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*****II**

RECOMMENDATION FOR SECOND READING

on the Council common position for adopting a European Parliament and Council decision establishing a Community action programme to promote bodies active at European level and support specific activities in the field of culture
(15331/1/2003 – C5-0023/2004 – 2003/0115(COD))

Committee on Culture, Youth, Education, the Media and Sport

Rapporteur: Ulpu Iivari

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

At its sitting of 6 November 2003 Parliament adopted its position at first reading on the proposal for a European Parliament and Council decision establishing a Community action programme to promote bodies active at European level and support specific activities in the field of culture (COM(2003) 275 – 2003/0115(COD)).

At the sitting of 15 January 2004 the President of Parliament announced that the common position had been received and referred to the Committee on Culture, Youth, Education, the Media and Sport (15331/1/2003 – C5-0023/2004).

The committee had appointed Ulpu Iivari rapporteur at its meeting of 8 July 2003.

It considered the common position and the draft recommendation for second reading at its meetings of 27 January 2004 and 19 February 2004.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Michel Rocard, chairman; Ulpu Iivari, rapporteur; Pedro Aparicio Sánchez, Sâid El Khadraoui (for Barbara O'Toole), Cristina Gutiérrez Cortines (for Christopher J.P. Beazley), Lucio Manisco, Juan Ojeda Sanz, Doris Pack, Roy Perry, Christa Prets, Eurig Wyn and Sabine Zissener.

The recommendation for second reading was tabled on 19 February 2004.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the Council common position for adopting a European Parliament and Council decision establishing a Community action programme to promote bodies active at European level and support specific activities in the field of culture (15331/1/2003 – C5-0023/2004 – 2003/0115(COD))

(Codecision procedure: second reading)

The European Parliament,

- having regard to the Council common position (15331/1/2003 – C5-0023/2004),
- having regard to its position at first reading¹ on the Commission proposal to Parliament and the Council (COM(2003) 275)²,
- having regard to the Commission Communication on the common position (COM(2004) 3),
- having regard to Article 251(2) of the EC Treaty,
- having regard to Rule 80 of its Rules of Procedure,
- having regard to the recommendation for second reading of the Committee on Culture, Youth, Education, the Media and Sport (A5-0077/2004),

1. Amends the common position as follows;
2. Instructs its President to forward its position to the Council and Commission.

Council common position	Amendments by Parliament
Amendment 1 Recital 14	
(14) Transitional arrangements are deemed necessary for year 2004 to allow grants to be awarded under part 2 of this Community programme. <i>In the light of the difficulty in organising calls for proposals for the year 2004 in good time, it</i> is deemed appropriate to make use of the exception mentioned in Article 168(1)(d) of Commission Regulation (EC, Euratom) No 2342/2002 which allow grants to be awarded without a call for proposals to	(14) Transitional arrangements are deemed necessary for year 2004 <i>and 2005</i> to allow grants to be awarded under part 2 of this Community programme. <i>It</i> is deemed appropriate to make use of the exception mentioned in Article 168(1)(d) of Commission Regulation (EC, Euratom) No 2342/2002 which allow grants to be awarded without a call for proposals to bodies identified by a basic act as recipients of a grant.

¹ P5_TA-PROV(2003)0476

² Not yet published in OJ.

bodies identified by a basic act as recipients of a grant.

Amendment 2
Article 1,3

3. The programme shall start on 1 January 2004 and shall end on 31 December 2006, ***but 2004 shall be designated as a transitional year as and when interim arrangements can be made.***

3. The programme shall start on 1 January 2004 and shall end on 31 December 2006.

Amendment 3
Annex I, Section 3, Part 2, paragraph 2

2. However in 2004, in derogation to paragraph 1, grants may be awarded to the organisations mentioned in Annex II.

2. However, in 2004 ***and 2005***, in derogation to paragraph 1, grants may be awarded to the organisations mentioned in Annex II.

Amendment 4
Annex I, 5.8 (new)

For grants awarded in 2004, it will be possible for the period of eligibility of expenditure to start on 1 January 2004, provided that the expenditure does not precede the date on which the grant application was lodged or the date on which the beneficiary's budget year starts.

Amendment 5
Annex I, 5.9 (new)

During 2004, in the case of beneficiaries whose budgetary year starts before 1 March, an exception may be granted to the obligation to sign the grant agreement within the first four months of the start of the beneficiary's budget year, as referred to in Article 112, paragraph 2 of Council

***Regulation (EC, Euratom) No 1605/2002
on the Financial Regulation applicable to
the general budget of the European
Communities. In this case, the grant
agreement should be signed by 30 June
2004 at the latest.***

EXPLANATORY STATEMENT

THE COMMISSION PROPOSAL

1. On 4 June 2003, the Commission presented to the European Parliament and the Council a proposal for a decision establishing a Community action programme to promote bodies active at European level in the field of culture. The proposal - based on Article 151 (Culture) of the EC Treaty - was drafted in compliance with the Financial Regulation and its implementing rules: its aim was to provide a basic act for grants which, though long-standing, had hitherto lacked a separate legal base.
2. The proposed programme was divided into three parts:
 - Part 1 was intended to provide a legal base for grants (awarded under budget line 15.04.01.01, former A-3015) to the European Bureau of Lesser-Used Languages (EBLUL) and to the Mercator network, which were deemed to be organisations pursuing an aim of general European interest and were named in the basic act.
 - Part 2 was intended to cover grants awarded to 'organisations of European cultural interest' (budget line 15.004.01.03, former A-3042). In future, such organisations were to be selected: either (a) following a call for proposals; or (b) by the budgetary authority itself, where it pre-assigned to named beneficiaries the entirety of the relevant budget line.
 - Part 3 was to cover grants to organisations working to preserve Nazi concentration camp sites as historical memorials (budget line 15.04.01.02, former A-3035).
3. Starting from levels of appropriations for the relevant budget lines in budget 2003, the Commission proposed a total multi-annual budget of EUR 30,92 million for grants and technical assistance. The breakdown of the total budget was: Part 1 - 18%; Part 2 - 75%; Part 3 - 7%.

PARLIAMENT'S FIRST READING

4. At its first reading on 6 November 2003, the Parliament approved the Commission proposal, subject to a number of amendments:
 - amendment 16 reduced the duration of the programme to three years (2004-2006) to coincide with the current Financial Perspective;
 - amendment 17 proposed a multi-annual budget for the action programme of EUR 22,764 million;
 - amendments 9, 12, and 18 sought to clarify the different groups of beneficiaries;
 - amendments 3, 6, 8, 11 and 22 sought to make the implementation of the programme by the Commission more transparent;
 - amendments 1, 13 and 14 sought to exempt beneficiaries under Part 2 of the programme from gradual reduction in their grants from the third year onwards;
 - amendment 26 increased the percentage of eligible costs which might be met by a grant from Community funds from 75% to 80%.

THE COUNCIL'S COMMON POSITION

5. In its Common Position, the Council approved the Commission proposal subject to a number of amendments of its own:
 - it has reduced the duration of the programme (Article 1, para. 3) from five to three years (2004-2006);
 - it has proposed a budget of EUR 19,0 million (Article 5, para. 1);
 - the Council recognises the difficulties which would arise from a sudden change in the system for selecting beneficiaries under Part 2 of the proposed programme and acknowledges the need for a transitional period. It proposes (Annex I, section 3) that, in 2004, the organisations named in the basic act (in Annex II) may be allocated grants: thereafter, beneficiaries are to be selected following a call for proposals;
 - a new article has been introduced to clarify the Commission's role in implementing the programme;
 - Article 8 has been modified in the interests of simplification and consistency, and also in the light of the shorter duration of the programme: it requires annual reporting by the Commission to the Parliament and Council.
6. The Commission adopted in full, in part, or in essence, 7 of the 16 amendments adopted by the Parliament. The Council has adopted in whole, in part or in spirit, 5 of the amendments adopted by the Parliament and adopted by the Commission: these were amendments 2, 8, 9, 12 and 16.
7. The Council did not adopt any of the Parliament amendments which had been rejected by the Commission. Moreover, it rejected two Parliament first-reading amendments which had been accepted by the Commission:
 - amendment 18, on the selection of beneficiaries, which was not fully compatible with other Council amendments to Article 1, para. 3, to Article 3, as well as to Annex I, section 3 and to new Annex II.
 - amendment 17, which was not compatible with the budget proposed as part of an overall agreement on the package of multi-annual action programmes reached in the course of the budget conciliation on 24 November 2003.

RAPPORTEUR'S REMARKS

8. In the course of the budget conciliation on 24 November 2003, an overall agreement on the package of multi-annual action programmes was reached, which was confirmed by the declarations made at the end of the EcoFin Council of the same day. As far as this programme is concerned, the Parliament and Council are in agreement on its duration (2004-2006), a budget of EUR 19,0 million, and the application, under Parts 2 and 3 of the programme, of the principle of gradual reduction in grant from the third year of such a grant onwards.
9. The common position also takes account of those of the Parliament's first reading which

sought to clarify the different groups of potential beneficiaries and to make the implementation of the programme by the Commission more transparent.

10. Your rapporteur recommends that the Parliament accept the common position with what are in reality only technical amendments. A number of these arise from the fact that the political agreement (effectively, the common position) reached by the Culture Council in the afternoon of 24 November was overtaken by the concessions made by the finance ministers in the course of the budget conciliation which was concluded later the same day. Thus, while the Culture Council had agreed a one-year transitional period for the organisations named in Annex II of the common position, in the course of the budget conciliation the Council accepted a two-year transitional period. The Council's official position, however, is that it is the agreement reached by the culture ministers which is the basis for the common position. The Parliament therefore needs to amend the Council's common position to bring the agreement reached by the culture ministers into line with the agreement reached between Parliament and Council in the course of the budget conciliation. This explains why the rapporteur has tabled amendments 1, 2 and 3.
11. Further amendments (to the Annex) arise from the late adoption of the proposal by the Commission and the fact that it has therefore been impossible to adopt the act before the beginning of 2004. In the 'Joint statement on the basic acts for grants (ex A-30)' issued in the course of the EcoFin Council on 24 November 2003, Parliament and Council noted that: 'Should approval not occur until 2004, transitional clauses covering the period before approval will have to be added to the basic acts, allowing, on an exceptional basis, the agreements mentioned in Article 112(2) of the Financial Regulation to be signed before 30 June 2004.' Such transitional clauses are necessary because, under Article 112(2), beneficiaries may claim a grant in respect of costs incurred no more than four months before the signature of a contract with the Commission. Since they will not be able to sign contracts with the Commission before 30 April 2004, without a derogation from Article 112(2) beneficiaries would not be able to claim a grant in respect of the totality of their eligible costs in 2004. Amendments 4 and 5 propose the necessary transitional clauses.
