

EUROPEAN PARLIAMENT

2004



2009

*Temporary Committee on Policy Challenges and Budgetary Means of the enlarged Union
2007-2013*

PROVISIONAL
2004/2209(INI)

22.3.2005

DRAFT REPORT

on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013
(2004/2209(INI))

Temporary Committee on Policy Challenges and Budgetary Means of the
enlarged Union 2007-2013

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013 (2004/2209(INI))

The European Parliament,

- having regard to the EC Treaty and in particular Articles 268-276 thereof,
- having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council, and the Commission on budgetary discipline and improvement of the budgetary procedure¹,
- having regard to the communications from the Commission COM(2004) 101, COM(2004) 487, and COM(2004)0498,
- having regard to the Draft Treaty establishing a Constitution for Europe²,
- having regard to Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources³;
- having regard to its resolution of 22 April 2004 on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013 (A5-0268/2004)⁴,
- having regard to its decision of 15 September 2004 on setting up a Temporary Committee on Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013⁵,
- having regard to its question for oral answer O-0067/2004 (B6-0130/2004) and its resolution on the Financial Perspective with a view to the European Council meeting in December 2004⁶ to the Council,
- having regard to its question for oral answer O-0068/2004 (B6-0131/2004) to the Commission,
- having regard to Rule 175 of its Rules of Procedure,
- having regard to the report of Temporary Committee on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013 and the opinions of the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on the Internal Market and Consumer Protection, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on Agriculture, the Committee on

¹ OJ C 172, 18.6.1999, p. 1.

² OJ C 169, 18.7.2003, p. 1.

³ OJ L 253, 7.10.2000, p. 42.

⁴ P5_TA-PROV(2004)0367.

⁵ P6_TA-PROV(2004)0005.

⁶ P6_TA-PROV(2004)0075.

Fisheries, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs, the Committee on Women's Rights and Gender Equality, the Committee on Foreign Affairs, the Committee on Development, and the Committee on International Trade (A6-0000/2005),

- A. Whereas the current Financial Perspective and the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure will in principle end in 2006;
- B. Whereas most Community legislation with financial implications will terminate in 2006;
- C. Whereas the preparation of the next Financial Perspective is one of the major challenges to be faced by the Union over the coming months, as it will shape the new enlarged Europe;
- D. Whereas the European Parliament decided to set up a Temporary Committee with the following mandate:
 - (a) to define the European Parliament's political priorities for the future Financial Perspective both in legislative and budgetary terms,
 - (b) to propose a structure for the future Financial Perspective in line with these priorities,
 - (c) to make an estimate of the financial resources to be allocated to European Union expenditure for the period 2007-2013,
 - (d) to propose an indicative allocation of resources between and within the different headings of the Financial Perspective in line with the priorities and proposed structure,
- E. Whereas the Temporary Committee should present its final report before the European Council establishes its common position;
- F. Whereas in accordance with paragraph 26 of the Interinstitutional Agreement of 6 May 1999, the Commission has initiated the process of the preparation of the new Financial Perspective and the new Interinstitutional Agreement by presenting proposals on 10 February and 14 July 2004 respectively;
- G. Whereas the Treaty establishing a Constitution for Europe (the Constitutional Treaty) strengthens the role of the European Parliament in many legislative areas and provides for the multiannual financial framework to become a European law adopted by the Council by unanimity after obtaining the consent of the European Parliament by the majority of its component members;
- H. Whereas paragraph 26 of the Interinstitutional Agreement of 6 May 1999 provides for a prolongation of the current Financial Perspective, unless it is expressly denounced by one of the parties to this agreement;
- I. Whereas in the absence of an interinstitutional agreement the EC Treaty allows for the adoption of annual budgets under the provisions of Articles 272 and 273 if the budget has not been voted at the beginning of the financial year;

- J. Whereas the new Commission officially endorsed the proposals of the former Commission regarding the structure, the duration and the level of financial resources per year and per heading of expenditure of the new Financial Perspective and all the legislative proposals known collectively as the "Prodi Package";
- K. Whereas, in the report on building our common future: policy challenges and budgetary means of the Enlarged Union 2007-2013¹, Parliament stressed that "there will be no Financial Perspective without an agreement between the European Parliament and the Council on the financial package, as the existing Treaty foresees no obligation to have a Financial Perspective and only provides for annual budgets";
- L. Whereas national contributions (VAT income and GDP), introduced in the 1980s as revenues complementary to EU own resources, have gradually become the principal source of financing for the Community budget; whereas the derogation regimes which have been added to this system have only made it more complex, more opaque for citizens and increasingly less equitable;
- M. Whereas the conclusions of the December 2004 European Council confirmed the "Prodi Package" as the working basis for the Council, which agreed on institutional dialogue through regular contacts with the European Parliament;
- N. Whereas in the conclusions of the December 2004 European Council, the link between the Financial Perspective and the issue of own resources and the correction mechanism is clearly established;
- O. Whereas, over the last six months, the Temporary Committee:
- has conducted an in-depth analysis of the Commission's proposals,
 - has worked in close co-operation with all the permanent committees whose opinions have been carefully scrutinised,
 - has followed with interest the "building blocks" working method followed by the Dutch Presidency and had frequent and constructive contacts with the Luxembourg Presidency,
 - has identified positive political priorities in view to determining the European Parliament's negotiating position,
 - has made proposals for the duration, the structure and the financial resources of the next Financial Perspective, in accordance with the mandate it received;

General context

1. Recalls that the Financial Perspective is a financial framework aiming to secure the development of EU priorities in a context of budgetary discipline, and is not a multiannual budget set for seven years; points out that the Financial Perspective remains a reference

¹ P6_TA-PROV(2004)0005.

and therefore must reflect political ambitions; is determined to make full use of the annual budgetary procedure to establish the expenditure of the European Union every year;

2. Notes that the new Barroso Commission has fully endorsed the proposals presented by the Prodi Commission over the last months of its mandate; expresses strong doubts about a system which binds the elected and executive bodies of the European Union over three consecutive mandates;
3. Is aware of the difficult political, economic and social context in several Member States and is in favour of a financial framework which respects the budgetary rigour imposed on national budgets; recalls in this regard that the EU budget has increased by 8.2% between 1996 and 2002, while the average increase in national budgets (EU-15) has been 22.9%; notes that the MacDougall¹ report considers that the European budget should amount to 2 % to 2,5% of Members States ' GDP; points out that the current ceiling of own resources is established at 1.24% of EU GNI;
4. Is convinced that the Financial Perspective can allow for balanced development of the financial resources allocated to the Union provided that:
 - they are used for actions with real European added value and visibility for citizens,
 - they optimise concentration and complementarity with actions run at national level to limit as much as possible the burden on taxpayers,
 - they are spent under rules of sound financial management and efficiency;
5. Stresses that the debate on the Financial Perspective is closely linked to the issue of own resources, the correction mechanism and various forms of co-financing and financial instruments and the need to adapt the existing system, as acknowledged by the European Council in its conclusions of December 2004; regrets that the Commission did not present more ambitious proposals to replace the current system in parallel with the new Financial Perspective; takes the opportunity to point out that the ceiling of own resources decided in 1993 for 15 Member States has remained unchanged since then (1.24% of Member States' GNI);
6. Is determined to link its agreement on the next Financial Perspective to recognition by the Council of the need for a profound reform of the current EU own resources system aimed at stabilising current national net contributions and at financing common policies with genuine own resources using a transparent, equitable and democratic system which should enter into force at the latest at the beginning of the following Financial Perspectives;
7. Notes that the entry into force of the Constitutional Treaty will modify the legislative procedure for a number of proposals, introducing co-decision; is aware that it would be impossible to anticipate the Constitution in legal terms before the end of the ratification procedure; urges the Council to agree on a gentleman's agreement to safeguard the legislative powers of Parliament and to introduce a revision clause for legislative acts whose procedure will change after the Constitutional Treaty comes into force;
8. Notes that the Constitutional Treaty requires that the future law of the Council containing the Multiannual Financial Framework (MFF) be approved by Parliament by a majority of

¹ Report presented by a Group of Experts at the request of the European Commission in 1977.

its members and points out that the next Financial Perspective will continue beyond the entry into force of the Constitutional Treaty; considers that if the financial framework is not adopted by a majority of the Members of Parliament, it will have no validity after the entry into force of the Constitutional Treaty; therefore asks its delegation negotiating the Interinstitutional Agreement to foresee the adoption of the future Financial Perspectives by the European Parliament by qualified majority;

9. Recalls that a Financial Perspective can only be established with the approval of the European Parliament and that the EC Treaty provides for annual budgets in the absence of agreement; stresses that it will not agree on the next Financial Perspective if its priorities are not taken into consideration in the Council's final position;
10. Welcomes the Commission's proposals on the next financial framework 2007-2013 and the related legislative proposals, which form part of the "Prodi Package" and are intended to replace most of the current legislation ending in 2006, as an opportunity for the enlarged Union to further develop a new political agenda; after an in-depth analysis by its Temporary Committee and by the 17 committees which delivered opinions to it, considers that the Commission proposals have received a general support and as such are an acceptable basis for analysis and future negotiations; nevertheless draws the Council's attention to some political priorities where European added value for the Union and its citizens is of the utmost importance;

Part I Policy challenges

A more competitive and cohesive Europe

Cohesion

11. Considers that European regional policy is an indispensable tool for promoting social and economic cohesion, permitting the Union to undertake actions to reduce regional disparities and stimulate the sustainable development of the regions, their growth, competitiveness and employment; is convinced that joint action at European level is cost-effective since it allows for economies of scale, the rationalisation of procedures, and the pooling of resources, particularly in the context of cross-border co-operation; considers that the existence of a strong, well financed European regional policy is a condition *sine qua non* of the Union's ability to deal with successive enlargements and reduce regional disparities; considers, therefore, the amount of 0.41% of the Union's GNI and the 4% of the national GNI of the new Member States as adequate, provided the Member States can ensure that the corresponding co-financing is made available; is determined to monitor the strict application by the Commission of the N+2 rule;

Research

12. Stresses that scientific research, technological development and innovation are at the heart of the knowledge-based economy and are key factors for growth, the competitiveness of companies, employment, and to attain the objectives of the Lisbon Strategy; considers that research efforts should be boosted and consolidated at EU level, bringing added value to

industry, SMEs and the citizens of Europe; stresses that this Financial Perspective should aim to reach the target established at the 2002 Barcelona European Council for an increase in R&D expenditure to 3% of EU GNI by 2010 and that this must be factored into future Financial Perspectives; considers that for the Space Programme, legislative instruments and financial resources should benefit from a revision clause once the Constitutional Treaty enters into force;

Trans-European Networks

13. Welcomes the Commission proposal on *TEN-T* priority projects; notes however that the resources allocated for 30 transport priority projects as well as for the Marco Polo programme constitute a minimum amount which must be considered subject to upward revision; underlines the strategic importance of transport networks for the EU in its relations with candidate and pre-candidate countries and in the further consolidation of the EU's single market; notes that the interconnection of transport networks underpins the development of trade and investment and thereby promotes sustainability and stability and also social, economic and geographical cohesion; calls for adequate funding for the development of transport interconnections and common infrastructure shared by the countries; insists that this funding should be conditional on guarantees by the Member States of adequate counterpart funding and would welcome innovative financing instruments such as loan guarantees or EIB facilities;
14. Welcomes the fact that the new regulation would also allow financing infrastructure in the *TEN-E programme*, which was not the case in the previous framework 2000-2006, where only studies could be supported with *TEN-E* funding;

The Social Policy Agenda

15. Is confident that the modest financial means dedicated to the implementation of the Social Policy Agenda contribute positively to growth and competitiveness; considers that an adequate level of Community expenditure in the social policy area remains crucial, in particular in terms of employment and social protection;

Education and training

16. Considers education and training as one of the high priorities for the next Financial Perspective and a key factor for growth and competitiveness; regards the proposed increase in its financial envelope as the absolute minimum necessary for the attainment of EU objectives in this area; considers that the effectiveness and added value of European programmes in the field of education and training are obvious as they provide an instrument for spreading innovation and good practice that would otherwise remain locked within national borders; stresses that mobility activities and promotion of partnerships/networks between schools and universities in different countries cannot be organised or funded efficiently at national level; welcomes the consolidation into a single instrument of formerly separate programmes in this area, but underlines the importance of safeguarding well-known and highly-regarded 'brand names' such as 'Erasmus'.

A better quality of life

Rural development

17. Considers that the restructuring of the Common Agricultural Policy (CAP) needs to be accompanied by a substantial increase in rural development funds to address the problems of employment and competitiveness in rural areas, in particular in the new Member States; is of the opinion that the Commission's proposal for the budget of the new Rural Development Fund is extremely tight having regard to the substantial amounts needed for the adequate implementation of *Natura 2000* and therefore considers that 0.05% of EU GNI constitutes an absolute minimum;

Environment

18. Agrees with the Commission's approach to integrate *Natura 2000* into the Rural Development Fund and the structural funds which should be the main sources of financial resources alongside the *Life+* programme; insists in this context on a legally binding mechanism which guarantees proper implementation and EU funding for *Natura 2000* at the level of the EU's estimated contribution to the envisaged overall amount, which is approximately EUR 6.1 billion for EU-25 per year; an amount of EUR 21 billion for *Natura 2000* should therefore be earmarked ("ring-fenced") in the Financial Perspective 2007-2013;

An Area of Freedom, Security and Justice

19. Selects the completion of the Area of Freedom, Security and Justice as one of its main political priorities for the period of the next financial framework and notes that it must have a correspondingly substantial increase in the funds allocated to it; considers, in consequence, that the proposed allocation to this area of around two thirds of the funds foreseen in the proposed Heading 3 is not sufficient to cover the needs and the ambitions of the European Union in this area;

A Europe closer to the citizen

Fostering European Culture and Diversity

20. Considers the *Youth in Action Programme* a priority and stresses that the European added value of this Community programme is obvious; stresses the need to provide additional funding for this policy, since actions such as organising multilateral youth exchanges, a European Voluntary Service and networking of projects for youth workers cannot be organised effectively by individual Member States; points out that the leverage effect of such a programme has also been proven as it helps to steer and sometimes shape national policy measures;
21. Calls on the Commission to submit without delay a legislative proposal for the successor programme of the *Civic Participation Programme* that remains a priority in order to enable the European Parliament and the Council to begin legislative work in time to allow for the new programme to enter into force at the beginning of 2007;

A stronger Europe in a safer world

22. Insists on a level of funding for External Actions sufficient to enable the EU to become a real "global partner" in the world and to provide it with the means for its political ambitions; stresses its unwillingness to perpetuate a situation of constant pressure under Heading 4 as occurred under the current Financial Perspectives and points particularly to the need for a high level of flexibility and sufficient margin to allow for unforeseen events; points out the need to provide sufficient funding to ensure the implementation of the approach indicated by the Constitutional Treaty in this area;
23. Calls for coherence between the provisions of proposed legislative instruments and the likely forthcoming provisions of the Constitutional Treaty, maintaining in all cases effective democratic participation of the European Parliament in decisionmaking; points to the particular need for greater Parliament participation in decisions on CFSP actions, especially where these have budgetary implications; in this context considers it indispensable to develop further the current practices for information and consultation of Parliament in the context of CFSP;
24. Welcomes the renewed determination of the EU and the US leaderships in view to shape a common agenda, including joint actions on foreign policy issues; notes that this approach is not reflected in the Commission proposal; suggests that a small proportion of the external budget should be set aside in order to provide financial support for such activities;

Part II Organisation and structure of the financial framework

Duration

25. Notes that the Commission has proposed a financial framework of 7 years' duration; for reasons of democratic responsibility and accountability; reiterates its position in favour of a parallelism between the duration of the Financial Perspective and the five-year mandates of the European Parliament and of the European Commission, and recalls that the Constitutional Treaty foresees a duration for the future Multiannual Financial Framework of a minimum of five years, which would allow for co-ordination with the terms of office of the Commission and of the Parliament; points out that the duration of the legislative proposals could remain independent from the timeframe of the Financial Perspective;
26. Decides that the next Financial Perspectives should consequently allow for the transition to such parallelism and therefore last until the end of 2010; is of the opinion that the only possible alternative would be the end of 2015; recalls that a transitional term could be envisaged in the event of a delayed agreement or the absence of an agreement;

Structure

27. Takes note of the Commission's proposal to restructure the next financial framework, with the aim of better reflecting the broad policy goals and providing more visibility for citizens on the EU multiannual spending, but considers that in some cases this introduces unnecessary rigidity;
28. Considers that the relevance of Heading 3 (*Citizenship, Freedom, Security and Justice*)

could be questioned in terms of the volume of appropriations compared with all the other headings, but is nevertheless acceptable in political terms; takes position in favour of the creation of an autonomous sub-heading for the area of freedom, security and justice within this heading, in order to ensure more visibility for this important political priority of the Union and earmark the funds allocated to it;

29. Recalls that once the Constitutional Treaty is in force and the distinction between compulsory and non-compulsory expenditure is abolished, the ring-fencing of resources for market-related expenditure and direct payments under heading 2 will no longer exist;

Administrative expenditure

30. Is willing to maintain a structure which facilitates control by the budgetary authority over the Commission's administrative expenditure and is therefore against the proposal to remove this expenditure from Heading 5; considers nevertheless that the Activity-Based Budgeting (ABB) system introduced for the budgetary nomenclature should be preserved; therefore is in favour of leaving the Commission's administrative expenditure under each policy area but of establishing a binding ceiling outside the Financial Perspectives table, with the possibility for this ceiling to be increased only by a decision of the budgetary authority, using the margin under Heading 5 or any other means offered by the future interinstitutional agreement;

Agencies

31. Is concerned about the constant increase of all types of agencies: decentralised, executive, regulatory agencies, and deplores that the Commission has not been able to provide details of multiannual programming for agencies over the next financial framework;
32. Stresses that the development of agencies should be continuously examined by both the budgetary and legislative authorities in future, not only because of the administrative burden decentralised bodies create for the budget (2 735 staff on top of the Commission's establishment plans in the 2005 budget), but also because of the risk of intergovernmental influence on common policies through the presence of Member States representatives in their management boards and the lack of democratic accountability to Parliament;
33. Calls for an approach similar to that requested for the Commission administrative expenditure, based on the establishment of a binding ceiling for the agencies, outside the Financial Perspective table, which can be increased only by a decision of the budgetary authority using all means offered by the future interinstitutional agreement; intends by these means to improve control and transparency over the agencies without adverse effects on the programmes;

Flexibility

34. Recalls that during the current Financial Perspective, all the various instruments foreseen to increase the ceiling of the Financial Perspective, such as revision, adjustment, flexibility, and the Solidarity Fund, were mobilised following a joint agreement to respond to permanent and structural needs or to finance unforeseen needs; stresses that flexibility is an indispensable tool in a multiannual context; recalls that, over recent years, and especially during the current Financial Perspective (2000-2006), the Flexibility Instrument has been mobilised six years out of seven;
35. Emphasises that flexibility will play a crucial part in the European Parliament's negotiating position; will reject any attempt by the Council to agree on a financial framework without appropriate mechanisms to adapt it to future needs and considers that it is a major responsibility of the budgetary authority to provide for such mechanisms; believes that the volume and the instruments of flexibility are closely linked to the decision on the overall figures and the final structure and duration of the financial framework;
36. Therefore proposes:
- to accept the Commission proposal for a revision procedure with multiannual effect to cover lasting changes of the financial framework which may be facilitated by being adopted by the same majority as for the adoption of the Budget (qualified majority in Council and absolute majority in Parliament),
 - to reject the Commission proposal for the reallocation flexibility between headings,
 - to propose a flexibility mechanism similar to the existing one to be used with annual effect for unforeseen events, but with an initial amount of EUR 500 million, to increase every year by EUR 100 million,
 - to accept the legislative flexibility proposed by the Commission for legislative acts but to increase this flexibility to 10 %, above or below the amounts fixed under codecision,
 - to ask for a margin to be left with respect to the legislation programmed in each heading with a percentage to be defined and increasing over the period (i.e. 2% until 2010 and 4% thereafter);

Part III Budgetary means and alternatives

37. Considers that the Commission proposal is globally acceptable, although not realistic in a negotiating context; is of the opinion that if some headings have been overestimated, others do not reflect the ambitions that an enlarged Union of 490 million inhabitants could expect in political, economic and solidarity terms over the coming years;
38. Is of the opinion that options and alternatives need to be explored to find a compromise

between the ambition to deepen European integration, budgetary rigour, the legitimate expectations of the new Member States and the Commission's proposals; is also willing to rebalance the global volume of expenditure according to its own political priorities for the future;

39. States, in consequence, and as options for alternatives or reductions with respect to the Commission proposal, that it:

- Agriculture:

Observes that, although it increases only by 3% over the period, it still represents a disproportionate volume of appropriations which will be even higher if some policies are reduced compared with other policies; therefore, in the absence of an overall agreement that would satisfy Parliament's political and financial priorities, questions the financing of Bulgaria and Romania above the ceiling agreed by the European Council in 2002; considers it appropriate to finance the share of market support for these two countries under the "Brussels ceiling"; considers further that, in order to guarantee the level of support set by the decision of the European Council of October 2002, the possibility of a phasing-in process of cofinancing should be initiated within EU-15 if the needs exceed the forecasts,

- European Development Fund:

Recalls that the European Parliament has strongly supported the integration of the EDF into the general budget on the basis of the principle of the unity of the budget and for reasons of transparency, but observes that, in financial terms, the budgetisation should not jeopardise other policies; considers therefore that the *status quo* could be maintained and that the EDF should not be included in the financial framework.

- Growth Adjustment Fund:

Takes a negative view of the Commission proposal as the same objective should be reached with alternative financial tools as the National Funds, EIB and the support of the private sector,

- Solidarity Fund:

Considers it preferable to maintain the current system, financed outside the ceilings with a maximum amount to be mobilised only when deemed necessary,

- Emergency aid:

Takes a negative view of the Commission proposal to include Emergency Aid under the ceilings; proposes the creation of an Emergency Aid mechanism outside the ceiling to be funded when deemed necessary using flexibility instruments with the same mechanism as for the current Solidarity Fund,

- Sub-Heading 1a) Competitiveness for Growth and Employment:

Considers that the "Lisbon objectives" should remain a priority for the Union in the next financial framework, and significant efforts must be made towards achieving the targets; considers that the budgetary means should be appropriate but realistic, increased but not overestimated, limited to subsidiarity and clear European added value; considers, therefore, that a global reduction of EUR xxx billion fully allows for research policy, social policy, TENs, and additional means for education to be

ensured, and can be proposed without hampering the competitiveness of the Union; this amount should be redeployed to headings 3 and 4,

- Heading 3: Citizenship, freedom, security and justice:
Takes the view that the policies to be financed under this heading, in particular Freedom, Security and Justice, as well as Youth and Culture, are high priorities for the Parliament; therefore, the global volume of appropriations should be increased by EUR xx billion,
- Heading 4: The EU as a global partner (and CFSP):
Is of the opinion that the ambitions of the enlarged Union over the next period, the need to finance crises, and the reshaping of foreign policy contained in the Draft Constitutional Treaty allow for an increase of EUR xx billion; underlines that the increase for the CFSP would only be made available after agreement with Council on the role of Parliament in decision-making,
- Administrative expenditure:
Considers that this should be reduced by EUR xx billion in line with the rigour imposed on national administrations and bearing in mind the development of new forms of governance (agencies) and considering that successive enlargements should not systematically generate new resources,

40. Believes that the negotiations should not only focus on percentages and figures but should also introduce other elements with a view to reaching a balance which can meet the expectations of both Member States and citizens; calls on the Commission and the Council to consider these elements as *sine qua non* conditions for reaching an agreement with the European Parliament; states in this regard that it:

- Aspects linked to the Constitution:
is determined to reject any legal commitment which would have a negative binding effect once the Constitutional Treaty is in force; therefore demands a gentleman's agreement with the Council and the Commission aiming to introduce a revision clause for legislative acts for which the procedure will change with the entry into force of the Constitutional Treaty, increasing the role of the European Parliament; urges the Commission and the Council to agree on such a commitment in the next Interinstitutional Agreement,
- Financial Regulation:
Is convinced that the principles of sound management contained in the Financial Regulation and its implementing rules need to be reviewed to facilitate implementation; urges the Commission and the Council to agree on a recasting of the provisions which must facilitate implementation and simplify procedures,
- Certification by Member States:
Considers that Parliament, as part of the budgetary authority, has a responsibility to optimise the implementation of funding allocated by the Member States to the EU budget; is determined to improve the implementation of the programmes to be financed under the next financial framework; urges the Member States to provide a certification of their financial commitments for all policies run under shared

competencies through a formal ex-ante Disclosure Statement and an annual ex-post Declaration of Assurance; in consequence, asks the Commission to introduce the appropriate mechanisms to suspend payments in the event of non-compliance with this request; is not ready to propose any significant increases in funding to programmes without guarantees by the Member States that they will commit the appropriations,

- Own resources and correction mechanism:

Endorses the conclusions of the European Council of December 2004 that the negotiations on the Union's expenditure must be seen in an overall context including the question of own resources and the examination of a possible implication of the system; asks the Council for a revision of the system before the end of the next Financial Perspective,

- Financial instruments and co-financing

asks the Commission to make proposals to accompany the implementation of all common policies with new financial instruments and co-financing mechanisms;

Part IV Evaluation of the Commission proposals

Competitiveness and Innovation

41. Remains concerned that previous innovation and competitiveness programmes have failed to deliver the necessary link between fundamental research and industrial innovation partly due to the fact that the financial resources were rather limited; considers that the establishment of a dedicated programme for Competitiveness and Innovation endowed with adequate financial resources is vital for supporting a "prosperity" oriented industrial policy, notably for SMEs, that would successfully capitalise on research through industrial applications;

Space Programme

42. Notes that the European space policy is now a part of the Research Framework Programme; points out that, in anticipation of the entry into force of the relevant provisions of the Constitutional Treaty, where the Space Programme has its own legal base (Art. III-254), this should be treated as a separate policy area with its own clearly defined legal basis and be endowed with adequate financial resources to support space related research activities as well as the infrastructure of Galileo and GMES, and EU access to space;

Trans-European Networks

43. Notes that, due to the size of projects and their financial envelopes, there is no real substitute for national or Community funding; observes that the often-embraced hope of seeing growth in the participation of private investors remains for the moment, with a few rare exceptions, unrealised; takes note of the adoption of the new Regulation for the granting of Community financial aid in the field of Trans-European networks¹ which allows aid to be concentrated on projects which have the greatest need (priority cross-

¹ Regulation 807/2004, OJ L 143, 30.4.2004.

frontier projects, or those crossing natural obstacles), and increases the maximum rate of support for priority projects to 20%-30%¹ and to 50% in exceptional cases;

The Social Policy Agenda

44. Takes note of the legislative proposal for the new *PROGRESS* programme and stresses the importance and the need for the continuation of a coherent European programme including adequate funding in this area which complements action at national level; observes that, despite an overall increase of 115 % in the relevant subcategory as proposed by the Commission, the expenditure in the social and employment area would remain roughly at its current level;

Cohesion

45. Calls on the Commission to establish "development targets" and measurable, concrete and precise indicators with an economic, social and environmental dimension along the lines of the conclusions of the Lisbon and Gothenburg European Councils, and to simplify current administrative procedures, in such a way as to ease the administrative burden on Member States, by means of a revision of the relevant provisions of the Financial Regulation if necessary; calls on the Member States to solve the problems with shared management and to improve the reliability of the controls they perform as well as their forecasting methods; calls further for a clear commitment and a precise timetable for the implementation of the principle of Disclosure Statements by Member States' executing authority (Finance Minister);

Agriculture

46. Considers that a major objective of the Common Agricultural Policy (CAP) is to guarantee the model of multifunctionality of the European agricultural sector, to secure the functioning of the internal market in agricultural products and the income of farmers, to guarantee the availability of high quality agricultural products, to support rural areas which lag far behind urban areas in terms of income, infrastructure and access to services, and to preserve the environment;
47. Recalls that the fundamental agricultural policy reform in 2003, including the reform of nearly all common market organisations, was based on the validity of the financial framework laid down in the decision of the European Council in October 2002; recalls furthermore that the European Parliament has agreed to the Treaty and Act concerning the conditions of the accession of the 10 new Member States, which based its financial aspects concerning agriculture on the European Council's agreement;

Fisheries

48. Considers the Common Fisheries Policy (CFP) an essential element of the EU's environmental efforts to rebalance the marine ecosystem, which is almost on the brink of collapse; considers that the substantial increase in funds provided for by the Commission for conservation of stocks, control and enforcement and governance of the CFP is

¹ The increased support rate also applies to priority projects in the energy sector.

appropriate to fulfil the EU's commitment to improving scientific advice and the knowledge of the level of fish stocks, to strengthen co-operation with and between stakeholders, to reinforce control and enforcement and to take account of the establishment of the Joint Community Inspection Structure;

Environment

49. Is of the opinion that the EU's environmental policy has proven to be an essential instrument in contributing to mitigating the effects of climate change, halting the decline in natural habitats and bio-diversity, improving the environment, health and the quality of life, promoting the sustainable use and management of natural resources and waste and developing strategic approaches to policy development, implementation and information/awareness raising;

An area of Freedom, Security and Justice

50. Welcomes the efforts to simplify and rationalise the current situation in this area through the definition of three framework programmes ("*Solidarity*", "*Security*" and "*Justice*"), which will also allow for greater flexibility in the allocation of priorities among the different actions, but stresses that this approach should not diminish the political and budgetary control by the European Parliament; warns that the introduction of the notion of "shared management with Member States" for implementing the programmes in this area needs to be accompanied by adequate control mechanisms;

51. Reserves, until after the Commission presents legislative proposals, its final opinion on the specific content of the programmes and particularly whether the proportion of the global funds proposed by the Commission for each program is adequate to give the necessary visibility to Parliament's main priorities in this area: the promotion of fundamental rights, the reinforcement of the security of citizens and the effective implementation of common immigration and asylum policies (particularly with regard to the Refugee Fund);

Consumer Protection and Public Health

52. Calls on the Commission to submit the legislative proposals for the new *Consumer Policy and Public Health programme* without delay, in order to enable the European Parliament and the Council to begin legislative work in time to allow the programmes to enter into force at the beginning of 2007; stresses that adequate financial resources should be allocated to the new programme; calls for account to be taken of the impact of the previous enlargement round and the future enlargement to countries with deficits in the health and consumer field as well as the proposed widening of the scope of the programme;

Fostering European Culture and Diversity

53. Emphasises that the audio-visual sector is at the core of technological changes and innovative economic processes and stresses its possible contribution to the creation of a knowledge-based economy as envisaged by the Lisbon process; underlines the positive results of the current *MEDIA* programmes; stresses that the *MEDIA* programmes have

proved to be very efficient and have demonstrated notable European added value in order to support the development of the sector; stresses that an adequate level of funding for the *MEDIA 2007* programme is important;

54. Welcomes the integration of several activities with extremely small financial frameworks into the new *CULTURE 2000 Programme* and emphasises that an adequate level of funding in this area remains crucial.
55. *External policies* Welcomes in principle the simplification of financing instruments under Heading 4 but questions whether the number and breakdown proposed by the Commission is appropriate with respect to transparency, visibility and democratic scrutiny in the use of funds evident in the current proposals; or whether the proportions of financial allocations are justified; considers particularly that:
- the proposal on Development Co-operation and Economic Co-operation should be withdrawn and replaced with separate proposals for developing and industrialised countries,
 - the legal bases of the Pre-Accession Instrument and the Stability Instrument should be revised to allow use of the codecision procedure;
56. Instructs its President to forward this resolution to the Council, the Commission and the other institutions and bodies concerned, to the national governments and parliaments of the European Union.