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REPORT

on EU Draft Supplementary and Amending Budget No 6/2002 for the 2002 financial year
(SEC(2002) 1220)- 14811/2002 - C5-0560/2002 - 2002/2239(BUD)

Committee on Budgets

Rapporteur: Guido Podestà
Kathalijne Maria Buitenweg

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PROCEDURAL PAGE

For the purpose of the budgetary procedure relating to the 2002 financial year the Committee on Budgets appointed Kathalijne Maria Buitenweg and Guido Podestà rapporteurs at its meetings of 4 December 2000 and 13 May 2002 respectively.

On 13 November 2002 the Commission presented EU Preliminary Draft Supplementary and Amending Budget No 6/2002 for the 2002 financial year and forwarded it to Parliament by letter of 14 November 2002 (SEC(2002) 1220).

On 26 November 2002 the Council drew up EU Draft Supplementary and Amending Budget No 6/2002 for the 2002 financial year and forwarded it to Parliament by letter of 26 November 2002 (14811/2002).

At the sitting of 4 December 2002 the President of Parliament will announce that he had referred Draft Supplementary and Amending Budget No 6/2002 to the Committee on Budgets as the committee responsible (C5-0560/2002 – 2002/2239(BUD)).

At its meeting of 26 November 2002 the Committee on Budgets considered Draft Supplementary and Amending Budget No 6/2002 and the draft report.

At this meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: Terence Wynn chairman; Franz Turchi, vice-chairman; Guido Podestà and Kathalijne Maria Buitenweg, rapporteurs; Den Dover, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, Juan Andrés Naranjo Escobar, Joaquim Píscarreta, Giovanni Pittella, Paul Rübig (John Joseph McCartin), Rijk van Dam (for Michel Raymond), Kyösti Tapio Virrankoski and Ralf Walter .

The report was tabled on 27 November 2002.

MOTION FOR A RESOLUTION

European Parliament resolution on EU Draft Supplementary and Amending Budget No 6/2002 for the 2002 financial year (SEC(2002) 1220) - 14811/2002 - C5-0560/2002 - 2002/2239(BUD))

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities, as last amended by Regulation (EC, ECSC, Euratom) No 762/2001¹, and in particular Article 15 thereof,
 - having regard to the general budget of the European Union for the 2002 financial year, as finally adopted on 13 December 2001²,
 - having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and Commission on budgetary discipline and improvement of the budgetary procedure,³
 - having regard to EU Preliminary Draft Supplementary and Amending Budget No 6/2002 for the 2002 financial year, which was presented by the Commission on 13 November 2002 (SEC(2002) 1220),
 - having regard to Draft Supplementary and Amending Budget No 6/2002 which was drawn up by the Council on 26 November 2002 (14811/2002 – C5-0560/2002),
 - having regard to Rule 92 and Annex IV of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A5-0408/2002),
- A. whereas necessary enlargement preparations under heading 5 (administrative expenditure) in 2003 need to be safeguarded,
- B. whereas the budgetary authority decided, at the conciliation meeting in July, not to use the flexibility instrument for heading 5 in the 2003 budget procedure,
- C. whereas a strategy of bringing forward to 2002 various items of expenditure that the EU Institutions had originally planned for 2003 will ensure that key enlargement priorities can be met whilst respecting the financial ceiling in 2003,

¹ OJ L 111, 20.4.2001, p.1.

² OJ L 56, 26.2.2001.

³ OJ C 172, 18.6.1999, p. 1.

1. Expresses its satisfaction with SAB No 6/2002, the purpose of which is to redeploy budgetary appropriations which will not be used in 2002 to budget lines against which expenditure originally foreseen for 2003 can be brought forward;
2. Welcomes the innovative and cooperative approach of the institutions making this frontloading operation possible and underlines that it will ensure that key enlargement priorities under heading 5 can now be met;
3. Approves unamended Draft Supplementary and Amending Budget No 6/2002 drawn up by the Council on 26 November 2002;
4. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The main challenge in this process has been to reconcile the financing of identified priority needs in heading 5 (administrative expenditure), in view of enlargement, with the constraints imposed by the expenditure ceilings in place under the current financial perspective.

In fact, the additional needs resulting from enlargement, and particularly the staffing requirements (external staff) of the Commission, could not readily be found within the limits of the 2003 ceiling for heading 5. In this situation, essentially, two feasible options remained.

One of these, employing the flexibility instrument for heading 5, was rejected by the budgetary authority at the budgetary conciliation of July 2002. A consensus prevailed that a more cost-effective and, at least from a procedural point of view, more innovative way would have to be found to finance these needs without imposing unnecessary burdens on the European tax-payer.

In this light, the budgetary authority encouraged the Institutions to carry out a "frontloading" operation, bringing expenditure originally planned for 2003 forward to 2002. Through such an "anticipation" of expenditure, the corresponding amounts can be reduced in the 2003 budget and, in their place, the additional requirements identified can be entered whilst still respecting the financial ceiling for that year.

However, this operation also requires that the expenditure brought forward to 2002 can be covered by the existing budgetary appropriations for 2002! In order to make sure this is the case, the Institutions have each identified budget headings within their respective 2002 budgets where a surplus could be expected at the end of the year and it is these appropriations that can now be redeployed, towards the Commission and Council, to cover the expenditure brought forward from 2003.

The specific purpose of this SAB is precisely such a redeployment and, through its adoption in one reading, Parliament will expedite the necessary procedures to deliver a politically significant solution in practical budgetary terms.