budget must, with its leverage effect, support the Member States' recovery policies through a more coordinated funding.
- Finally it is important to recall that 2013 will be the last year of the current programming period and it is therefore essential to meet the EU's commitments to ongoing projects. Regrets the cuts proposed by the Council and supports the proposed increased in payments put forward by the Commission in its Draft Budget.

### Explanations by titles

#### **Title 01 - Economic and financial affairs**

The Council decrease by 30.000.000 EUR in payment appropriations for the "Entrepreneurship and Innovation Programme" (line 01 04 04) under the Competitiveness and Innovation Programme would seriously jeopardise achieving its objectives. With the Council's proposed budget, the Commission expects to exhaust payments by the summer of 2013, causing serious legal implications for the Commission and financial implications for the SMEs involved. The ITRE Committee therefore proposes to restore the Draft Budget.

#### **Title 02 – Enterprise**

The cuts proposed by the Council under Title 02 are undermining the achievement of EU 2020 strategy in several important areas related to enterprise and industry policy, in particular the Competitiveness and Innovation Programme (lines 02 01 04 04, 02 01 04 30 and 02 02 01) which is vital for supporting European SMEs. In addition, restoration of draft budget in space research (lines 02 02 15, 02 04 01 01, 02 04 01 03) and support to the European GNSS Agency (02 05 02 01) is also proposed.

## **Title 08 - Research**

### **Title 10 - Direct research**

The ITRE Committee calls in its amendments for restoration of budget lines under the titles “Research” and “Direct Research”, for all areas addressing important societal challenges. The ITRE Committee has always supported the full implementation of the 7<sup>th</sup> Framework Programme and believes it is even more necessary in 2013 to support through research and innovation, the re-launching of the European economy. Therefore, the cuts proposed by the across the framework programme are unacceptable and would seriously undermine the achievement of the EU 2020 strategy objectives.

### **Title 09 - Information society and media**

The ITRE Committee asks to restore budget lines which contribute significantly to the EU 2020 Digital Agenda flagship initiative, in particular all lines related to supporting research and innovation activities.

### **Title 32 – Energy**

The ITRE Committee asks to restore several vital budget lines under Title 32 in Commission Draft Budget. Moreover the ITRE Committee also recognised the need for granting the Agency for the Cooperation of Energy Regulators (ACER, line 32 04 10 01) some additional funds (ca. 3m€), in order to ensure that it can develop the necessary software tools for the implementation of the REMIT Regulation (No 1227/2011). The development costs of the software are not foreseen in the 2013 Draft Budget and without additional financing in 2013 the deadline for the implementation of REMIT may not be met.

#### Pilot projects and preparatory actions

The ITRE Committee has considered and evaluated all pilot projects and preparatory actions (PP&PA), proposed by the Members, and adopted four new PP&PA that are carrying political priorities of the Committee and have a clear potential to develop into future EU activities and programmes:

- Preparatory action “*Social Innovation Driven by Social Business and Young Entrepreneurship*” (after line 04 04 17), to identify, develop, promote and disseminate the good practice of national, regional or local governments and of financial intermediaries in assisting young or social entrepreneurs in times of high youth unemployment;
- Pilot project “*Demand response program for public institutional energy consumers for the grid balancing market*” (after line 08 05 03), to demonstrate an innovative scheme for demand response type ancillary services for power grid balancing using a capacity portfolio of public buildings;
- Pilot project “*Recovering critical raw materials through recycling: an opportunity for the EU and AU*” (after line 08 06 02), to establish the basis for a solid cooperation between Europe and Africa on research and innovation in the field of recycling and recovery of raw materials;
- Pilot project “*Innovative finance model for renovating multi-family residential housing and properties in the Danube region*” (after line 32 04 20), to showcase how to leverage private sector investment to mobilise significant amount of investment in the low carbon multi-family housing refurbishment market across Europe.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	24.9.2012
<b>Result of final vote</b>	+: 39 -: 1 0: 3
<b>Members present for the final vote</b>	Amelia Andersdotter, Josefa Andrés Barea, Jean-Pierre Audy, Ivo Belet, Reinhard Bütikofer, Maria Da Graça Carvalho, Giles Chichester, Pilar del Castillo Vera, Robert Goebbels, Jacky Hénin, Edit Herczog, Kent Johansson, Romana Jordan, Philippe Lamberts, Judith A. Merkies, Angelika Niebler, Jaroslav Paška, Vittorio Prodi, Jens Rohde, Paul Rübig, Amalia Sartori, Salvador Sedó i Alabart, Francisco Sosa Wagner, Evžen Tošenovský, Marita Ulvskog, Vladimir Urutchev, Kathleen Van Brempt
<b>Substitute(s) present for the final vote</b>	Daniel Caspary, António Fernando Correia de Campos, Ioan Enciu, Vicente Miguel Garcés Ramón, Elisabetta Gardini, Françoise Grossetête, Andrzej Grzyb, Cristina Gutiérrez-Cortines, Roger Helmer, Jolanta Emilia Hibner, Eija-Riitta Korhola, Werner Langen, Pavel Poc, Vladimír Remek
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jorgo Chatzimarkakis, Keith Taylor