

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0391/2000

7 December 2000

REPORT

on the proposal for a decision of the European Parliament and the Council concerning the mobilisation of the flexibility instrument (paragraph 24 of the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure)
(SEC(2000) 2167 – C5-0665/2000)

Committee on Budgets

Rapporteur: Joan Colom i Naval

CONTENTS

	Page
PROCEDURAL PAGE	4
MOTION FOR A RESOLUTION.....	5
EXPLANATORY STATEMENT	6
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL.....	7

PROCEDURAL PAGE

By letter of 7 December 2000 the Commission submitted to Parliament, pursuant to paragraph 24 of the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure, a proposal for a decision of the European Parliament and the Council concerning the mobilisation of the flexibility instrument (SEC(2000) 2167).

At the sitting of 11 December 2000 the President of Parliament will announce that she had referred the proposal to the Committee on Budgets as the committee responsible (C5-0665/2000).

The Committee on Budgets had appointed Joan Colom i Naval rapporteur on questions concerning the Interinstitutional Agreement and the financial perspective at its meeting of 6 June 2000.

On 16 November 2000 a trilogue meeting had taken place between representatives of Parliament, the Council and the Commission.

A conciliation meeting between the Council and Parliament, with the Commission also taking part, had been held on 23 November 2000, the day before the meeting of the Council at which the latter gave the 2001 draft budget its second reading, in accordance with Annex III to the Interinstitutional Agreement.

The Committee on Budgets considered the Commission proposal and draft report at its meeting of 4/5 December 2000 and decided to apply the procedure without debate provided for in Rule 114(1) of the Rules of Procedure.

At that meeting it adopted the motion for a resolution by 26 votes to 1.

The following were present for the vote: Terence Wynn, chairman; Bárbara Dührkop Dührkop, vice-chairman; Joan Colom i Naval, rapporteur; Ioannis Averoff, Jean-Louis Bourlanges, Carlos Costa Neves, Den Dover, James E.M. Elles, Markus Ferber, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, Wolfgang Ilgenfritz, Anne Elisabet Jensen, Albert Jan Maat (for Reimer Böge pursuant to Rule 153(2)), John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Giovanni Saverio Pittella, Bernhard Rapkay (for Ioannis Souladakis pursuant to Rule 153(2)), Per Stenmarck, Francesco Turchi, Margrietus J. van den Berg (for Karin Jöns pursuant to Rule 153(2)), Alejo Vidal-Quadras Roca, Kyösti Tapio Virrankoski and Ralf Walter.

The report was tabled on 7 December 2000.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

European Parliament resolution on the proposal for a decision of the European Parliament and the Council concerning the mobilisation of the flexibility instrument (paragraph 24 of the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure) (SEC(2000) 2167 – C5-0665/2000)

The European Parliament,

- having regard to the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure¹,
 - having regard to the Commission proposal to the budgetary authority (SEC(2000) 2167² - C5-0665/2000),
 - having regard to the outcome of the triilogue meeting on 16 November 2000,
 - having regard to the outcome of the conciliation meeting on 23 November 2000 with the Council,
 - having regard to the report of the Committee on Budgets (A5-0391/2000),
1. Stresses that the continued use which has been made of the flexibility instrument in the 2000 and 2001 budgetary procedures is tending to distort the original nature of that instrument, while robbing it of its full potential to intervene in the event of unforeseeable budget requirements arising, involving large sums, in a given financial year;
 2. Points out that most of the 38 revisions to previous financial perspectives were carried out to meet multiannual requirements, as is the case in this instance, and others to meet requirements in one financial year only, but that they were not provided for when the original multiannual financial framework was adopted;
 3. Stresses that the requirements emerging in 1999 and 2000, covered in ad hoc fashion in each year, will continue to exist in subsequent years and at all events in 2002;
 4. Approves the decision to mobilise the flexibility instrument provided for in paragraph 24 of the Interinstitutional Agreement, involving a total of EUR 200 m to cover the Community contribution for Serbia for the financial year 2001, and the related declarations, in particular as regards revision of the financial perspective, which are annexed hereto;
 5. Instructs its President to forward this resolution, including the annex, to the Council and Commission.

¹ OJ C 172, 18.6.1999, p. 1.

² Not yet published in the OJ.

EXPLANATORY STATEMENT

The financial perspective for the period 2000-2006 was adopted on 6 May 1999, following bitter discussions between the Council and Parliament, by a simple majority within Parliament. One of Parliament's demands during the negotiations had been for the ceiling for headings 3, 4 and 5 to be raised; and agreement was reached, though the amounts are inadequate, in the rapporteur's view, and, while negotiations were taking place, Kosovo and Serbia were being bombed.

The fact that, two years running, use has been made of the flexibility instrument provided for by the IIA is tantamount to acknowledging the existence of annual additional needs, while narrowing the initial scope for its deployment, in the event of unforeseen budget requirements, and devaluing its role as a multiannual reference framework, whereas what the financial perspective ought to ensure is harmonious and controlled development of the broad budget aggregates over the period concerned.

The rapporteur would also stress that, since 1988, 20 of the 38 revisions have taken place in a particular year in response to specific circumstances.

The Commission has submitted a proposal for revision of the financial perspective to allow reconstruction needs in the Balkans to be funded.

The Council's reluctance to correct the heading 4 ceiling, which has been inadequate right from the start of the period, has inevitably created difficulties during the 2000 and 2001 budgetary procedures. Above all, it has highlighted the Council's inability to make a distinction between the aggregate allocation, which is what the financial perspective is, and the annual budget, which is contained within that allocation.

As the Balkans' needs will be multiannual and they will re-emerge in 2002, the rapporteur wonders what the Commission's attitude will be for proposing acceptable financing below current ceilings, given the fact that, as called for by Parliament, heading 4 appropriations have been increased without cutting other Union commitments regarding external programmes. As far as the rapporteur is concerned, the following two questions remain to be answered:

- What action will be taken in response to the Commission's original proposal?
- To what extent are the original and new proposals mutually consistent?

While welcoming the agreement reached between the two arms of the budgetary authority on 23 November 2000 to release EUR 200 m by way of the Community's contribution for Serbia, the rapporteur regrets that there has been no appropriate response to the multiannual dimension of requirements and fears that, should the Council keep up such an attitude, the entire financial perspective system will wither away as a result.

**DECISION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL
OF 14 DECEMBER 2000**

CONCERNING THE MOBILISATION OF THE FLEXIBILITY INSTRUMENT
(paragraph 24 of the Interinstitutional Agreement of 6 May 1999
on budgetary discipline and improvement of the budgetary procedure)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure¹, and in particular paragraph 24 thereof,

Having regard to the proposal concerning the mobilisation of the flexibility instrument, submitted by the Commission on 6 December 2000,

Having regard to the conclusions of the conciliation meeting between the Council and a European Parliament delegation, with the Commission also taking part, on 23 November 2000 when the Council gave the 2001 budget its second reading,

Whereas:

- (1) As a result of developments in Serbia, the political conditions are now satisfied for Serbia to qualify for the programme of assistance for reconstruction, development and stabilisation mounted for the entire western Balkans region.
- (2) The aid initially earmarked for Serbia in the preliminary draft budget presented by the Commission for 2001 totalling EUR 40 million and designed to assist the democratic forces in the country and the towns administered by the opposition must be extended to cover the financing of reconstruction work and the amount raised to EUR 240 million for that year.
- (3) After examining the allocations for all the actions covered by heading 4 (External action) of the financial perspective, the two arms of the budgetary authority agree that this additional expenditure cannot be financed in 2001 within the limits of the ceiling set for this heading.
- (4) The conditions for using the flexibility instrument as set out in paragraph 24 of the abovementioned Interinstitutional Agreement are satisfied,

¹ OJ C 172, 18.6.1999, p. 1.

HAVE DECIDED AS FOLLOWS:

Article 1

The flexibility instrument shall be used to provide EUR 200 million for the 2001 budget.

Article 2

This amount shall be used to finance reconstruction work in Serbia within Chapter B7-54 of the 2001 budget.

Article 3

This decision shall be published in the Official Journal of the European Communities at the same time as the budget for 2001.

Done at Strasbourg, 14 December 2000,

For the European Parliament
The President
[...]

For the Council
The President
[...]