

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0268/2004

13 April 2004

REPORT

on building our common future: policy challenges and budgetary means of the
enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Committee on Budgets

Rapporteur: Terence Wynn

CONTENTS

	Page
PROCEDURAL PAGE	4
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	5
EXPLANATORY STATEMENT	16
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS, COMMON SECURITY AND DEFENCE POLICY	32
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL	36
OPINION OF THE COMMITTEE ON CITIZENS' FREEDOMS AND RIGHTS, JUSTICE AND HOME AFFAIRS.....	40
OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY.....	42
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS	44
OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER POLICY	46
OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT.....	50
OPINION OF THE COMMITTEE ON FISHERIES	54
OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM.....	58
OPINION OF THE COMMITTEE ON CULTURE, YOUTH, EDUCATION, THE MEDIA AND SPORT	61
OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION	64
OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND EQUAL OPPORTUNITIES.....	68

PROCEDURAL PAGE

By letter of 10 February 2004 the Commission forwarded to Parliament its communication on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013 (COM(2004) 101), which was referred for information to the Committee on Budgets.

At the sitting of 29 January 2004 the President of Parliament announced that the Committee on Budgets had been authorised to draw up an own-initiative report on the subject under Rules 47(2) and 163 and that all interested committees had been asked for their opinions (C5-0089/2004).

The Committee on Budgets appointed Terence Wynn rapporteur at its meeting of 9 March 2004.

The committee considered the draft report at its meetings of 5 and 6 April 2004.

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

The following were present for the vote: Terence Wynn (chairman and rapporteur), Anne Elisabet Jensen (vice-chairwoman), Franz Turchi (vice-chairman), Ioannis Averoff, Manuel António dos Santos, Den Dover, Bárbara Dührkop Dührkop, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, María Esther Herranz García (for Edward H.C. McMillan-Scott), Constanze Angela Krehl, Armin Laschet (for James E.M. Elles), John Joseph McCartin, Joaquim Piscarreta, Paul Rübig (for Juan Andrés Naranjo Escobar), Per Stenmarck, Rijk van Dam (for Michel Raymond), Kyösti Tapio Virrankoski, Ralf Walter and Brigitte Wenzel-Perillo.

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgetary Control, the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, the Committee on Industry, External Trade, Research and Energy, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Regional Policy, Transport and Tourism, the Committee on Culture, Youth, Education, the Media and Sport, the Committee on Development and Cooperation and the Committee on Women's Rights and Equal Opportunities are attached.

The report was tabled on 13 April 2004.

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Communication from the Commission to the Council and the European Parliament - Building our common future - Policy challenges and budgetary means of the enlarged Union 2007-2013

(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

The European Parliament,

- having regard to the Communication from the Commission (COM(2004) 101),
 - having regard to the EC Treaty, and in particular its articles 268-276,
 - having regard to Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources¹,
 - having regard to the Draft Treaty establishing a Constitution for Europe²,
 - having regard to its resolution of 18 December 2003 on the future budgetary requirements for external actions 2003/2037³,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgetary Control, the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, the Committee on Industry, External Trade, Research and Energy, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Agriculture and Rural Development, the Committee on Fisheries, the Committee on Regional Policy, Transport and Tourism, the Committee on Culture, Youth, Education, the Media and Sport, the Committee on Development and Cooperation and the Committee on Women's Rights and Equal Opportunities (A5-0268/2004),
- A. Whereas the current financial perspective is in force until the end of the year 2006;
- B. Whereas the promotion of social and economic cohesion has been affirmed as one of the goals of the European Union,
- C. Whereas the financial perspective is part of a global interinstitutional agreement which can only be renewed in a context of mutual confidence between the institutions and joint agreement between the two arms of the budgetary authority;
- D. Whereas Article 272 of the EC Treaty provides for the adoption of annual budgets even in the absence of a financial perspective;
- E. Whereas the experience of the financial perspective starting in 1988, 1993 and 1999

¹ OJ L 253, 7.10.2000, p. 42.

² OJ C 169, 18.7.2003.

³ P5_TA(2003)0589.

respectively, has proved useful in ensuring a non-conflictual development of the budget;

- F. Whereas the European Convention proposed to include the financial perspective into the Constitution through a European law adopted by the Council after obtaining the consent of the European Parliament;
1. Recalls that the current financial perspective is in force until the end of the year 2006;
 2. Takes note of the Communication presented by the Commission in accordance with Article 26 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure⁴, with a view to ensuring continuity with the current financial framework after 1 January 2007;
 3. Recalls 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;
 4. Recalls that, although the financial perspective has guaranteed a framework to develop new policies favouring European integration, it has also imposed more rigidity between different areas of expenditure (headings) and made the European Parliament abandon certain powers, for example the right to shape significantly the budget on the basis of the Treaty provisions;
 5. Considers that, on a fair institutional basis, this Commission, this Parliament and this Council in which the new Member States do not yet participate, should only set down broad orientations for the future financial perspective including the legislative proposals to be proposed by the new Commission coming into office in November 2004 to be decided by the newly elected Parliament and the enlarged Council;
 6. Is determined, for democratic reasons, to take no decision during this parliamentary term which might restrict the scope or decision-making by the Parliament elected in June 2004; however with a view of institutional continuity, invites the next Parliament, the next Commission and the enlarged Council to take account of the orientations contained in this report as a basis for future negotiations;
 7. Welcomes an approach to associate resources needs and goals with an emphasis on the added value of Community spending over national budgets;
 8. Recalls that Article 6, paragraph 4 of the Nice Treaty states that the Union shall provide itself with the means necessary to obtain its objectives and carry through its policies;
 9. Stresses that, should the Constitution not be in force during the next financial perspective, the possibility to maintain annual procedures could be considered in order to avoid a revision afterwards to adjust resources to foreseen new activities;

⁴ OJ C 172, 18.6.1999, p. 1. Agreement as amended by Decision 2003/429/EC (OJ L 147, 14.6.2003, p. 25).

10. Stresses that the global amounts should take into account the needs of current and future legislative proposals to ensure the continuity of Community action; asks the Commission to submit to Parliament and Council the basic reference documents and to inform Parliament about the programmes the Commission proposes to continue or discontinue; invites the new Commission and the new Parliament to make a parallel evaluation of the Union's political priorities at legislative and budgetary level as a basis for the political and budgetary choices underlying the financial framework;
11. Assumes that the amounts made available as EU resources should allow the EU to achieve the crucial and strategic objectives mentioned in the draft constitution;
12. Considers that the final contents of the Communication should be examined in order to evaluate whether the enlarged Union can fulfil its political commitments and in this sense whether it complies with its legitimate ambitions;

Horizontal issues

On the timeframe

13. Reiterates its will, as already expressed in its report to the European Convention and widely taken on board by the draft Constitution (Article III-308), to have a financial framework established for a period of at least 5 years; takes the view that, for reasons of democratic responsibility and accountability it is fitting that the timeframe be better adapted to the mandates of the Parliament and the Commission;
14. Considers that the Parliament is not bound by the decision taken by the European Council of October 2002 on agricultural spending until 2013 and sees no reason to accept a 7 year period for the new financial perspective as a result of this decision;

On the GNI ceilings

15. Deplores the confusion created in the beginning of the process between commitments and payments appropriations in terms of percentage of GNI ceiling and considers that the gap between the two is questionable from a political and budgetary point of view; recalls that, for reasons of sound management, there should be an orderly relation between commitments and payments;
16. Points out that the ceilings established by the decision on the system of own resources are 1.31% in commitment appropriations of GNI and 1.24% in payment appropriations of GNI and that, in the interest of transparency, the Commission should also present the total appropriations for commitments which will reach 1.27% of GNI in 2013 against the ceiling of own resources for commitments;
17. Is of the opinion that, after having evaluated its political priorities at legislative and budgetary level, it is the Union's responsibility to define the tasks of the Union in the context of a medium-term policy strategy and on that basis to foresee adequate resources;
18. Notes that during the period 1996-2002, the EU budget (with 15 Member States) increased by 8.2% while the national budgets increased by an average of 22.9% showing

the rigour and thrift of the arms of the budgetary authority; 19. Notes with surprise, but will nevertheless evaluate, the possibility of financing the needs of 27 Member States, by maintaining the *aquis communautaire*, extending and enhancing cohesion including developing new relations with neighbouring countries and absorbing traditional cooperation with the ACP countries with an average ceiling of 1.14% of payment appropriations, thus leaving an unused margin of 0,10 % under the own resources ceiling;

On the profile

20. Points out the discrepancy between the profile of commitment appropriations and that of payment appropriations; notes that the progressive and linear increase in commitments compared to the irregular development of payments will further extend the gap between the two; believes that, as regards forthcoming legislative proposals, the profiles should be better adapted to the programme cycles;
21. Considers that, before any decisions are made on the global ceiling of the financial framework, the Commission should further clarify its proposal as regards the ratio between commitment appropriations and payment appropriations for any given year during the period the framework would cover and indicate clearly how this affects implementation; looks to the Commission to provide, in particular, information as to how, under the new financial framework, delays in the disbursement of appropriations in the structural policy sphere can be avoided; invites the Commission to present such an analysis by summer 2004, bearing in mind the requirement for an orderly relation between commitments and payments;

On the structure

22. Asks the Commission to provide the budgetary authority with a comparative table indicating the current nomenclature by programmes and with the magnitude of expenditure foreseen in order to facilitate the comparison with the current situation;
23. Welcomes the Commission's efforts to reduce the number of headings (8 to 5); notes however that the number of subheadings has increased; considers that a restricted number of headings should not create more rigidity; is of the opinion that the current system has in general proved its efficiency; reserves its position until the Commission submits more in-depth information for its reasoning and this has been evaluated by Parliament;
24. Recalls that, owing to insufficient resources foreseen within the relevant heading of expenditure on the one hand and rigidity between the different headings on the other, the flexibility instrument foreseen in Article 24 of the IIA had to be mobilised in 2000, 2001 and 2002 in order to cover unforeseen needs; asks the Commission to clarify the different flexibility mechanisms foreseen between headings and within headings and to take due account of the different options proposed by Parliament during the negotiations on the current financial perspective;
25. Stresses that the need to strengthen growth and competitiveness and economic and social cohesion between the Member States are major objectives for the enlarged Union;

26. Recalls that the decision of the European Council of October 2002, to which reference is made in the accession Treaty (Annex XV), on agricultural expenditure, aimed to fix a ceiling and not a bottom line; intends to evaluate the consequences of such decision in a more global context;
27. Stresses the need to maintain visibility for the administrative expenditure of the Commission with clear identification;
28. Underlines that the financial framework agreed in 1999 for the period 2000-2006 did not foresee any increase in own resources; notes that for the time being, the Commission proposal (for 27 Member States) does not foresee any increase in the own resources ceiling either;
29. Reiterates its will to integrate the EDF into the general budget according to the principle of unity and to ensure a democratic control over this important part of the EU development policy, without prejudice to the overall volume of EU assistance to the poorest countries;
30. Confirms the need to reform the current system in order to give it more visibility for European citizens and to take national considerations into account

Specific areas

31. Invites the Commission to take into account the opinions of the Parliament's specialised committees annexed to the current report, of which the priorities are outlined in the paragraphs below;

Competitiveness for growth and employment

32. Agrees with the Commission that the strengthening of the European effort in research and technological development constitutes a major objective of the enlarged European Union; recalls in particular the importance of having appropriate funding, both at Community and national level, with a proper balance between public and private financing; expresses concern that access to R&D capital for European SMEs is still limited and that R&D spending by SMEs is 3-6 times higher in the US; notes that the completion of a "European research area" is important to sustainable development, but is nevertheless concerned by the urgent need for concrete instruments to attain the objectives contained in the Communication; also, stresses the contribution of the energy sector for sustainable development, stresses in particular the importance of transferring and developing existing instruments (e.g. the Intelligent Energy Programme) in the enlarged European Union, and calls for appropriate European action in both energy supply and the development of trans-European networks;
33. Welcomes the priority given by the European Commission to the promotion of the competitiveness of enterprises, especially through:
 - improved access to Community financial instruments for SMEs;

- the promotion of technology transfer, building of innovation networks and coordination between European undertakings;
- enhancing European competitiveness and productivity through further development of the information society;
- developing and promoting international standards for ICT and mobile telecommunication technology (e.g. 3G).

In order to attain the objectives laid down in the Communication, requests the Commission to present as soon as possible the appropriate legislative and non-legislative proposals with the aim of fulfilling the broader objective of sustainable development;

34. Recalls that, under Article 3 (2) of the EC Treaty, the promotion of gender equality is a fundamental principle of the EU and should be implemented in all Community actions and programmes; calls on the Commission to ensure that gender is taken into account in all main expenditure headings of the new financial framework (2007-2013) and that targets and benchmarks are set;
35. Requests that, according to the objectives set in Lisbon strategy and the Barcelona European Council targets to reconcile family and work through the creation of childcare facilities, an adequate proportion of the 16% EU resources for competitiveness for growth and employment be allocated to raise the percentage of employed women in the enlarged EU, taking into account the special need to promote the socio-economic and employment situation of women in new Member states;
36. Welcomes the importance that the Commission is attaching to the social policy agenda, in particular support for social dialogue and initiatives to help anticipate and manage change; points out, bearing in mind especially that new Member States are about to join the Union, that such initiatives will be vital for internal cohesion and social harmony; points out that the social dialogue provided for in the Treaties needs to be strengthened, especially in the new Member States;
37. Expects that the main imperative, particularly in the new Member States, will be to implement labour legislation, including health and safety legislation, in particular by fostering best practice;
38. Is consequently of the opinion that the next Structural Fund reform should be based on the following principles: concentration of tasks, administrative simplification and a new allocation formula, having regard not least to the take-up capacity of the recipient regions;
39. Points out that a high level of public health also contributes to sustainable development, high employment and general welfare; assumes that enlargement will increase the variety of problems related to public health; in order to address the emerging challenges, calls for a new financial instrument on public health to come into operation after the expiry of the present action programme;
40. Believes that greater financial support for student mobility must be matched by a commitment to ensuring that such expenditure has a genuinely additional effect; notes that

the inadequacy of student mobility grants has meant that, hitherto, it has generally been students from more prosperous backgrounds who have been able to take advantage of student mobility schemes; urges the Member States to ensure real access to these grants, taking into account the financial need of applicants in accordance with the definition of 'need' as laid down in the national support agreements;

41. Welcomes the emphasis the Commission places on support for networks of cultural organisations and for citizens' initiatives in inter-cultural dialogue; notes that the cultural industries make a significant contribution to economic growth and employment in Europe; stresses the need to simplify administrative procedures as regards funding for bodies in the cultural field; notes that the audiovisual industry is still fragmented in national markets and calls for the removal of obstacles to the circulation of European films;
42. Underlines that, in the context of the recommendations to deliver higher growth to fulfil the objectives set by the European Union for the decade ending in 2010, to become the most competitive and dynamic knowledge-based economy with sustainable economic growth and greater social cohesion, the 'cultural added value' should not be forgotten; believes that the concept of 'European added value' must not be limited to advanced cooperation between Member States but should also contain a 'visionary' aspect;
43. Welcomes the Commission's general determination to consolidate and rationalise funding instruments; believes that, in the fields of education, training, youth and cultural policy, such consolidation and rationalisation will create administrative economies of scale, heighten the visibility of the programmes and make them more transparent for citizens;

Cohesion for growth and employment

44. Emphasises the importance of Cohesion policy in constructing measures which raise the economic performance of the future Member States and regions as well as existing regions which are disadvantaged because of lack of infrastructure, extreme remoteness, permanent geographical handicaps or industrial decline and reiterates Parliament's demand that cohesion policy be funded by 0.45% of EU GDP to ensure that its objectives are met in the enlarged Union;
45. Insists that expenditure on Cohesion for growth and employment and in particular the Regional Development Fund should provide continuity of investment for those regions where the "statistical effect" is adverse and that there should be adequate funds for a continuation of regional policy for lagging regions in the current 15 Member States; underlines the particular problems which geographically outlying, rural, mountain and island and sparsely populated regions, face and calls for other sectoral policies take into account the needs of these regions using criteria such as accessibility in order to further cohesion;
46. Considers that state aid should be permissible in non Objective 1 regions depending on the level of development and problems faced by the region and asks the Commission to present a new State aid regulation with the new cohesion and regional policy regulations; calls on the Commission in this context to clarify as soon as possible the future of the regional aid under Article 87(3)(c), taking care in particular to retain the distinction between the regions eligible under the regional competitiveness and employment

objectives;

47. Expects the Commission, in particular, in the light of the experience gained so far in the field of structural actions (RAL, unreliability of Member States' forecasts as regards spending needs) to present further proposals, accompanying the new financial framework, aimed at ensuring better control of the implementation of appropriations involving a greater responsibility of the Member States in the context of shared management, e.g. by increased use of cofinancing and sunset clauses;
48. Notes the importance of transport Trans European Networks for implementing the Lisbon agenda; considers that high-performing trans European transport networks are an essential catalyst for the sustainable mobility of goods and people and notes that the Commission intends to strengthen cross-border co-operation and the development of European networks; believes that setting up a financial bonus for those priority projects of European interest, or for sections of them, which are completed within the next three years, would represent an important incentive for TENs' development.

Preservation and management of natural resources

49. Welcomes the greater attention paid to research and development and calls on the Commission, in that connection, also to focus on innovation in the agricultural sector;
50. Regrets the fact that, in the proposed financial framework, the Commission has not - as announced in connection with the reform of the common agricultural policy - made a stronger second pillar an integral part of the future EU budget, but is instead seeking to freeze planned expenditure on rural development at the 2006 level, which, in a future EU of 25 or 27 Member States, would lead to a steady reduction in appropriations for rural development;
51. Calls on the Commission, therefore, to revise the Financial Perspective in such a way that rural regions are not placed at a disadvantage in relation to urban areas, thereby forestalling the further economic decline and depopulation of disadvantaged regions;
52. Believes that the current strict distinction made between categories 1a and 1b, on the basis of the CAP reform decisions concerning modulation, must be replaced to a certain extent by a flexible mechanism for transferring funds to rural development projects, so that adequate allowance can be made for the reorientation of EU agricultural policy launched in 2003;
53. Notes that the Community fisheries sector is undergoing radical change to give it long-term prospects and allow it to remain competitive in a globalised economy; takes the view that adequate funding must be provided in order to finance the various areas of activity making up the Common Fisheries Policy, viz.: resource conservation and protection, international agreements, markets, structural measures, social aspects, etc.; believes, therefore, that existing fisheries-related Structural Fund measures, including socio-economic measures, need to be maintained and optimised in order to maintain European fisheries' competitiveness in a global free market;

54. Welcomes the progress made in interinstitutional cooperation on negotiating international fisheries agreements, in particular with the Commission, even though it takes the view that there is still a long way to go before Parliament is genuinely involved in policy development and implementation in this CFP area; it also feels that a clear distinction needs to be made between financial compensation for fishing access and the targeted measures, and that the Commission must be able to verify that the latter have been properly implemented;
55. Is pleased that 'sustainable development' has been proposed as one of the three priorities for the next financial perspectives; deplores, however, the shallow interpretation of the concept of sustainability; notes that the Commission devotes only marginal attention to environmental concerns and fails sufficiently to integrate the environmental aspects of sustainable development in overall policy-making; calls, therefore, on the Commission to strengthen the content of 'sustainable development' in all Community policies;
56. Welcomes the Commission's proposal that in future environmental policy should be financed from the same category of the budget as agricultural, structural and fisheries policy; points out that these policies have a huge impact on the environment; stresses the urgent need press ahead with the greening of Community policies in practice, by carrying out careful and methodologically sound assessments of environmental impacts in all policy areas, particularly in CAP and structural funds;
57. Welcomes the reference to financing of the Natura 2000 network; considers this a crucial element to reaching the 2010 target for halting European biodiversity loss; calls for dedicated funds under regional and rural development policy for Natura 2000;

Citizenship, freedom, security and justice

58. Welcomes the Commission's proposal to make European citizenship, including the completion of an area of freedom, security and justice, one of the top three priorities for the enlarged Union 2007-2013; welcomes and supports strongly the proposal to create a specific heading for "Citizenship, freedom, security and justice" in the new financial perspective as a logical consequence of the proposed priority for this policy area;
59. Regards the protection of the external borders of the European Union in an integrated way as a major challenge that requires adequate resources; emphasises at the same time, the need for increased efforts to establish a common asylum policy with a much stronger burden-sharing element and correspondingly stronger policy of integration of third country nationals living in the European Union;
60. Is of the opinion that the Union should respond to the increasing concerns of European citizens with regard to internal security matters and assume greater responsibility in the fight against international organised crime and terrorism;
61. Requests that the protection of fundamental rights be reinforced inter alia by the creation of a genuine judicial area based on mutual trust;

The EU as a global partner

62. Insists that poverty eradication and the Millennium Development Goals, which are the main goals of community development policy, should remain one of the principal objectives of the category for "External Actions" and that funds for this purpose should be safeguarded against transfer operations to meet other objectives;
63. Supports the principle of "simplified architecture" in the area of external relations but insists that this must not lead to a diminished role for the European Parliament, either in co-deciding legislation or in the use of its budgetary or discharge powers;
64. Calls for a clear distinction to be made between those areas of external action which have different characteristics and for which the financial requirements have to be considered separately: pre-accession aid, enhanced neighbourhood cooperation, development cooperation, humanitarian aid, relations with ACP countries, peace and security, reserves;
65. Insists that EDF budgetisation should result in no reduction in the overall level of finance for ACP countries and that these funds must be focussed on poverty eradication in line with development best practice and be guaranteed for use within the ACP region, by means of sub-headings or ring-fenced sums in the Financial Perspectives;
66. Calls for a restructuring and rationalisation of budgetary instruments in order to boost the responsiveness and flexibility of the Union's external policy, while maintaining the transparency of the mechanisms employed and without in any way jeopardising fulfilment of the commitments already entered into; restates the need to introduce for this purpose a mechanism for prior consultation of, and control a posteriori by, Parliament, particularly where appropriations are reallocated; welcomes the rationalisation of headings proposed by the Commission and proposes a breakdown of appropriations by thematic headings matching priorities and horizontal political objectives of the Union, accompanied by a geographical structure allowing such appropriations to be mobilised flexibly for a given area; questions the appropriateness of the existing allocation of responsibilities between external relations and development and proposes that it be reviewed;
67. Affirms that the neighbouring countries of the enlarged Europe are a priority area for action and attention; asks, to this end, that the provisions of the strategy document on relations with the Arab World be implemented; advocates all measures needed to ensure that the New Neighbourhood policy can enable an area of prosperity and stability to stretch further to the south and east of the Union; points to the importance of moving ahead with the Barcelona Process and supporting the political and economic reforms being implemented in Mediterranean partner countries; in particular, asks that the African continent and the countries with the highest rates of poverty and underdevelopment benefit from better interaction between humanitarian policies, development programmes and political cooperation;
68. Points out that, to be credible, any international player needs to be ready both to respond to unexpected short-term situations and to devise medium- and long-term strategies involving lasting commitments; points out that the Union's external policy must be envisaged in a global manner; points out that its main aims are encouraging macroeconomic assistance designed to prevent conflicts of all kinds as well as peacekeeping activities and crisis management measures in civilian, military,

technological and environmental fields, particularly through rapid deployment of an intervention force;

69. Places particular emphasis on the need for adequate funding for the aspects relating to cooperation policy, the fight against poverty, the promotion of democracy and human rights and access for populations to basic goods and services; places particular emphasis on the need to promote, through external policy, access to health care (including reproductive health), education, research and the new technologies and the continuing fight against anti-personnel landmines and their consequences;
70. Reiterates the importance of a parliamentary dimension to the WTO and encourages further initiatives for democratic instruments in the field of trade; believes the European Union, as a global partner in the present context of globalisation, must reinforce its role as a leading trade power and an active partner in the negotiation of multilateral norms;
71. Invites the Commission to come forward with the appropriate solutions as regards the presentation of administrative expenditure so as to enable transparency and democratic control over staffing matters; this should apply in both the various policy areas and in the heading dedicated to the administrative expenditure of the other institutions;

◦

◦ ◦

72. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Working Document N°1 on the first overview on procedure and contents by Joan Colom i Naval

Background

1. Article 26 of the IIA states:

"Before 1 July 2005, the Commission will present proposals for a new medium term financial perspective"

This provision leaves time until May 2006 (before the PDB for 2007) to reach an agreement on the next financial framework.

2. In February 2003, the Commission adopted an internal communication (SEC(2003) 241/2) on the preparation of the Prodi package explaining the approach to be followed by the Commission when preparing the financial perspective for the next period, with a particular focus on the calendar and internal organisation of work.
3. In line with this approach, 6 Commissioners' Groups were set up and entrusted with the task of identifying, within a pre-defined political framework, the political objectives, the associated instruments, and finally, the estimated budgetary costs of delivering the objectives with the identified instruments. In this process, the Groups have involved all Commissioners and services. The Groups have delivered their final results. On the basis of preliminary reports the College endorsed at previous seminars the centre of gravity emerging from the Group's recommendations that will characterise the political project for the next financial year.
4. The main objective by that time was to present broad orientations to the European Council in December 2003, in light of parallel orientations resulting from the reform of the Treaty. This initial calendar was not respected and since November, the Commission has postponed the adoption of its Communication now foreseen for 10 February. Mrs Schreyer will present the Communication in Cobu and in plenary on that day.

State of play

5. According to the last information received, the Communication will contain broad orientations based on the outcome of the working groups and a table with amounts and a breakdown per heading over the period.
6. The second step will be the presentation of the legislative proposal and of the new IIA. It is still not clear whether this will be done by the current Commission (in July) or by the new one (November at the latest).

7. The rapporteur wishes to recall that on a fair institutional basis, this Commission, this Parliament and this (EU15) Council have no prerogative to take any definite decision for the future financial perspective as recalled in paragraph 3 of the Podestà report¹.

"Stresses that, because of the European elections, the present Parliament should not take decisions which restrict the scope for decision-making by the Parliament which is elected in June 2004; urges the Commission and the Council to take account of that political event when setting the timetable for interinstitutional negotiations;"

8. The orientations will serve as a basis for the new Parliament in the course of the year 2004. In this context, the position expressed in EP's initiative report (and somehow in the Podestà report on the future budgetary requirements for external actions) will remain a reference.
9. Discussions have already taken place within Cobu on the quantitative evaluation of the PF over the period 1999-2006 on the basis of a working document presented by your rapporteur².
10. EP will give an orientation during this legislature and negotiate the new FP in the next legislature. The current FP are in force until the end of the year 2006. By that time, a new decision on a new Treaty could be agreed and the financial framework might be revised.

Within EP

11. The specialised committees will be involved and willing to do an opinion despite a very tight timeframe. Information on Cobu's timetable has already been communicated to all secretariats. The calendar proposed below would leave two weeks of committee meetings (weeks 8 and 12 and possibly 14) to discuss and adopt their opinions.
- 10 February in COBU: presentation of the Communication by Mrs Schreyer;
 - 17-18 February in COBU: exchange of views;
 - 10 March: Rapporteurs' meeting;
 - 16-17 March in COBU: discussion on the draft report;
 - 5-6 April in COBU: vote on the draft report and on the opinions tabled by the specialised committees;
 - April II: vote in plenary.

Discussion within the Commission

12. Over the past weeks figures have been leaked or even published (by the press) and denied, rendering any reliable prognostics difficult. According to the scarce information provided by the services, a few comments can already be made.

On the period

¹ A5-0434-2003

² WD N°8 PE 339.011

13. "Agenda 2007" could last 7 years (2007-2013) followed by Agendas of 5 years as of 2014; apparently the majority of Commissioners are in favour of a 7 year period (while Mrs Schreyer's proposal was a 5 year period).
14. The rapporteur points out that a 5 year period is in line with EP's request to the Convention however this period should not coincide with a legislative term. If this were the case, the financial perspective would always be adopted by the previous Parliament and should it last 7 years, there would be Parliaments who were not able to decide on any financial perspective. For example, this Parliament has not been able to decide on the current financial perspective nor will it decide on the next one.
15. On the other hand, a 5 year financial perspective after 2006 would finish in 2011, exactly in the middle of an EP and Commission mandate. A compromise to adapt the financial perspective period to the EP and Commission mandate, has to be found.
16. In the opinion of the rapporteur, the preferred solution should be a 5 year financial perspective adopted by the newly elected Parliament and starting at the beginning of the second year of the Commission's mandate.
17. A possible solution to these problems would be that the new Commission presents, at the beginning of 2005, a new financial perspective for 2006-2010 which Parliament and Council could adopt before the first reading of the 2006 budget. As a transitional solution, nothing prevents having the same figures as in the current financial perspective during the first year (2006) even if they could be changed should the budgetary authority so decides.

On the percentage of GNI

18. The Commission has obvious internal difficulties to find a consensus which is the main reason for the delay. It seems that the majority of Commissioners support the 1.24% payments appropriations option while the others are strongly opposed to going beyond 1.15%;
19. The Commission moves between two options: to give the Union the means to realise its objectives (Lisbon process) on the one hand and to consider threats of budgetary cuts expressed in the letter signed by six Heads of State after the European Council of Brussels (below) on the other.

*"We see in this context no room for a EU-budget near the current ceiling for own resources. **Average expenditure during the next financial perspective should in our view be stabilised around current expenditure levels, and should not exceed 1.0% of GNI, including agriculture spending within the ceiling set by the European Council in October 2002.** This would still allow for annual increases on the EU-budget well above growth rates of national budgets in most Member States, and permit a sufficient margin for policy-implementation in the enlarged Union."*

20. Concerning commitment appropriations, three scenarios are discussed for the expenditure ceiling, as a percentage of GNI:
 - 1.3% (CA) - (status quo).
 - 1.24% (CA) + EDF (approximately 3 billion at 2004 prices) = 1.27%;

- 1.23% (CA) including EDF - (rigorous option) to reach 1.24% at the end of the period?

A key factor in defining the size and priorities of the EU budget is its size relative to national budgets. Regardless of the precise figure eventually agreed upon, it is clear that the EU budget will remain extremely small. At 1.24% of Gross National Income (GNI) it would barely amount to about 2.5% of total public expenditure in the Union.

21. In line with the above, the rapporteur recalls article 6, paragraph 4 of the Nice Treaty which states :

"the Union shall provide itself with the means necessary to obtain its objectives and carry through its policies".

He also points out that for reasons of sound management, a balance should be maintained between commitments and payments.

Concerning the profile

22. Three options are discussed:

- a linear evolution ;
- a progressive evolution (1.22% in 2006 and 1.24% in 2013);
- frontloading: to meet the Lisbon objectives

The third option implies a lower level at the end of the period which will serve as the reference for the next one.

On the structure

23. According to rumours from the press, the Commission will probably propose to replace the seven headings by a thematic breakdown of 5 categories (plus 1 for compensation to acceding countries) organised around 3 strands:

- Embedding the Single Market in the broader and deeper objective of **sustainable development** (which encompasses competitiveness, cohesion and the management of natural resources) and mobilising economic, social and environmental policies to that end;
- Adding a political concept of European citizenship to accompany the economic dynamic of competitiveness and growth, creating an area of **security, freedom and justice**;
- Projecting the two objectives above (sustainable development, and including security, freedom and justice) to inform and support **external relations**.

Last hypothesis published in the press

Heading	Title	Contents	Billion € in 2013 (CA)	% of increase 2006-2013*
---------	-------	----------	------------------------	--------------------------

1	Sustainable development - growth and competitiveness - research - TENS - education Convergence and cohesion	covers the main part of current heading 3, part of heading 2 (cohesion) and the reserve for the Solidarity Fund	24	212%
			49	30%
2	Conservation and management of natural resources - agricultural markets - rural development - fisheries - environmental protection	heading 1a) and 1b) plus Fisheries and Environment (CE and NCE together)	57	3%
3	Citizenship, freedom, security and justice	new specific heading which appears to become a high priority	3	181%
4	External policies - economic cooperation development - stability - pre-accession - humanitarian aid - EDF	former heading 4 and 7 including the EDF (budgetised)	14.3	38%
5	Administration	administration expenditure of all institutions (except the Commission) and interinstitutional expenditure: pensions, European schools	5.8	
Compensation			0.9	
Total			154	31%

* in 2004 prices

- The proposal is to have less headings but more sub-headings in order to allow for flexibility between them within a single heading;
- For CAP, the decision of the Brussels' summit in 2002 on the financial ceiling for 2007-2013 is taken as "an external constraint having paved the way for the accession of the 10 new Member States";
- The Structural Funds would disappear as a specific heading as well as the reserves (current heading 6);
- The Commission's administrative expenditure is totally non transparent as it is spread over the different thematic headings (ABB approach).

Institutional aspects

24. What happens in the absence of the financial perspective?

Two scenarios apply:

- Article 26 of the current IIA states the following:

*"Should the two arms of the budgetary authority fail to agree on a new financial perspective, **and unless the existing financial perspective is expressly denounced by one of the parties to this Agreement**, the ceilings for the last year covered by the existing financial perspective will be adjusted in accordance with paragraph 15 by applying to these amounts **the average rate of increase observed over the preceding period, excluding any adjustments made to take account of enlargement of the Union**. This rate of increase may not, however, exceed the rate of growth of Community GNP for the year concerned".*

A technical adjustment would be made for the year 2007 on the basis of the average rate

of the increase observed over the years 2000-2006. It can be interpreted as follows:

- the ceilings foreseen for 2006 in the table annexed to the IIA (for EUR 25) are taken as a basis;
- to these ceilings, one applies the growth rate (without enlargement) at constant prices per heading as foreseen for EUR 15 in the period 2000-2004 and for EUR 25 in 2005-2006;
- the result of this mechanism should not exceed the Community GNP.

In conclusion it means that this article is difficult to implement, budgetary and politically speaking, to an enlarged Union. This scenario is not realistic neither in budgetary terms for a Union with 25 Member States nor in political terms.

As a reference, the table below presents the evolution of the annual budgets over the last period.

	2000		2001		2002		2003		2004 (EU 15)		Average 2000-2004	
	CA %	PA %	CA %	PA %	CA %	PA %	CA %	PA %	CA %	PA %	CA %	PA %
% increase	-3.5	4.4	3.1	3.5	1.7	2.0	0.3	1.9	-0.3	2.3	0.26	2.82
% GNI		1.11		1.11		1.03		1.02		0.98		1.05

- Article 272, paragraph 9 of the Treaty (annual budgets):

"A maximum rate of increase in relation to the expenditure of the same type to be incurred during the current year shall be fixed annually for the total expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith (.....)"

If, in respect of expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith, the actual rate of increase in the draft budget established by the Council is over half the maximum rate, the European Parliament may, exercising its right of amendment, further increase the total amount of that expenditure to a limit not exceeding half the maximum rate (.....)"

Where the European Parliament, the Council or the Commission consider that the activities of the Communities require that the rate determined according to the procedure laid down in this paragraph should be exceeded, another rate may be fixed by agreement between the Council, acting by a qualified majority, and the European Parliament, acting by a majority of its Members and three fifths of the votes cast".

- ☐ The Treaty keeps primacy over the IIA and is applicable in the absence of the IIA.
- ☐ Under the Treaty, EP would be free to decide on its own, on at least half MRI based on Council's 1st reading and therefore only known in May (2005).
- ☐ Council might be obliged to negotiate a new MRI to finance its "privileged" non compulsory expenditure (SF, CFSP).
- ☐ Conflictual negotiations may not be at the advantage of neither EP nor Council.

25. What are the changes foreseen by the Constitution?

- Article I-54 (2), (4)

- *"A European law of the Council of Ministers shall lay down the multiannual financial framework. The Council of Ministers shall act after obtaining the consent of the European Parliament, which shall be given by a majority of its component members. The Council of Ministers shall act unanimously".*
- *"When adopting the first multiannual financial framework following the entry into force of the Constitution".*

- Article III-308 (1), (2), (3)

The major features proposed in the draft Constitution (article 54) concerning the financial framework, can be summarised as follows:

- *"The multiannual framework shall be established for a period of at least 5 years".*
- *"The category of expenditure, few in number, shall correspond to the Union's major sectors of activity".*
- *"Where no European law of the Council of Ministers establishing a new financial framework has been adopted by the end of the previous financial framework, the ceilings and other provisions corresponding to the last year of that framework shall be extended until such time as that law is adopted".*

Whenever it is that the treaty enters into force, these provisions should normally not apply to the next financial framework (2006-2013?) but only to the following year.

What are the advantages and disadvantages of an annual budgetary procedure without IIA and financial perspective?

26. The IIA has been in force since 1988. In the period 1988-1999 it constituted a significant step forward for the EP as the financial perspectives guaranteed an increase of their own resources:

- ☐ 1988-1992: from 1.15% to 1.20% of GNP
- ☐ 1993-1999: from 1.24% to 1.27% of GNP
- ☐ 2000-2006: 1.27% of GNP (1.24% of GNI)

27. EP has sacrificed certain competences in exchange for an increase of resources to develop new policies favouring European integration. This increase of the global amount of the budget has compensated, during the period 1988-1999, the rigidity introduced in the budgetary decisions by the division in headings and the consequent limitation of competencies of EP.

28. The financial perspective agreed for the period 2000-2006, for the first time, does not foresee any increase of own resources and on the contrary, in order to create the necessary margin to finance enlargement, reduces the available own resources. This reduction of resources and the rigidity of the headings mechanism, has created more and more tension between the two arms of the budgetary authority every year since 2000.

29. EP pressure has led to the increase of the NCE of €200 m in 2000 and 2001, and of €270 m in 2002 (flexibility and fishery agreements) in respect of the amount fixed in the financial perspective.

30. In terms of global amount this depends in fact on the figures of growth (MRI: Maximum Rate of Increase of NCE: Non-Compulsory Expenditure). For instance, the evolution of NCE in the budget has been:

	1999	2000	2001
Budget	57.544.320.973	54.623.759.273	55.610.390.837
Budget MRI	57.544.320.973	59.270.650.602	61.167.311.421
MRI-PF		-4.646.891.329	-5.556.920.584

	2002	2003	2004*
Budget	57.339.059.742	58.273.174.900	58.054.488.190
Budget MRI	63.308.167.321	65.713.877.679	67.488.152.377
MRI-PF	-5.969.107.579	-7.440.702.779	-9.433.664.187

* MRI for EUR15 (2.7%)

31. The above table indicates that if EP had used MRI, it could have increased the budget by approximately 33 billion over the period. It is interesting to note that the MRI over the last years has always been higher than the increase of the budget although it also strictly limits the EC budget as it is based on indicators imposed to national budgets two years ahead.

32. What are voting procedures for the financial perspective/IIA?

- Within Council
 - The European Council agrees on the "package" only after having a consensus. The consensus means, at that level, that all the Member States are in favour of it. When agreed, it becomes a "political decision";
 - The Council (of Ministers) must implement the political decisions taken by the European Council as they are binding;
 - It endorses this decision by a vote under unanimity (internal rules) which means that there could be abstentions but no vote against;
 - Moreover, part II of the IIA (budgetary discipline) contains legal provisions which imply legal acts which, in turn, require unanimity.
- Within EP

The legal service conclusions for required majorities are as follows (May 1999):

- Article 198 of the Treaty provides for simple majority voting unless the Treaty expressly allows otherwise;
- Invoking Article 272, or the codecision procedures, has no binding effect on the conditions for adopting the IIA;
- In the absence of specific provisions stipulating otherwise, the Rules of Procedure appear not to allow any majority other than a simple majority.

33. This interpretation was criticised at the time by some Cobu members (Mr. Samland, Mr. Colom i Naval and Mr. Bourlanges in particular). Both of them had considered that such an interpretation was not admissible since the IIA contains provisions which require qualified majority decisions.

**Working Document N°2 on the Communication by the Commission on policy challenges
and budgetary means of the enlarged Union 2007-2013 (Com (2004) 101 final)
by Joan Colom i Naval**

Introduction

1. On 10 February 2004, the Commission adopted a Communication on the next financial perspective for the period 2007-2013¹. According to the Commission, the future financial framework is a realistic proposal which allows that the political aims and expectation set for the Union are matched by adequate means, including financial resources.
2. President Prodi said in his presentation before the European Parliament: *The goal is to maximise the efficiency of public spending and make national and European efforts more than the sum of the parts. 25 euros spent in common have greater value than the sum of the 1 euro spent in each of the 25 member countries.*
3. Except for agriculture whose ceiling for EUR 25 fixed for the period 2007-2013 by the European Council of October 2002 has been taken on board, the Commission stressed that the figures proposed for the next financial framework result from an analysis based on a bottom up approach: identification of political priorities, evaluation of the needs, amounts necessary. So far, the financial perspective as proposed by the Commission departs from the contents of the "Letter of the Six" which aims at first fixing a ceiling not to be exceeded (top down approach).
4. The adoption of this Communication has launched a 2 year process in view of reaching an agreement between the European Parliament and the Council before the current financial perspective expires (end of 2006). This Commission intends to present the legislative proposals in July in order to allow sufficient time for the negotiations to be run by the next Commission. The Council should adopt its position in July 2005 or in December 2005 at the latest.
5. Concerning the timing, the rapporteur recalls the position already expressed in his Working Document N° 1 (paragraph 10) and endorsed by EP delegation at the informal dialogue in Dublin (6-7 February), which can be summarised as follows:
 - this Parliament will give political orientations on the basis of the Communication but, for democratic reasons, the decision is to be taken by the next Parliament;
 - the current financial perspective is in force until the end of the year 2006;
 - there will be no financial perspective without an agreement between EP and Council on the financial package as the current Treaty foresees no obligation to have a financial perspective and only provides for annual Budgets.

Horizontal issues

On the period

¹ COM(2004)101 final - Communication from the Commission to the Council and the European Parliament - Building our common Future - Policy challenges and Budgetary means of the Enlarged Union 2007-2013

6. The Commission has decided on a period of 7 years before moving to a 5 year cycle. The Commission justifies its decision by the necessity to respect of the European Council for market-related expenditure and leave sufficient time for integrating the new Member states as agreed in the last version of the Constitution presented to the IGC.
7. This timeframe does not correspond to the institutional rhythm of the Union, neither to Parliament's request to the Convention for a five year period. The rapporteur reiterates its preference for a five year financial perspective starting at the beginning of the second year of the Commission's mandate (see scheme below).
8. Moreover, as mentioned in Working Document N°1² (paragraphs 13-17), the Commission proposal as it stands (7 years + 5 years) will always create a situation where the terminating Parliament and the Commission will always be in a position to approve the forthcoming financial framework.



On the GNI ceilings

9. The rapporteur considers that, although the final Communication is more “positive” than the different provisional versions of the document, it may not allow the Union to fulfil its political commitments. As President Prodi announced in plenary, this proposal is not ambiguous but realistic. The rapporteur wonders if this is the best approach to follow.
10. He recalls that during the period 1996-2002 the EU budget increased by 8,2 % while the national budgets increased by an average of 22,9 % (see annex 3). This comparison is made over the period where the EU involved 15 Member States.
11. The rapporteur is of the opinion that a preliminary reflection should be made:
 - should the political priorities be adapted to a self imposed ceiling or should the figures match the needs resulting from the political priorities?
 - is it fair to pretend that the amounts proposed allow matching resources to needs, especially the goals of Lisbon for growth and employment in an enlarged Union?
 - are the Lisbon goals compatible with cohesion or will there be a choice to make between the competitiveness and cohesion?
 - is it possible to finance the needs for 27 countries with ambitions based on

² PE 338.057

- maintaining the *acquis communautaire*, enhancing cohesion, further enlargement, neighbouring policy and absorption of the traditional cooperation with ACP countries without changing the ceiling of own resources?
- how can the new activities and institutions foreseen by the Constitution for the EU be financed under the proposed financial framework? Is a revision envisaged when the Constitution enters into force?
- how can the gap between the own resources ceiling (1,24 %) and the ceiling of payment expenditure (max 1,15 %) be justified? What is the margin left for?

On the profile

12. The progression in absolute value is made on constant prices from 2006 to 2013. The level of payments is calculated on the basis of the current FP schedule as revised in Copenhagen, to take on board the calculation of compensations.
13. Due to the technical parameters resulting from the growth forecasts, the gap between commitments and payments is more important than for the current FP. While the global volume of commitments was relatively constant during the period 2000-2006, the profile of the Commission proposal is more progressive, increasing the gap between CA and PA.

On the structure

14. The substantial modification of the structure of the new FP, based on a thematic approach, makes the comparison with the current situation in terms of contents and figures quite difficult and not transparent.
 - The rapporteur is awaiting the comments of the specialised committees on their respective areas of competence before taking a position on this point. However, he urges the Commission to provide a corresponding table with the current nomenclature by programmes and, although they may not be defined until the legislative package is ready, with the magnitude of expenditure foreseen to facilitate the comparison with the current situation.
 - Concerning agriculture spending (heading 2), the rapporteur asks the Commission to clarify whether it has budgetised the appropriations left available each year below the guideline.

On the flexibility mechanisms

15. The Commission considers that over a period of ten years from now until 2013, flexibility instruments should be made available to allow the adjustment of the priorities set up in the FP, within certain limits. Three types of flexibility instruments are envisaged:
 - Revision of the expenditure ceilings: this consists of an increase of the global ceiling to be decided in the context of an annual dialogue, on the basis of an assessment of the needs presented by the Commission before the presentation of the PDB. In fact, the main change is the procedure which becomes a kind of

“annual revision” . The novelty is the early dialogue aiming to facilitate the decision by anticipating the needs and avoiding late decisions which interferes in the normal budgetary procedure.

- Reallocation flexibility: this is due to replace and to combine the existing flexibility instruments. The mechanism consists in reallocating appropriations available under one heading to another, in order to use the existing margins for other policies than the ones initially foreseen. It implies that the ceiling of the heading to which additional appropriations are transferred, is exceeded but not the global ceiling of the FP. The appropriations would be made available through an amending budget or a transfer. Appropriations allocated to cohesion and rural development cannot be reallocated because they are supposed to be pre-allocated between the Member States at the beginning of the period.

The other mechanism foreseen under this type of flexibility is the budgetisation of the specific reserves foreseen in the financial framework, in order to react quickly to emergency situations, with no increase of the global ceiling of the FP nor of the ceilings of the headings concerned: the Solidarity fund under heading 1b) or the Emergency reserve under heading 4 for which protected amounts are entered under the ceilings.

- Growth Adjustment Fund: this new instrument with an allocation of 1 billion per year is a specific reserve for heading 1 a) which would be available under the ceiling of this heading and mobilised for short term restructuring activities (fisheries, support to the textile industry) in view of optimising the growth objectives.

16. The rapporteur welcomes the will to introduce more flexibility in the financial framework . In a context of broad orientations, he invites the Commission to take on board the reflections made at the time of the negotiations of the current financial framework on the different options of flexibility, and in particular:

- flexibility between headings;
- flexibility within the same heading;
- flexibility between the reserve and the headings.

17. Concerning flexibility between headings, the rapporteur had proposed the possibility of amending the ceilings during the budgetary procedure under certain conditions:

- definition of a maximum quantity or percentage of transfer;
- respect of the global annual ceiling for commitment appropriations (if there is no margin under the ceiling of one category, the budgetary authority may enter appropriations considered as justified provided that the total for commitment appropriations laid down in the FP would be respected);
- respect of the allocation of each heading in the period covered by the FP (if appropriations are transferred from one heading , they should be returned during the following year, or at least before the end of the period).

18. Concerning flexibility within the same heading:
- possibility of carrying over the margin left under one heading from one year to another and to use it;
 - it should not affect the total over the period;
 - it would be an initiative for a rigorous approach (would discourage frontloading).
19. Concerning transfers between the reserve and the headings, the following had been suggested:
- the need to mobilise the reserve may arise before the end of the procedure in which case this will normally be done under the regular procedure;
 - the need to mobilise the reserve may occur after the end of the procedure in which case the Commission must initiate a transfer procedure.

Budgetary unbalance

20. As a complement to the new financial framework, the Commission will shortly present a proposal to modify the current system of own resources. This mechanism will introduce a general correction mechanism which combines the correction of the budgetary burden which is excessive in relation to relative prosperity, and prevent the volume of the mechanism from becoming excessive. All Member States should contribute to the new mechanism in view of enhancing the principle of solidarity which the Community is based on.
21. The rapporteur wishes to recall EP's position in its report to the Convention³.
- "Recognises the need to reform the current system but considers that this issue should form part of a more global reflection between the two arms of the budgetary authority on the various possible sources of finance for the EU budget; this should take place at the highest political levels, should not give rise to disparities in treatment between the Member States and should take into account national considerations and the different proposals made at Community level, including the Parliament's proposals put forward in recent resolutions";*
22. He considers however, that the time has come for the enlarged Union to adapt the own resources system in the context of the next FP. While awaiting the Commission proposal, he nevertheless emphasises the necessity of maintaining solidarity in spending and expenditure as the corner stone of the system.

³ Wynn report. reform of the budgetary procedure: possible options in view of the revision of the treaties (A5-0046/2003)

Annex 1

Commission proposal: Com (2004) 101 final

OVERVIEW OF THE NEW FINANCIAL FRAMEWORK 2007-2013									
Million € at 2004 prices									
COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013	
1. Sustainable growth	47.582	59.675	62.795	65.800	68.235	70.660	73.715	76.785	
1a. Competitiveness for growth and employment	8.791	12.105	14.390	16.680	18.965	21.250	23.540	25.825	
1b. Cohesion for growth and employment (b)	38.791	47.570	48.405	49.120	49.270	49.410	50.175	50.960	
2. Preservation and management of natural resources	56.015	57.180	57.900	58.115	57.980	57.850	57.825	57.805	
of which : Agriculture - Market related expenditure and direct payments	43.735	43.500	43.673	43.354	43.034	42.714	42.506	42.293	
3. Citizenship, freedom, security and justice	1.381	1.630	2.015	2.330	2.645	2.970	3.295	3.620	
4. The EU as a global partner (c)	11.232	11.400	12.175	12.945	13.720	14.495	15.115	15.740	
5. Administration (d)	3.436	3.675	3.815	3.950	4.090	4.225	4.365	4.500	
Compensations	1.041								
Total appropriations for commitments	120.688	133.560	138.700	143.140	146.670	150.200	154.315	158.450	
Total appropriations for payments (b)(c)	114.740	124.600	136.500	127.700	126.000	132.400	138.400	143.100	Average
Appropriations for payments as a percentage of GNI	1,09%	1,15%	1,23%	1,12%	1,08%	1,11%	1,14%	1,15%	1,14%
Margin available	0,15%	0,09%	0,01%	0,12%	0,16%	0,13%	0,10%	0,09%	0,10%
Own resources ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%
(a) 2006 expenditure under the current financial perspective has been broken down according to the proposed new nomenclature for reference and to facilitate comparisons.									
(b) Includes expenditure for the Solidarity Fund (€ 1 billion in 2004 at current prices) as from 2006. However, corresponding payments are calculated only as from 2007.									
(c) The integration of EDF in the EU budget is assumed to take effect in 2008. Commitments for 2006 and 2007 are included only for comparison purposes. Payments on commitments before 2008 are not taken into account in the payment figures.									
(d) Includes administrative expenditure for institutions other than the Commission, pensions and European schools. Commission administrative expenditure is integrated in the first four expenditure headings.									

Annex 2

Commission proposal: Com (2004) 101 final - annual increase

Million € at 2004 prices								
COMMITMENT APPROPRIATIONS	2006 (a)	2007	2008	2009	2010	2011	2012	2013
1. Sustainable growth	47.582	25%	5%	5%	4%	4%	4%	4%
1a. Competitiveness for growth and employment	8.791	38%	19%	16%	14%	12%	11%	10%
1b. Cohesion for growth and employment	38.791	23%	2%	1%	0%	0%	2%	2%
2. Preservation and management of natural resources	56.015	2%	1%	0%	0%	0%	0%	0%
of which: Agriculture -Market related expenditure and direct payments	43.735	-1%	0%	-1%	-1%	-1%	0%	-1%
3. Citizenship, freedom, security and justice	1.381	18%	24%	16%	14%	12%	11%	10%
4. The EU as a global partner	11.232	1%	7%	6%	6%	6%	4%	4%
5. Administration	3.436	7%	4%	4%	4%	3%	3%	3%
6. Compensations	1.041							
Total appropriations for commitments	120.688	11%	4%	3%	2%	2%	3%	3%

Annex 3

Comparison between the evolution of national Budgets and EU Budget

Current prices, millions €

	1996 ⁽¹⁾	2002	Increase
B	112,371	131,281	16.8 %
DK	86,187	101,989	18.3 %
D	944,279	1,023,870	8.4 %
GR	48,170	66,266	37.6 %
E	210,036	276,507	31.6 %
F	678,048	812,935	19.9 %
IRL	22,802	43,070	88.9 %
I	516,521	599,804	16.1 %
L	6,515	9,909	52.1 %
NL	161,044	211,162	31.1 %
A	103,542	112,094	8.3 %
P	40,459	59,573	47.2 %
FIN	60,051	69,795	16.2 %
S	139,206	149,420	7.3 %
UK	403,057	675,191	67.5 %
TOTAL	3,532,288	4,342,866	22.9 %

	1996 ⁽¹⁾	2002	Increase
EU Budget	77,032	83,371	8.2%

⁽¹⁾ 1996 was the first year when the entire EU budget involved all 15 current Member States

5 April 2004

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS, HUMAN RIGHTS, COMMON SECURITY AND DEFENCE POLICY

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftswoman: Véronique De Keyser

PROCEDURE

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed Véronique De Keyser draftswoman at its meeting of 21 January 2004.

It considered the draft opinion at its meetings of 17 March and 5 April 2004.

At the latter meeting it adopted the following suggestions unopposed, with 2 abstentions.

The following were present for the vote: Baroness Nicholson of Winterbourne (acting chairwoman), Christos Zacharakis (vice-chairman), Véronique De Keyser (draftswoman), Ole Andreasen, Johanna L.A. Boogerd-Quaak (for Bob van den Bos pursuant to Rule 153(2)), Philip Claeys, Michael Gahler, Gerardo Galeote Quecedo, Nelly Maes (for Reinhold Messner), Edward H.C. McMillan-Scott (for David Sumberg), Pasqualina Napoletano, Doris Pack (for Alfred Gomolka), Jacques F. Poos, Jacques Santer, Jürgen Schröder, Ioannis Soulidakis, Ursula Stenzel, Charles Tannock, Joan Vallvé, Paavo Väyrynen and Jan Marinus Wiersma.

SUGGESTIONS

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Believes that the European Union must as a matter of priority respond to the growing and clearly expressed expectations of its citizens in the area of external policy; asks that, to this end, the means necessary to affirm the consistency, visibility and credibility of the Union on the international scene be provided and deployed and points out that close coordination between the objectives of internal and external policies is indispensable;
2. Fully endorses the idea expressed in the Commission communication that a stronger international role for the Union is one of the three key priorities for the years ahead; notes, however, that the growth forecast for the fourth heading does not appear to match the ambitious watchword of 'The EU as a global partner' and consequently considers that the budgetary outlay will need to be increased;
3. Asks that the resources to be made available to the European Union fully meet the requirements and can match up to its ambitions and its international responsibility in a multilateral framework, including in relation to the European security and defence policy; welcomes, to this end, the security strategy presented by the High Representative for the CFSP; maintains in particular that the five main threats to European security specified in the strategy – terrorism, the proliferation of weapons of mass destruction, regional conflicts, failed states, and organised crime – demand a sound long-term external policy employing all the means at the EU's disposal;
4. Points to the importance of the transatlantic bond, which is based on the fact of sharing common values (such as democracy and respect for human rights) and strengthened by the fact of facing common threats (as listed in the security strategy); points to the importance of pursuing a security and defence policy that should not just be compatible with, but also complement the measures embodying this bond, implying a need to invest the necessary resources;
5. Asks that the Union's external policies be made a priority for the next financial perspective; in the light of the ambitions and growing obligations of the Union, asks that all budgetary appropriations be reassigned accordingly without jeopardising the specific funding for the European Union as a world partner and notwithstanding the budgetisation of the EDF urgently sought by Parliament;
6. Repeats that it would be absurd if the formal change entailed in including the EDF in the budget were to create the impression that the external policy budget was being increased substantially, whereas in reality the increase is not sizeable or indeed sufficient;
7. Calls on the budgetary authority to cover the need to respond appropriately to international crises, bearing in mind that in such situations the EU's credibility depends directly on its ability to respond effectively; requests also that the EU's responses should not adversely affect the financial commitments already entered into;

8. Points out that, to be credible, any international player needs to be ready both to respond to unexpected short-term situations and to devise medium- and long-term strategies involving lasting commitments; points out that the Union's external policy must be envisaged in a global manner; points out that its main aims are encouraging macroeconomic assistance designed to prevent conflicts of all kinds as well as peacekeeping activities and crisis management measures in civilian, military, technological and environmental fields, particularly through rapid deployment of an intervention force;
9. Places particular emphasis on the need for adequate funding for the aspects relating to cooperation policy, the fight against poverty, the promotion of democracy and human rights and access for populations to basic goods and services; places particular emphasis on the need to promote, through external policy, access to health care (including reproductive health), education, research and the new technologies and the continuing fight against anti-personnel landmines and their consequences;
10. Affirms that the neighbouring countries of the enlarged Europe are a priority area for action and attention; asks, to this end, that the provisions of the strategy document on relations with the Arab World be implemented; advocates all measures needed to ensure that the New Neighbourhood policy can enable an area of prosperity and stability to stretch further to the south and east of the Union; points to the importance of moving ahead with the Barcelona Process and supporting the political and economic reforms being implemented in Mediterranean partner countries; in particular, asks that the African continent and the countries with the highest rates of poverty and underdevelopment benefit from better interaction between humanitarian policies, development programmes and political cooperation;
11. Maintains, at all events, that the EU's external priorities must not depend solely on criteria of geographical proximity and that the strategic budgetary efforts related to cooperation and dialogue with other regions of the world must continue and be consolidated; calls in this context for relations between the EU and Latin America to be strengthened, especially in the light of the Third EU-Latin America and Caribbean Summit and the commitments already entered into at previous summits;
12. Calls for a restructuring and rationalisation of budgetary instruments in order to boost the responsiveness and flexibility of the Union's external policy, while maintaining the transparency of the mechanisms employed and without in any way jeopardising fulfilment of the commitments already entered into; restates the need to introduce for this purpose a mechanism for prior consultation of, and control a posteriori by, Parliament, particularly where appropriations are reallocated; welcomes the rationalisation of headings proposed by the Commission and proposes a breakdown of appropriations by thematic headings matching priorities and horizontal political objectives of the Union, accompanied by a geographical structure allowing such appropriations to be mobilised flexibly for a given area; questions the appropriateness of the existing allocation of responsibilities between external relations and development and proposes that it be reviewed;
13. Calls for better consistency and coordination, even complementarity, in budgetary terms as well, between Union policies and those pursued by Member States so as to avoid any

duplication and encourage joint financing of operations; points out that more consistent funding of the CFSP also requires better implementation of, and a more Community-minded approach to, that policy;

14. Points to the importance of moving towards common European diplomacy, to be achieved by implementing the measures already proposed by Parliament, for instance by setting up a European diplomatic college, harmonising national training programmes, or organising an effective system to link national and European diplomatic service.

30 March 2004

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Budgets

on building our common Future : policy challenges and budgetary means of the enlarged Union 2007-2013 (COM(2004) 101 - C5-0089/2004 - 2004/2006(INI))

Draftsman: Jan Mulder

PROCEDURE

The Committee on Budgetary Control appointed Jan Mulder draftsman at its meeting of 21 January 2004.

It considered the draft opinion at its meetings of 18 and 29 March 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Diemut R. Theato (chairman); Jan Mulder, Draftsman; María Antonia Avilés Perea, Juan José Bayona de Perogordo, Jens-Peter Bonde (for Jeffrey William Titford), Christopher Heaton-Harris, Helmut Kuhne, John Joseph McCartin (for Brigitte Langenhagen), Emmanouil Mastorakis (for Paulo Casaca), Eluned Morgan, Heide Rühle (for Bart Staes), Francisca Sauquillo Pérez del Arco (for Herbert Bösch), Ole Sørensen and Michiel van Hulten.

SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

General

1. Welcomes the Commission's approach aimed at ensuring that the future financial framework offers the required stability to support, on a multi-annual basis, the political objectives of the Union and that this should be achieved through enhancing the complementary action between national and Union level;

2. Notes the Commission's view suggesting that the political aims and expectations for the Union must be matched by adequate means, including financial resources. Considers that in this context a balance should be struck between the Union's priorities and the wider economic and budgetary situation in the Member States.
3. Notes with satisfaction that among the issues to be addressed in the context of that financial framework is the inclusion in the Union's budget of the EDF that Parliament has repeatedly requested;

Points related to control issues

4. Considers that before any decision were made on the global ceiling of the financial framework, the Commission should further clarify its proposal as regards the ratio between commitment appropriations and payment appropriations for any given year during the period the framework would cover and how this affects implementation; looks to the Commission to provide, in particular, information as to how, under the new financial framework, delays in the disbursement of appropriations in the structural policy sphere can be avoided;
5. Invites the Commission to present such an analysis by summer 2004, bearing in mind the requirement for an orderly relation between commitments and payments;
6. Recalls that, for the last years of the previous financial perspective ended in 1999 as well as for each of the years from 2000 on (during the current financial perspective), significant amounts of authorised appropriations were not spent; notes that the difference between the payment appropriations authorised and the actual budget outturn represented in each case amounts exceeding €10 billion ; recalls further that this persistent under implementation of the budget was repeatedly criticised by the Court of Auditors;
7. Calls therefore on the Commission, in making its proposals for the new financial framework, to take duly account of such criticism; invites it further to present Parliament with its analysis of "lessons learned" from such experience, including the appropriate measures aimed at avoiding such under implementation occurring during the next financial perspective period;
8. Expects the Commission, in particular, in the light of the experience so far in the field of structural actions (RAL, unreliability of Member States' forecasts as regards spending needs) to present further proposals, accompanying the new financial framework, aimed at ensuring a better control of the implementation of appropriations involving a greater responsibility of the Members States in the context of shared management, e.g. by increased use of cofinancing and sunset clauses ;
9. Calls on the Commission, in view of its high susceptibility to fraud, to put an end to the practice employed hitherto of exporting agricultural surpluses through the payment of export refunds and instead to create, under the new financial framework, incentives to reduce surplus agricultural production;
10. Urges the Commission to include provisions introducing a verifiable system based on a

national declaration of assurance in the new draft regulations on the structural funds for the next period; urges the Member States to endorse such a proposal which is essential for the shared management of the programmes;

11. Takes the view that both the Member States and the Commission should work towards establishing a single audit strategy for the shared management programmes; greets in this respect the efforts undertaken by the Commission and certain Member States to establish confidence contracts; takes the position that such efforts should be coupled with the carrying out of a reliable statement of assurance procedure, implemented annually at the level of the relevant authorities for the structural funds within the Member States, the result of which would be, in turn, taken up at Community level; takes note of the resistance expressed by a large number of Member States to the idea of such a yearly declaration of assurance as first proposed by the Commission at a meeting of the relevant ministers of the Member States on October 7 2002; notes with criticism however the demonstrated unwillingness of the Commission to push forward such proposals more actively;
12. In this context, asks further clarification by the Commission on its proposal to retain the 'spending obligation' for Structural Funds appropriations ;
13. Stresses that the presentation by the Commission of its administrative expenditure, and, in particular, of the human resources involved as being directly linked to the operational expenditure, in the context of Activity Based Budgeting and Management (ABB and ABM) does not confer upon such expenditure a character of objective, undisputed necessity; reiterates that such presentation will not deprive Parliament in any way of its competence as budgetary and control authority to decide on the human resources it may consider as being appropriate for carrying-out approved policies of the Union;
14. Considers that the structure of the new financial framework should reflect and reinforce the focus on effectiveness and performance of expenditure, as one of the aims of Activity Based Management.
15. Invites the Commission to carefully balance the introduction of new forms of flexibility in the financial framework against the need for sound financial management ;
16. Takes the view that a new financial framework can be adopted only if measures are first introduced to keep the volume of appropriations to be recovered low; calls on the Commission, therefore, to improve the recovery procedure in such a way that Member States can be made more directly responsible for recovering excess or undue payments made from EU budget appropriations they are responsible for managing;
17. Invites the Commission to come forward with the appropriate solutions as regards the presentation of administrative expenditure so as to enable transparency and democratic control over staffing matters; this should apply in both the various policy areas as well in the heading dedicated to the administrative expenditure of the other institutions;
18. Invites the Commission, in the context of the evaluation of the own resources system, to come forward with proposals to simplify the system, while at the same time making it less

susceptible to fraud.

19. Takes the view that, in terms of democratic legitimacy, a positive Statement of Assurance(DAS) by the ECA on the reliability of the Community's accounts and on the legality and regularity of underlying transactions is of paramount importance; considers that such a development would undoubtedly positively reflect on the Union's choices over the spending plans for the mid-term; Expects therefore the Commission while preparing for the new financial framework to be put in place for the period after 2007, to deploy all efforts necessary, through the acceleration of its internal reform and a closer co-ordination with the Member States in the context of shared management , in order to ensure that a positive DAS be given before a final decision is taken on the proposed new financial framework;

22 March 2004

OPINION OF THE COMMITTEE ON CITIZENS' FREEDOMS AND RIGHTS, JUSTICE AND HOME AFFAIRS

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Ozan Ceyhun

PROCEDURE

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs appointed Ozan Ceyhun draftsman at its meeting of 19 February 2004.

It considered the draft opinion at its meetings of 9 March 2004 and 18 March 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Jorge Salvador Hernández Mollar (chairman), Johanna L.A. Boogerd-Quaak (vice-chairwoman), Giacomo Santini (vice-chairman), Ozan Ceyhun (draftsman), Regina Bastos (for Mary Elizabeth Banotti pursuant to Rule 153(2)), Maria Berger (for Margot Keßler), Christian Ulrik von Boetticher, Mario Borghezio, Alima Boumediene-Thiery, Kathalijne Maria Buitenweg (for Pierre Jonckheer), Giorgio Calò (for Baroness Ludford pursuant to Rule 153(2)), Charlotte Cederschiöld, Carmen Cerdeira Morterero, Gérard M.J. Deprez, Antonio Di Pietro (for Francesco Rutelli), Rosa M. Díez González (for Michael Cashman), Pernille Frahm (for Giuseppe Di Lello Finuoli pursuant to Rule 153(2)), Catherine Guy-Quint (for Martin Schulz pursuant to Rule 153(2)), Timothy Kirkhope, Vincenzo Lavarra (for Walter Veltroni pursuant to Rule 153(2)), Lucio Manisco (for Ilka Schröder), Manuel Medina Ortega (for Robert J.E. Evans), Pasqualina Napoletano (for Adeline Hazan pursuant to Rule 153(2)), Elena Ornella Paciotti, Hubert Pirker, Martine Roure, Heide Rühle, Gerhard Schmid, Ingo Schmitt (for Hartmut Nassauer), Ole Sørensen (for Bill Newton Dunn), Patsy Sørensen, María Sornosa Martínez (for Sérgio Sousa Pinto pursuant to Rule 153(2)), The Earl of Stockton (for Carlos Coelho), Joke Swiebel, Anna Terrón i Cusí and Maurizio Turco.

SUGGESTIONS

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

Building our common Future - Policy challenges and Budgetary means of the enlarged Union 2007-2013

1. Welcomes the Commission's proposal to make European citizenship including the completion of an area of freedom, security and justice one of the top three priorities for the enlarged Union 2007-2013; welcomes and supports strongly the proposal to create a specific heading for "Citizenship, freedom, security and justice" in the new financial perspective as a logical consequence of the proposed priority for this policy area;

Citizenship, freedom, security and justice

2. Regards the protection of the external borders of the European Union in an integrated way as a major challenge that requires adequate resources; emphasises at the same time the need for increased efforts to establish a common asylum policy with a much stronger burden sharing element and an equally stronger policy of integration of third country nationals living in the European Union;
3. Is of the opinion that the Union should respond to the increasing concerns of European citizens with regard to internal security matters and assume greater responsibility in the fight against international organised crime and terrorism;
4. Requests the reinforcement of the protection of fundamental rights also by the creation of a genuine judicial area based on mutual trust.

30 March 2004

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Paul Rübig

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Paul Rübig draftsman at its meeting of 5 February 2004

It considered the draft opinion at its meetings of 17 and 29 March 2004.

At the last meeting it adopted the following suggestions by unanimously.

The following were present for the vote: Luis Berenguer Fuster (chairman), Peter Michael Mombaur (vice-chairman), Paul Rübig (draftsman), Gordon J. Adam (for Imelda Mary Read), Konstantinos Alyssandrakis, Sir Robert Atkins, Emmanouil Bakopoulos (for Fausto Bertinotti pursuant to Rule 153(2)), Ward Beysen (for Marco Cappato), Roberto Felice Bigliardo (for Seán Ó Neachtain), Guido Bodrato, David Robert Bowe (for Gary Titley), Gérard Caudron, Giles Bryan Chichester, Benedetto Della Vedova (for Gian Paolo Gobbo), Marie-Françoise Duthu, Neena Gill (for Harlem Désir), Norbert Glante, Malcolm Harbour (for Bashir Khanbhai), Hans Karlsson, Rolf Linkohr, Caroline Lucas, Eryl Margaret McNally, Marjo Matikainen-Kallström, Ana Miranda de Lage, Bill Newton Dunn (for Nicholas Clegg), Paolo Pastorelli, Samuli Pohjamo (for Willy C.E.H. De Clercq), John Purvis, Bernhard Rapkay (for Erika Mann), Christian Foldberg Røvsing and W.G. van Velzen.

SUGGESTIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the priority given by the European Commission to the promotion of the competitiveness of enterprises, especially through:
 - improved access to Community financial instruments for SMEs;
 - the promotion of technology transfer, building of innovation networks and coordination between European undertakings;
 - enhancing European competitiveness and productivity through further development of the information society;
 - developing and promoting international standards for ICT and mobile telecommunication technology (e.g. 3G).In order to attain the objectives laid down in the Communication, requests the Commission to present as soon as possible the appropriate legislative and non-legislative proposals aiming at fulfilling the broader objective of sustainable development.
2. Agrees with the Commission that the strengthening of the European effort in research and technological development constitutes a major objective of the enlarged European Union; especially recalls the importance of having appropriate funding, both on a Community and on a national level, with a proper balance between public and private financing; expresses concern that access to R&D capital for European SMEs is still limited and that R&D spending by SMEs is 3-6 times higher in the US; notes that the completion of a 'European research area' is important to sustainable development; calls for the decision of the 2002 Barcelona European Council to increase R&D expenditure to 3% of EU GDP by 2010 to be factored into the 2007-2013 financial perspective and accordingly for the budget for the seventh research framework programme to be raised to €30 bn for the entire duration of the programme, not least to allow for enlargement to include 25 or more Member States; but nevertheless is concerned by the urgent need for concrete instruments to attain the objectives contained in the Communication. Also, stresses the contribution of the energy sector for sustainable development, especially stresses the importance of transferring and developing the existing instruments (e.g. the Intelligent Energy Programme) in the enlarged European Union, and calls for appropriate European action in both energy supply and the development of trans-European networks.
3. Reiterates the importance of a parliamentary dimension to the WTO and encourages further initiatives for democratic instruments in the field of trade; believes the European Union, as a global partner in the present context of globalisation, must reinforce its role as a leading trade power and an active partner in the negotiation of multilateral norms; reiterates its position as adopted in its resolution of 3 June 2003 on macro-financial assistance and insists on receiving a legislative proposal from the Commission on the principles, criteria and legal base proposed in the said resolution.

18 March 2004

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Bartho Pronk

PROCEDURE

The Committee on Employment and Social Affairs appointed Bartho Pronk draftsman at its meeting of 11 February 2004.

It considered the draft opinion at its meeting of 17/18 March 2004.

At that meeting it adopted the following suggestions unanimously.

The following were present for the vote: Theodorus J.J. Bouwman, chairman; Marie-Thérèse Hermange, vice-chairman; Winfried Menrad, vice-chairman; Bartho Pronk, draftsman; Elspeth Attwooll, Regina Bastos, Hans Udo Bullmann (for Jan Andersson), Harald Ettl, Anne-Karin Glase, Lisbeth Grönfeldt Bergman (for Miet Smet), Roger Helmer, Stephen Hughes, Rodi Kratsa-Tsagaropoulou, Jean Lambert, Elizabeth Lynne, Thomas Mann, Mario Mantovani, Manuel Pérez Álvarez, Lennart Sacrédeus, Luciana Sbarbati (for Anne André-Léonard), Herman Schmid, Elisabeth Schroedter (for Jillian Evans), Helle Thorning-Schmidt, Bruno Trentin (for Alejandro Cercas), Ieke van den Burg, Anne E.M. Van Lancker and Barbara Weiler.

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Points out that the appropriations for budget headings must reflect the out-turn rates recorded in the past and calls on the Commission, therefore, to brief Parliament every month on the current state of implementation of all headings;
2. Draws attention again to the Lisbon Summit decision to develop the European Community into the most competitive knowledge-based economic area; welcomes the fact that the Commission sets store by this priority and urges that the necessary resources be provided to enable the plan to be translated into reality by the target date;
3. Welcomes the fact that the Commission is viewing education and continuing vocational training as an increasingly important means of promoting economic growth and social cohesion; believes that European added value lies in an ongoing exchange of tried and tested practices and worthwhile goals and an ambitious mobility and exchange programme;
4. Welcomes the importance that the Commission is attaching to the social policy agenda, in particular support for social dialogue and initiatives to help anticipate and manage change; points out, bearing in mind especially that new Member States are about to join the Union, that such initiatives will be vital for internal cohesion and social harmony;
5. Points out that the social dialogue provided for in the Treaties needs to be strengthened, especially in the new Member States;
6. Expects that, especially in the new Member States, the main imperative will be to implement labour legislation, including health and safety legislation, in particular by fostering best practices;
7. Believes, as regards the international level, that support for the implementation and enforcement of ILO conventions constitutes a priority;
8. Points out that reform of the Structural Funds has not accelerated the flow of appropriations, but, on the contrary, implementation delays have continued to worsen (the total stock of outstanding commitments (RAL) has reached an all-time high of €68 621.1 million¹); hopes, therefore, that the projected reform will lead to a clear improvement;
9. Is consequently of the opinion that the next Structural Fund reform should be based on the following principles: concentration of tasks, administrative simplification, and a new allocation formula, having regard not least to the take-up capacity of the recipient regions.

¹ Structural operations: stock of RAL on 31 December 2003: €68 621.1 m.

30 March 2004

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER POLICY

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Robert Goodwill

PROCEDURE

The Committee on the Environment, Public Health and Consumer Policy appointed Robert Goodwill draftsman at its meeting of 16 February 2004.

It considered the draft opinion at its meetings of 8 and 29 March 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Caroline F. Jackson (chairman), Alexander de Roo, Guido Sacconi (vice-chairmen), Robert Goodwill (draftsman), and María Luisa Bergaz Conesa, Hans Blokland, David Robert Bowe, John Bowis, Dorette Corbey, Chris Davies, Saïd El Khadraoui, Marialiese Flemming, Karl-Heinz Florenz, Cristina García-Orcoyen Tormo, Françoise Grossetête, Jutta D. Haug (for Anne Ferreira), Marie Anne Isler Béguin, Christa Klab, Bernd Lange, Paul A.A.J.G. Lannoye (for Hiltrud Breyer), Caroline Lucas (for Patricia McKenna), Albert Jan Maat (for María del Pilar Ayuso González), Jules Maaten, Minerva Melpomeni Malliori, Rosemarie Müller, Ria G.H.C. Oomen-Ruijten, Dagmar Roth-Behrendt, Jacqueline Rousseaux, Karin Scheele, Inger Schörling, Renate Sommer (for Martin Callanan), Catherine Stihler, Robert William Sturdy (for Raquel Cardoso), Nicole Thomas-Mauro, Antonios Trakatellis, Peder Wachtmeister and Phillip Whitehead.

SUGGESTIONS

The Committee on the Environment, Public Health and Consumer Policy calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

General

1. Considers that continuing to maintain budgetary rigour for the Financial Perspective even after 2007 is the only way for the enlarged Union to meet the challenges it faces in the long term;
2. Underlines the need to discuss and decide together on our priorities for Community policies and projects;

Environment

3. Is pleased that 'sustainable development' has been proposed as one of the three priorities for the next financial perspectives; deplores, however, the shallow interpretation of the concept of sustainability; notes that the Commission devotes only marginal attention to environmental concerns and fails to sufficiently integrate the environmental aspects of sustainable development in overall policy-making; calls therefore on the Commission to strengthen the content of 'sustainable development' in all Community policies;
4. Welcomes the Commission's proposal that in future environmental policy should be financed from the same category of the budget as agricultural, structural and fisheries policy; points out that these policies have a huge impact on the environment; stresses the urgent need to proceed to the greening of Community policies in practice, by carrying out careful and methodologically sound assessments of environmental impacts in all policy areas, particularly in CAP and structural funds;
5. Is pleased that the proportion of Rural Development spending will increase for 2007; however, notes with disappointment that between 2007 and 2013 effectively no further increase is proposed; points out that spending in real terms is then 31 million Euro less in 2013 than in 2007; calls for more rapid transfer of funds away from environmentally damaging market support measures;
6. Agrees that the reform of the Common Fisheries policy has moved towards a more sustainable outlook; however, points out that slow progress in implementation (e.g. environmental action plans) means the precautionary approach is not yet firmly integrated;
7. Welcomes the reiteration of the Gothenburg objectives as part of the Lisbon process; calls for the regular evaluation of the contribution made by the structural policy towards the Sustainable Development Strategy agreed at Gothenburg;

8. Underlines that environmentally sound choices in agricultural, structural and fisheries policy will pay off in the long term as they contribute to sustainable economy; argues that the real greening of Community policies, together with clear priority setting in the field of Community environment policy, could contribute more tangible and positive environmental impacts;
9. Resists any attempts to cut the present level of funding of environmental policy as it is a key element in enhancing sustainable development; calls for a new financial instrument for the environment to be included in the financial perspectives;
10. Welcomes the reference to financing of the Natura 2000 network; considers this a crucial element to delivering the 2010 target for halting European biodiversity loss; calls for dedicated funds under regional and rural development policy for Natura 2000;
11. Calls on the Commission to monitor the implementation of legislation more closely as this will be one of the Commission's key tasks after enlargement, particularly in the field of environment, where the *acquis communautaire* is extensive but poorly implemented almost throughout the Community; considers the poor implementation rates as a serious threat to the legitimacy of the European Union; therefore, calls for more human resources for the handling of infringement procedures;
12. Notes that natural capital values are rarely integrated into measures of economic growth and development; calls for such estimates to work towards integrating natural capital values, such as ecosystem services, to create a true measure of total economic value;
13. Is of the opinion that the new financial perspectives must adequately reflect those international commitments that the Community has made in the field of environment;

Public Health

14. Points out that a high level of public health also contributes to sustainable development, high employment and general welfare; assumes that enlargement will increase the variety of problems related to public health; to address the emerging challenges, calls for a new financial instrument on public health after the expiry of the present action programme;
15. Points out that there are a number of links between the CAP and public health; urges the Commission to redirect the CAP so that it does not contradict the principle of a high level of human health protection; calls for the gradual phasing out of Community subsidies to growing of tobacco;
16. Underlines the need to carry out health impact assessments of all new policy initiatives in order to ensure their compatibility with the overall objective of a high level of public health;

Food Safety

17. Points out that food safety will require more attention and resources after enlargement; urges the Commission to redeploy more human resources for the Food and Veterinary

office;

18. Considers it of the utmost importance to guarantee an adequate level of funding for the European Food Safety Authority;
19. Underlines the importance of the CAP reform also for food safety.

30 March 2004

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Friedrich-Wilhelm Graefe zu Baringdorf

PROCEDURE

The Committee on Agriculture and Rural Development appointed Friedrich-Wilhelm Graefe zu Baringdorf draftsman at its meeting of 22 January 2004.

It considered the draft opinion at its meetings of 15 March 2004 and 29 March 2004.

At the latter meeting it adopted the following suggestions by 15 votes to 1.

The following were present for the vote: Joseph Daul (chairman), Friedrich-Wilhelm Graefe zu Baringdorf (vice-chairman and draftsman), Albert Jan Maat (vice-chairman), Alexandros Baltas (for António Campos), Georges Garot, Lutz Goepel, Willi Görlach, João Gouveia, María Esther Herranz García, (for Encarnación Redondo Jiménez), Liam Hyland, Elisabeth Jeggle, Salvador Jové Peres, Heinz Kindermann, Wolfgang Kreissl-Dörfler (for Gordon J. Adam), Karl Erik Olsson and Dominique F.C. Souchet.

INTRODUCTION

The proposals for medium-term financial planning provide for fundamental changes.

The duration of the financial framework is to be reduced from the current seven years to five years. As a transitional measure, a seven-year period from 2007 to 2013 is suggested, before moving to a normal five-year cycle. The Commission proposes five main expenditure headings for the new financial framework:

- (1) **Enhancing competitiveness and cohesion for sustainable growth**, with two sub-headings:
 - 1a. Competitiveness for growth and employment.
 - 1b. Cohesion for growth and employment.
- (2) **Sustainable management and protection of natural resources**: common agricultural policy, common fisheries policy, environment¹.
- (3) **Citizenship, freedom, security and justice**.
- (4) **European Union as a global partner**.
- (5) **Administration**.

Comments

The development of expenditure during the period 2007-2013 is already partly determined by previous decisions.

The fact that the European Council has agreed the level of spending for market-related expenditure and direct payments in agriculture until 2013 without the necessary involvement of Parliament is of particular significance for the Agriculture Committee. Parliament acts as an equal partner in agreeing the Financial Perspective, and is therefore in no way bound by this decision of the Council. A further problem is that this also causes difficulties for the reorientation of agricultural policy towards increased support for rural areas, as every euro which is allocated to the present category 1a reduces the chances of rural development receiving a satisfactory level of funding. Although no ceiling has been set for rural development, the Commission has regrettably not taken the opportunity to noticeably increase funding for rural development, even though the modulation applied by Member States in the framework of the reform process has been significantly lower than foreseen by the Commission. However, the Council's decision should be welcomed inasmuch as it provided agriculture with a clear and reliable indication of future income. In this context, it is necessary for the new Financial Perspective to explicitly guarantee the transferability of funds between the current categories in the agricultural sector.

¹ EAGGF Guidance and FIFG funds currently included under the Structural Funds are transferred to this heading. However, the corresponding amounts will continue to be included in the calculation of the 4 % ceiling on Structural and Cohesion Funds for the new Member States.

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Points out that the Council and Parliament are required to take joint decisions on structure, modalities and amounts for all EU policies in a Financial Perspective; without a revision of the Treaties, even the European Council is not authorised to unilaterally lay down amounts for particular policies over a given period;
2. Recalls that the draft constitution drawn up by the Convention also states that Parliament's consent is necessary to determine both the limit of the EU's resources and the modalities relating to these resources, as well as to lay down a multiannual financial framework, without any distinction being made between policies; also points out that the distinction between compulsory and non-compulsory expenditure still forms part of the legislative framework and that only the legislative codecision procedure can guarantee Parliament real influence on the agriculture budget;
3. Notes that there are substantial disparities in net per capita contributions to the EU, also between Member States with comparable per capita GDPs, and points out that these disparities represent major stumbling blocks in the discussion on the new Financial Perspective;
4. Welcomes the Commission's remarks concerning the possible introduction of a generalised correction mechanism designed to ensure that Member States with comparable GDPs make comparable contributions to the EU;
5. Calls on the European Commission, when drawing up the new Financial Perspective, to apply the principle of policy coherence in order to ensure that expenditure effected in one policy area does not serve to negate the impact of expenditure in other policy areas;
6. Notes that the conclusions of the European Council held in October 2002 included proposals on the funding of direct payments in agriculture, and that this gave European farmers a clear indication of the extent of financial aid to be expected until 2013; also considers this to be a response to the legitimate expectations of farmers for a reliable economic environment, which is necessary if fundamental decisions are to be taken with regard to setting up, taking over, continuing to run or giving up agricultural holdings, as well as with regard to investments;
7. Calls on the European Commission to make clear to what extent the proposed Financial Perspective for market and price policy will be consistent with the undertakings given in the October 2002 Brussels agreement over the period 2007-2013;
8. Welcomes the greater attention paid to research and development and calls on the Commission, in that connection, also to focus on innovation in the agricultural sector;
9. Regrets the fact that, in the proposed financial framework, the Commission has not - as announced in connection with the reform of the common agricultural policy - made a

stronger second pillar an integral part of the future EU budget, but instead is seeking to freeze planned expenditure on rural development at the 2006 level, which, in a future EU of 25 or 27 Member States, would lead to a steady reduction in appropriations for rural development;

10. Calls on the Commission, therefore, to revise the Financial Perspective in such a way that rural regions are not placed at a disadvantage vis-à-vis urban areas, thereby forestalling the further economic decline and depopulation of disadvantaged regions;
11. Believes that the current strict distinction made between categories 1a and 1b, on the basis of the CAP reform decisions concerning modulation, must be replaced to a certain extent by a flexible mechanism for transferring funds to rural development projects, so that adequate allowance can be made for the reorientation of EU agricultural policy launched in 2003;

22 March 2004

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Brigitte Langenhagen

PROCEDURE

The Committee on Fisheries appointed Brigitte Langenhagen draftsman at its meeting of 20 January 2004.

It considered the draft opinion at its meetings of 16 February and 16 March 2004.

At the last meeting it adopted the following suggestions by 16 votes to 1, with 0 abstentions.

The following were present for the vote: Struan Stevenson (chairman and for Brigitte Langenhagen (draftswoman), Rosa Miguélez Ramos (vice-chairwoman), Elspeth Attwooll, Niels Busk, Nigel Paul Farage, Giovanni Claudio Fava (for Bernard Poignant), Ilda Figueiredo (for Salvador Jové Peres), Ian Stewart Hudghton, Heinz Kindermann, Carlos Lage, Giorgio Lisi, Patricia McKenna, Neil Parish (for Hugues Martin), Manuel Pérez Álvarez, Joaquim Píscarreta, Catherine Stihler and Daniel Varela Suanzes-Carpegna.

SUGGESTIONS

Given deadline pressures in what is an election year, it must be pointed out that no document has yet been submitted which discusses the financial perspective framework. The draftsman has therefore decided to put forward a number of general observations which can be added to after the Commission communication has been adopted in February.

Introduction

The purpose of the Commission proposal is to lay down the guidelines for the Union's financial framework for a seven-year period (2007-2013). As a general principle it must be accepted that the CFP, since it is a genuine Community policy, should be given appropriate funding. Areas dependent on fishing in particular, most of which are structurally vulnerable regions, need a special form of Community solidarity and support.

Structural Funds - a source of funding for the CFP

The Common Fisheries Policy is financed chiefly from the Structural Funds, in particular the Financial Instrument for Fisheries Guidance (FIFG) for structural adjustment measures in the fisheries sector, including aquaculture. Funding provided for the FIFG and the PESCA initiative for the period 1994-1999 totalled € 2 679.63 m and € 262.18 m respectively. Funding provided for the FIFG for the period 2000-2006 totals € 3 768.7 m. That significant increase in funding for the FIFG was welcomed by the Committee on Fisheries: it has significantly helped the sector to face up to radical change so as to adapt to a highly competitive global economy.

Since decisions on specific funding allocations cannot be taken until the fundamentals have been clarified, i.e. until decisions have been taken on the new structural policy instruments, on how many of them there will be and on the scope and substance thereof, the rapporteur can at this point simply call for account to continue to be taken of the fisheries sector's circumstances and requirements. In particular, fisheries-dependent regions must continue to be unreservedly eligible for assistance; following on from the 2004 enlargement, this must be extended to new regions.

Financial perspective - fisheries-related aspects

One aim of enlargement must be to extend the scope of the FIFG to the new Member States without causing distortions in the present Member States. That means that, to cope with CFP responsibilities in an appropriate fashion, raising the Structural Fund ceiling for the next planning period will be unavoidable. However, it should be ensured that the traditional share-out of FIFG funding, i.e. the breakdown of allocations, is maintained.

The reorientation of European fisheries policy is welcome: on the basis of the sustainability principle, it affords the best prospects of securing the future of the European fishing sector for the benefit of all the parties involved. The spirit of reform, with a view to sustainable fishing, goes beyond Community territory and should also extend to the Union's international activities, whether under bilateral fisheries agreements or in regional fisheries organisations.

For the next planning period, too, the core CFP tasks must be coped with. That relates to both resource conservation - a genuine Community task - and consolidation of the status quo after

CFP reform. Against the backdrop of CFP reform and the associated changes to structural measures, fresh priorities should therefore be set. That means, firstly, an extension of socio-economic measures and, secondly, stepping-up of diversification efforts and the development of new activities, especially in areas heavily affected by stock recovery and resource conservation plans. More emphasis should be placed on the FIG's positive approach towards the various socio-economic aspects and the relevant opportunities should also be pointed out to the Member States.

To boost fisheries research in particular, it might make sense to combine activities within the research chapter. In the process there should be close cooperation between the directorates-general responsible, however, in order to meet the specific requirements of fisheries.

For both aquaculture and the processing industry, there should be continued scope for Structural Fund support in the next planning period, too. The draftsman suggests that new approaches be developed, e.g. concerning the development of new products.

Structural Fund management is complex and protracted: it is subject to a host of uncertainties; in addition, because of the federal and decentralised structure of many Member States, various government authorities have to be involved, necessitating long decision-taking deadlines. This is where a start must be made on making the Structural Fund system simpler, more transparent and more need-oriented. The wide variety of fish management systems in the Community, as a result of the expansion and special characteristics of its waters and the various types of producer organisation, makes it necessary, with a view to greater effectiveness, to establish structural instruments on a more decentralised basis and offer Member States the resources enabling them to resolve a number of problems themselves by putting them in a position to take greater account of specific sectors' distinctive features or local circumstances.

Conclusions

With a view to continuing CFP reform and putting it into practice in a resolute fashion, the Committee on Fisheries calls on the Committee on Budgets to take account of the following conclusions:

1. It must be ensured that the Community funds for structural policy measures in the fisheries sector cover all requirements in that sector and, in the process, take account of the financial framework's philosophy of budgetary discipline.
2. For the Union's institutions, the decisive criteria for laying down the new financial perspective with regard to fisheries should be: provision of the resources needed to fund the Community's existing policy in an appropriate fashion; the cost of enlargement to include a total of 12 new countries; and adequate resources to be able to meet possible new requirements concerning the Community's international commitment to sustainable fisheries.
3. The Community fisheries sector is undergoing radical change so that it has long-term prospects and can remain competitive in a globalised economy. Adequate funding must be provided to be able to finance the various areas of activity making up the Common Fisheries Policy: resource conservation and protection, international agreements, markets,

structural measures, social aspects, etc. Existing fisheries-related Structural Fund measures, including socio-economic measures, therefore need to be maintained and optimised in order to maintain European fisheries' competitiveness in a global free market.

4. A lack of adequate resources would bring about the downfall of what, for coastal regions, is a vitally important sector providing a large number of jobs, within both fishing itself and the processing industry, and entail higher public spending on unemployment benefit and social programmes in order to offset job losses and the loss of an entire industry.
5. Funding requirements in the structural policy field, which is the source of the lion's share of Community funding for the fisheries sector, cannot be specified at present: they are dependent on the outcome of the further debate on Structural Fund reform.
6. The Committee on Fisheries welcomes the progress made in interinstitutional cooperation on negotiating international fisheries agreements, in particular with the Commission, even though it takes the view that there is still a long way to go before Parliament is genuinely involved in policy development and implementation in this CFP area. It also feels that a clear distinction needs to be made between the financial compensation for fishing access and the targeted measures, and that the commission must be able to verify that the latter have been properly executed.
7. Allowing for the present economic situation and the specific problems of a number of fisheries, provision should be made for elements of flexibility and a mid-term review with regard to the Structural Funds, thus making prompt adjustment in the light of economic circumstances possible.
8. With a view to transparency and simplification, thought should be given to greater decentralisation of Structural Fund management so as to be able to take greater account of specific sectors' distinctive features or local circumstances.

18 March 2004

OPINION OF THE COMMITTEE ON REGIONAL POLICY, TRANSPORT AND TOURISM

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Samuli Pohjamo

PROCEDURE

The Committee on Regional Policy, Transport and Tourism appointed Samuli Pohjamo draftsman at its meeting of 17 February 2004.

It considered the draft opinion at its meeting of 16-17 March 2004.

At the last meeting it adopted the following suggestions by 32 votes to 2, with 3 abstentions.

The following were present for the vote: Paolo Costa (chairman), Helmuth Markov (vice-chairman), Samuli Pohjamo (draftsman), Emmanouil Bakopoulos, Rolf Berend, Philip Charles Bradbourn, Giorgio Calò (for Herman Vermeer), Felipe Camisón Asensio, Luigi Cocilovo, Christine de Veyrac, Giovanni Claudio Fava, Jacqueline Foster, Mathieu J.H. Grosch, Ewa Hedkvist Petersen, Juan de Dios Izquierdo Collado, Karsten Knolle (for Georg Jarzembowski), Dieter-Lebrecht Koch, Giorgio Lisi, Emmanouil Mastorakis, Erik Meijer, Enrique Monsonís Domingo, James Nicholson, Camilo Nogueira Román, Peter Pex, Wilhelm Ernst Piecyk, Bernard Poignant, José Javier Pomés Ruiz, Alonso José Puerta, Reinhard Rack, Ingo Schmitt, Elisabeth Schroedter (for Nelly Maes), Brian Simpson, Renate Sommer, Ulrich Stockmann, Joaquim Vairinhos, Dominique Vlasto (for Ari Vatanen) and Mark Francis Watts.

SUGGESTIONS

The Committee on Regional Policy, Transport and Tourism calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recognises the importance of establishing a financial perspective for the period beyond 2006 which allows the enlarged Union the resources necessary to meet its objectives and welcomes the new targets and priorities in the Commission's proposal which aim to improve the competitiveness of the EU as a whole in face of the challenges of the global economy and enlargement;
2. Emphasises the importance of Cohesion policy in constructing measures which raise the economic performance of the future Member States and regions as well as existing regions which are disadvantaged because of lack of infrastructure, extreme remoteness, permanent geographical handicaps or industrial decline and reiterates Parliament's demand that cohesion policy be funded by 0.45% of EU GDP to ensure its objectives are to be met in the enlarged union;
3. Supports the levels of investment in material and human capital which the Commission proposes in its communication. "Building our Future-Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013" in the context of Cohesion for growth and employment. and particularly welcomes the Commission's emphasis on strengthening human resources in order to improve the potential for growth and competitiveness;
4. Asks the Commission to develop development targets and indicators following the lines of the conclusions of the Lisbon and Gothenburg European Councils. These targets and indicators should be measurable and concrete, cover the economic, social and environmental dimensions, and be full part of both Structural Funds' regional and national programmes;
5. Insists that expenditure on Cohesion for growth and employment and in particular the Regional Development Fund should provide continuity of investment for those regions where the "statistical effect" is adverse and that there should be adequate funds for a continuation of regional policy for lagging regions in the current 15 Member States. Underlines the particular problems which geographically outlying, rural, mountain and island and sparsely populated regions, face and calls for other sectoral policies take into account the needs of these regions and to use criteria such as accessibility in order to further cohesion;
6. Stresses the importance of concentrating EU funding on the areas most in need of support, including in the Objective 2 framework and asks that the Commission prepare guidelines which calibrate assistance with levels of development and specific problems in regions, in particular by applying territorial criteria;
7. Considers that state aid should be permissible in non objective 1 regions depending on the level of development and problems faced by the region and asks the Commission to present a new State aid regulation with the new cohesion and regional policy regulations; calls in this connection on the Commission to clarify as soon as possible the future of the

regional aid under Article 87(3)(c), taking care in particular to retain the distinction between the regions eligible under the regional competitiveness and employment objectives;

8. Also asks the Commission to bring forward proposals for instruments which will help to ensure that aid is directed to the weakest regions especially where investment in human capital, education and training are concerned and that concentration in more successful areas is avoided;
9. Notes the importance of transport Trans European Networks for implementing the Lisbon agenda. Considers that high-performing trans European transport networks are an essential catalyst for the sustainable mobility of goods and people and notes that the Commission intends to strengthen cross-border co-operation and the development of European networks; believes that setting up a financial plus for those priority projects of European interest, or for sections of them, which are completed within the next three years, would represent an important incentive for TENs' development.
10. Therefore calls for the upper limit for the Financial Perspective to be established at 1.24% of GNI as proposed by the Commission in order to ensure that sufficient resources are available for the Regional and Structural Funds as well as for vital Trans-European Transport projects.

16 March 2004

OPINION OF THE COMMITTEE ON CULTURE, YOUTH, EDUCATION, THE MEDIA AND SPORT

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged
Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftswoman: Ulpu Iivari

PROCEDURE

The Committee on Culture, Youth, Education, the Media and Sport appointed Ulpu Iivari
draftswoman at its meeting of 27 January 2004.

It considered the draft opinion at its meetings of 18-19 February 2004 and 15 March 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Michel Rocard (chairman), Vasco Graça Moura
(vice-chairman), Ulpu Iivari (Draftswoman), Juan José Bayona de Perogordo (for Christopher
J.P. Beazley), Juan Manuel Ferrández Lezaun, Ruth Hieronymi, Karin Junker (for Pedro
Aparicio Sánchez), Doris Pack, Roy Perry, Christa Prets, Thierry de La Perriere, Eurig Wyn
and Sabine Zissener.

SUGGESTIONS

The Committee on Culture, Youth, Education, the Media and Sport calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes the emphasis placed by the Commission on the importance of education and training (including cooperation programmes with non-Member States) in promoting economic growth and social cohesion; welcomes the progress that has been made to date in elaborating the concrete future objectives of education and training systems in the Member States; stresses the need, however, for the Community's education policy to take account of the wider intellectual, cultural and moral purposes of education;
2. Believes that greater financial support for student mobility must be matched by a commitment to ensuring that such expenditure has a genuinely additional effect; notes that the inadequacy of student mobility grants has meant that, hitherto, it has generally been students from more prosperous backgrounds who have been able to take advantage of student mobility schemes; urges the Member States to ensure real access to the grants, taking into account the financial need of applicants in accordance with the definition of 'need' as laid down in the national support agreements;
3. Welcomes the emphasis the Commission places on support for networks of cultural organisations and for citizens' initiatives in inter-cultural dialogue; notes that the cultural industries make a significant contribution to economic growth and employment in Europe; stresses the need to simplify administrative procedures as regards funding for bodies in the cultural field; notes that the audiovisual industry is still fragmented in national markets and calls for the removal of obstacles to the circulation of European films;
4. Underlines that, in the context of the recommendations to deliver higher growth to fulfil the objectives set by the European Union for the decade ending in 2010, to become the most competitive and dynamic knowledge-based economy with sustainable economic growth and greater social cohesion, the 'cultural added value' should not be forgotten. Believes that the concept of 'European added value' must not only be an advanced cooperation between Member States but should also contain a 'visionary' aspect;
5. Underlines the need for cultural policy to aim not only at 'mutual knowledge and understanding' between citizens from different Member States, but also at mutual knowledge and understanding between majority and minority cultural groups in Europe;
6. Welcomes the communication of the Commission on a 'Wider Europe' and the follow-up document 'Paving the way for a New Neighbourhood Instrument'; is of the opinion that institutionalising cultural dialogue between the different regions of the European Union with third countries enhances the promotion of fundamental values and contributes to a better conflict prevention. Further stresses the need for an appropriate

financial frame in that regard;

7. Voices (once again) its frustration at the opacity of spending under the Structural Funds; urges the Commission to provide the budgetary authority with an analysis of spending on educational, training, youth and cultural projects under the Structural Funds;
8. Welcomes the Commission's general determination to consolidate and rationalise funding instruments; believes that, in the fields of education, training, youth and cultural policy, such consolidation and rationalisation will create administrative economies of scale, heighten the visibility of the programmes, and make them more transparent for citizens;
9. Reiterates its belief in the importance of an adequately funded information and communication policy, based on pluralism and respect for cultural and linguistic diversity, in informing citizens about all aspects of the European Union and its policies.

16 March 2004

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsman: Nirj Deva

PROCEDURE

The Committee on Development and Cooperation appointed Nirj Deva draftsman at its meeting of 9 February 2004.

It considered the draft opinion at its meeting of 8 March 2004.

At its meeting of 16 March 2004 it adopted the following suggestions unanimously.

The following were present for the vote: Margrietus J. van den Berg (vice-chairman and acting chairman), Marieke Sanders-ten Holte (vice-chairwoman), Anders Wijkman (vice-chairman), Nirj Deva (draftsman), Jean-Pierre Bebear, John Alexander Corrie, Glenys Kinnock, Karsten Knolle, Nelly Maes (for Paul A.A.J.G. Lannoye), Miguel Angel Martínez Martínez, Linda McAvan, Didier Rod, Ulla Margrethe Sandbæk, Francisca Sauquillo Pérez del Arco, Maj Britt Theorin and Feleknas Uca (for Yasmine Boudjenah).

SUGGESTIONS

The Committee on Development and Cooperation calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. Whereas funding currently provided for external actions is mostly targeted at development cooperation and humanitarian aid¹, and this priority should reflect Member States' commitment to reaching an average of 0.39% of GNP for development assistance by 2006 as a stepping-stone to the UN goal of 0.7%,
- B. Whereas the European Parliament has consistently called for the budgetisation of the European Development Fund (EDF) but this must be accompanied by the assurance of guaranteed funding,
- C. Whereas the use of finance for development cooperation is aimed primarily at poverty reduction and achieving the Millennium Development Goals (MDGs), for which a key factor is good governance, and this is best achieved by extending the EU's value system of democracy, human rights, the rule of law and the empowerment of opportunity,
- D. Whereas a coherent approach must be established between the internal policies of the community and its actions and objectives beyond its frontiers,
 - 1. Supports the principle of "simplified architecture" in the area of external relations, but insists that this must not lead to a diminished role for the European Parliament, either in co-deciding legislation or in the use of its budgetary or discharge powers;
 - 2. Calls for a clear distinction to be made between those areas of external action which have different characteristics and for which the financial requirements have to be considered separately: pre-accession aid, enhanced neighbourhood cooperation, development cooperation, humanitarian aid, relations with ACP countries, peace and security, reserves;
 - 3. Insists that EDF budgetisation should result in no reduction in the overall level of finance for ACP countries and that these funds must be focussed on poverty eradication in line with development best practice and guaranteed for use within the ACP region, by means of sub-headings or ring-fenced sums in the Financial Perspectives;
 - 4. Recognises that the EU's development policy must be geared to reaching the MDGs as its main priority;
 - 5. Believes that this goal can only be achieved through the application of a system of shared values, such as good governance, democracy, human rights and the rule of law, values which are preconditions for sustainable development and which are intrinsically linked to securing peace and security within the developing countries;
 - 6. Regards it as essential that development aid should be linked to the implementation of such a shared value system in the countries in question;

¹ 52% without including cooperation with Mediterranean developing countries

7. Considers it absolutely necessary to maintain a Commissioner specifically responsible for international development, cooperation and humanitarian aid so as to ensure the European Union's focus and commitment to the eradication of poverty around the world;
8. Stresses that this mandate and portfolio must enable the Commissioner to represent development and humanitarian interests in relation to the Council, Parliament and the multilateral institutions, as well as with the EU delegations; considers that the Commissioner should also be given the task of enhancing the consistency of EU policy; stresses that there is a need for an administrative structure which will enable the Commissioner to maintain an overview of the whole project system and implement it under a comprehensive development policy and programmes (CSPs and NIPs) for developing countries;
9. Calls for policy coherence to be observed such that internal policies do not conflict with the objectives of community actions in the external arena, particularly the objective of poverty eradication in developing countries;
10. Believes that the transitional link between relief, rehabilitation and a long-term development policy must be optimised in order to guarantee a more efficient response to post-crisis situations;
11. Calls therefore for Addenda to the Country Strategy Papers, whose aim should be to outline legally possible simplified and accelerated procedures, such as: increased flexibility and rapidity for mobilising development and cooperation funds in order to facilitate the take-over from emergency interventions; a simplified decision-making process within the Commission for approval of individual projects and programmes as well as the selection of implementing bodies, tendering procedures and amendments of contracts; an integration of conflict and crisis prevention mechanisms into development cooperation programmes, so as to enhance conflict and crisis 'preparedness';
12. Expresses concern that the ceiling for heading 4 (External action) of the current financial perspective for the period 2000-2006 has not made it possible to provide adequate funding for the Union's requirements in the external domain; regards it therefore as vital that post-2006 budget planning arrangements make provision for genuine development of the European Union's external policy;
13. Stresses that the European Union has a unique opportunity and a moral obligation to take a leading role in the global efforts to reach the Millennium Development Goals; believes that this ambition should be reflected as far as possible in the next Financial Perspective;
14. Calls for a review of the EU Development Policy statement of the year 2000, one important aim being to strengthen the poverty focus within the overall framework of the MDGs;
15. Stresses that the annual report by the European Commission on development cooperation should focus more on the contribution of the EU to the MDGs;
16. Calls for a yearly debate in the European Parliament in the context of the presentation of

the annual report by the European Commission on Development Cooperation;

17. Urges the European Commission to create a specific reserve for 'major emergencies' so as to minimise the risk that funds for long-term development may be used for emergencies.

18 March 2004

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND EQUAL OPPORTUNITIES

for the Committee on Budgets

on building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013
(COM(2004) 101 – C5-0089/2004 – 2004/2006(INI))

Draftsperson: Miet Smet

PROCEDURE

The Committee on Women's Rights and Equal Opportunities appointed Miet Smet draftsperson at its meeting of 19 January 2004.

It considered the draft opinion at its meeting of 16 March 2004.

At the last meeting it adopted the following suggestions unanimously.

The following were present for the vote: Anna Karamanou (chairperson), Marianne Eriksson (vice-chairperson), Olga Zrihen Zaari (vice-chairperson), Miet Smet (draftsperson), María Antonia Avilés Perea, Regina Bastos, Rodi Kratsa-Tsagaropoulou, Maria Martens, Amalia Sartori, Joke Swiebel, Marie-Hélène Gillig, and Anne E.M. Van Lancker.

SUGGESTIONS

The Committee on Women's Rights and Equal Opportunities calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- having regard to the EC Treaty, in particular to Articles 2, 3(2), 13 and 141(4) thereof,
 - having regard to Article 23(1) of the EU Charter of Fundamental Rights,
 - having regard to the European Parliament resolution on gender budgeting - building public budgets from a gender perspective (2002/2198(INI)),
 - having regard to the conclusions of the Lisbon European Council of 23-24 March 2000,
 - having regard to the conclusions of the Stockholm European Council of 23-24 March 2001,
- A. whereas financial perspectives are not mere financial and economic tools but are the basic framework within which the model of socio-economic development is shaped, criteria of income re-distribution are set and political aims are prioritised,
- B. whereas among the priorities for the next financial perspectives there are expenditure headings which have a different impact on women and men both from the revenue and from the expenditure perspective,
- C. whereas Lisbon and Stockholm employment rate targets is an employment rate for women of 57% in 2005 and 60% in 2010; whereas Commission itself ascertains in its Joint Employment Report 2003/2004¹ that female participation in the labour market is an issue not only of gender equality but also of economic effectiveness, that gender gaps in employment and pay persist and their underlying factors are not well addressed,
1. Draws the immediate attention to the complete absence of the principle of gender budgeting throughout the Commission Communication;
 2. Recalls that under Article 3 (2) of the EC Treaty the promotion of gender equality is a fundamental principle of the EU and should be implemented in all Community actions and programmes; calls on the Commission to ensure that gender is taken into account in all main expenditure headings of the new financial framework (2007-2013) and targets and benchmarks are being set;
 3. Stresses the fact that macro-economic policy can contribute to narrowing or widening gender gaps in terms of economic resources and power, as well as education, training and health; by promoting gender equality and by implementing policies in the framework of gender budgeting, public budgets also achieve major political objectives such as equality, efficiency and transparency;
 4. Requests that, according to the objectives set in Lisbon strategy and the Barcelona European Council targets to reconcile family and work through creation of childcare facilities, an adequate proportion of the 16% EU resources for competitiveness for growth and employment is allocated to raise the percentage of employed women in the enlarged

¹ COM(2004) 24, 09.01.2004

EU, taking into account the special need to promote the socio-economic and employment situation of women in new Member states;

5. Welcomes the "budgetisation" of the European Development Fund to enhance the consistency and effectiveness of the development policy; recalls the EU commitment to combat world poverty and underlines that gender equality is an integral part of poverty reduction and other development objectives; stresses that the EU should not reduce its efforts in terms of external aid; however, strongly demands the Commission to suspend EU assistance in cases of lack of measures to prevent and combat severe violence against women (stoning, public castigation, genital mutilation, burning...).