

# EUROPEAN PARLIAMENT

2004



2009

---

*Committee on Economic and Monetary Affairs*

**2006/2018(BUD)**

12.9.2006

## **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 2007  
(C6-0000/2006 - 2006/2018(BUD))

Section III - Commission

Draftsman: Giovanni Pittella



## JUSTIFICATION

This draft opinion takes as its reference point the preliminary draft budget (PDB) for the financial year 2007 published by the Commission on 3 May 2006.

### 1. General remarks

Your draftsman wishes to give a qualified appraisal of the favourable trend of appropriations relating to the Lisbon strategy as reflected in the changes in the chapters of the PDB.

Under the multiannual financial arrangements for 2007-2013, the appropriations in the PDB have been arranged in 7 titles, two of which can be seen to be partly inspired by the logic underpinning the Lisbon strategy. The growth in the funding allocated to them is comparable to an overall budget increase of +4.6%. For example:

- The commitments under the heading of Competitiveness for growth and employment increase by +11.5% to € 8796.1 million and include the expenditure relating to the Competitiveness and Innovation Framework Programme (+53.6%), trans-European networks (+18%) and the seventh framework research programme (+3.4%).
- The commitments under the heading of Cohesion for growth and employment, which correspond to the structural funds, increase for their part by + 14.8 % to € 45,486.6 million.

These appropriations are divided up between a number of fields of activity, viz. economic and financial affairs, enterprise, environment, information society, energy and transport, most of which do not come under the direct responsibility of ECON but do contribute to implementation of the Lisbon strategy.

This overall favourable trend of commitments must of course be reflected in the headings with a direct bearing on the European economy. While the relative growth of appropriations is moving in the right direction, their growth in absolute terms for the headings making an effective contribution to the expenditure relating to competitiveness, support for SMEs and aid for innovation remains nevertheless modest on account of the initial amounts involved.

### 2. Administrative expenditure for the policy area 'Economic and financial affairs' (budget heading 01 01 01)

Your draftsman notes with satisfaction an increase of 8.1% over 2005 in the appropriations allocated to expenditure on staff in active employment. He believes that it is essential that the Commission departments have adequate resources available to discharge the tasks entrusted to them in this area and that the proposed increase is satisfactory.

### 3. Coordination and surveillance of Economic and Monetary Union (budget heading 01 02 02)

Your draftsman welcomes the 4.9% increase in this budget heading proposed by the Commission since it is essential that political decision-makers and public opinion have analyses available that are of good quality in order to be able to monitor effectively developments in the European economy.

**4. Prince - Communication on Economic and Monetary Union, including the euro (budget heading 01 02 04)**

Your draftsman welcomes the substantial increase of 40% earmarked for the PRINCE programme. Information campaigns about EMU and the euro are a vital instrument for the eurozone. Opinion polls have indeed revealed declining support for the euro, which is doubtless partly attributable to insufficient information being given to the public about the benefits of EMU and the real impact of the introduction of the euro on prices. New campaigns are necessary in the new Member States, particularly those at an advanced stage of preparation for their entry into the eurozone.

**5. Competitiveness and Innovation Framework Programme (budget heading 01 04 04)**

The purpose of this heading is support for small businesses and innovation by assisting access to sources of funding. The Competitiveness and Innovation Programme seeks to incorporate in an overall plan the various programmes in support of productivity, innovation and lasting growth. All efforts to facilitate the access of SMEs experiencing difficulties to reasonable financing need to be encouraged. Nevertheless, the bulk of these programmes does not allow easy identification of the objectives being pursued.

Your draftsman welcomes the 55.3% increase in commitment appropriations. Nevertheless, in absolute terms, the sums allocated to this support remain modest: € 142.1 million in commitment appropriations and only € 117 million in payment appropriations (+30%).

**6. European Investment Fund (budget heading 01 04 09)**

Participation in increasing the capital of the EIF is welcome as a way of encouraging risk capital.

**7. Representation of the EU on the IASB**

The need to improve the procedure for drawing up and adopting the accounting standards produced by the IASB to which the EU has de facto delegated its responsibility for accounting standards requires the establishment of a system of funding capable of contributing to better governance of this body. In the light of the various funding schemes likely to be implemented, it is appropriate that the Commission should be in a position, where necessary, to provide direct funding. Furthermore, the Commission's resources in terms of quality staffing need to be adjusted to cope with the major issues represented by accounting standards for businesses and the European economy.

**8. Administrative expenditure for the policy area 'Competition policy' (budget heading 03 01 01)**

The 7.5 % increase over 2006 in the appropriations set aside for expenditure on staff in active employment in the area of competition policy seems to be in line with the necessary increase in human resources to discharge the tasks entrusted in this area.

**9. Fiscalis 2007 programme (budget heading 14 05 31)**

The Fiscalis programme, which seeks to improve the operation of taxation systems in the internal market, has proved very effective. It is clearly important therefore to allocate all the funds necessary to this programme which has demonstrated its effectiveness in the past. An increase in appropriations higher than the + 2.3% set aside in the PDB seems necessary.

## 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. Reiterates the Parliament's recurrent position in favour of measures forming part of the Lisbon strategy, in particular, support for SMEs and innovation, active labour market policies, measures to promote equal opportunities and lifelong learning policies; welcomes the efforts in this area but notes that the increase in the amounts concerned, which is considerable in relative terms remains limited in absolute terms;
2. Approves the alignment of various programmes under the Competitiveness and Innovation Framework Programme; nevertheless, calls for the various programmes for the benefit of SMEs to be properly coordinated and for the SMEs at which they are aimed to be properly informed about them so that the programmes provide effective aid to the target beneficiaries; also asks for the consolidation of overlapping programmes;
3. Asks that funding be set aside so that the Commission is in a position, where appropriate, to make a direct financial contribution to the International Accounting Standards Board in order to contribute to improved governance of this body in the interests of the EU;
4. Reiterates its support for the Fiscalis 2007 programme aimed at improving the operation of taxation systems in the EU and at training national officials in the areas of both indirect and direct taxation; asks for the creation of a single European database of national legislative tax arrangements, practices in force and e-learning tools, to raise business awareness and facilitate cross-border activity; requests, accordingly, a higher increase in the appropriations earmarked for Fiscalis 2007 than that proposed in the Preliminary Draft Budget.
5. Suggests that the efficiency of the Commission's operations and decisions be improved by the adoption of a cross-sectoral approach in its management; requests that the Commission's administrative expenditure be reduced.

## PROCEDURE

<b>Title</b>	Draft general budget of the European Union for the financial year 2007 - Section III - Commission		
<b>Procedure number</b>	2006/2018(BUD)		
<b>Committee responsible</b>	BUDGET		
<b>Committee asked for its opinion</b> Date announced in plenary	ECON 0.0.0000		
<b>Enhanced cooperation</b>	no		
<b>Draftswoman</b> Date appointed	Giovanni Pittella 3.4.2006		
<b>Discussed in committee</b>	20.6.2006	11.7.2006	11.9.2006
<b>Date suggestions adopted</b>	12.9.2005		
<b>Result of final vote</b>	for:	30	
	against:	0	
	abstentions:	0	
<b>Members present for the final vote</b>	Zsolt László Becsey, Pervenche Berès, Sharon Bowles, Udo Bullmann, Ieke van den Burg, Jan Christian Ehler, Elisa Ferreira, José Manuel García-Margallo y Marfil, Donata Maria Assunta Gottardi, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia in 't Veld, Othmar Karas, Piia-Noora Kauppi, Kurt Joachim Lauk, Astrid Lulling, Cristobal Montoro Romero, Joseph Muscat, John Purvis, Alexander Radwan, Bernhard Rapkay, Dariusz Rosati, Manuel António dos Santos, Margarita Starkevičiūtė, Sahra Wagenknecht		
<b>Substitutes present for the final vote</b>	Harald Ettl, Satu Hassi, Vladimír Maňka, Thomas Mann, Giovanni Pittella		
<b>Substitutes under Rule 178(2) present for the final vote</b>			