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REPORT

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 – 2005/2001(BUD))

Section III – Commission

Part 1: Motion for a resolution

Committee on Budgets

Rapporteur: Giovanni Pittella

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Part 2 - A6-0309/2005

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the draft general budget of the European Union for the financial year 2006, Section III – Commission (C6-0299 – 2005/2001(BUD))

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
- 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 Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities²,
- having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure³,
- having regard to its resolution of 13 April 2005 on the Commission's Annual Policy Strategy report (APS)⁴,
- having regard to its resolution of 6 July 2005 on the mandate for the 2006 budget conciliation procedure before the Council's first reading⁵,
- having regard to the preliminary draft general budget of the European Union for the financial year 2006, which the Commission presented on 15 June 2005 (COM(2005)0300),
- having regard to the draft general budget of the European Union for the financial year 2006, which the Council established on 15 July 2005 (C6-0299/2005),
- having regard to Rule 69 of and Annex IV to its Rules of Procedure,
- having regard to the report of the Committee on Budgets and the opinions of the other committees concerned (A6-0309/2005),

General considerations and priorities

1. Reiterates its commitment to meeting the key political objectives for 2006 as well as building a credible bridge into the new financial perspective; regrets, in this respect, the across-the-board reductions in the Council's Draft Budget which are made without any individual consideration;

¹ OJ L 253, 7.10.2000, p. 42.

² OJ L 248, 16.9.2002, p.1.

³ OJ C 172, 18.6.1999, p. 1. Agreement amended by Decision 2003/429/EC (OJ L 147, 14.6.2003, p. 25).

⁴ *Texts Adopted* of that date, P6_TA(2005)0126.

⁵ *Texts Adopted* of that date, P6_TA(2005)0286.

2. Has decided to increase budgetary commitments, in particular for the Lisbon and Göteborg strategy, for information policy and for external actions, in order to safeguard important EU actions in line with its previous resolutions on the 2006 budget and which will make a difference for EU citizens; urges the Council to cooperate fully with the Parliament to reach a satisfactory solution, including the utilisation of measures foreseen within the framework of the Interinstitutional Agreement of 6 May 1999;
3. Takes the same view as regards payment appropriations and considers the Council's adopted level of EUR 111,4 billion (1,01 % of GNI) as inadequate for the effective implementation of policies already agreed as well as of necessary new actions; has therefore decided to increase payments across the budget to a level of EUR 115,4 billion (1,04 % of GNI); underlines that this is still in line with budgetary rigour relative to the economic problems facing certain Member States;
4. Insists that the EU budget should contribute to more effective actions for the benefit of Europe's citizens, first of all an improved Lisbon agenda focusing on employment, social, economic and environmental cohesion and Europe's competitiveness; states that the involvement of young people is crucial for any sensible European strategy and shares the Council's political ambitions of a youth pact; disagrees fundamentally with budgetary reductions in this area and has decided to step up the focus on the Lisbon agenda including an increase in co-decided envelopes for Socrates and Youth, Research, Life and Intelligent Energy; urges the Council to agree a reinforcement of these priorities recognise these priorities, as was done at the end of the last programming period;

Heading 1

5. Warmly welcomes the revision of the sub-ceilings of heading 1 in order to make possible agreed modulation measures related to CAP reform, agreed between Parliament and Council at the Conciliation of July 2005;
6. Recalls its position that the amounts suggested by the Commission in its budgetary proposal should be considered the minimum necessary and has therefore decided to reject the Council's reductions; believes that these appropriations are necessary while fully supporting ongoing reform measures in the sector;
7. Underlines the importance of innovation and renewal within the reformed agricultural policy of the EU, especially in the field of training and measures for young farmers;
8. Wishes to follow up on the use of budgetary amounts in sub-heading 1b (rural development) and in particular measures in relation to desertification and destruction by

fire of rural and natural habitats, sadly demonstrated over the past years as a major EU challenge; calls on the Commission to make available an overview of the use of rural development funds in this area; draws attention to the importance of aid and solidarity under heading 1, including through the provision to specific organisations of food from intervention stocks for distribution to the most disadvantaged groups within the Community;

Heading 2

9. Takes note of recent payment forecasts for structural actions and of information from the Commission in line with the Joint Declaration agreed in the 2005 procedure; also notes the large gap between the Member States payments forecasts and the Commission's PDB; therefore decides to increase payment appropriations to a level of EUR 39,2 billion ; is at the same time worried at the general take-up rates for the most recent Member States and therefore wishes to explore whether there could be a need for a bridging solution between the current programming period and the next one so as to be sure that they are not jeopardised;
10. Insists that the PEACE programme for Northern Ireland continue to receive support but recalls that the amount to be re-deployed from "innovative measures" was jointly agreed between the Parliament and the Council, in the presence of the Commission, at the budget conciliation of 25 November 2004; has therefore decided to reinstate this level and invites the Council to agree a solution, within the framework of all means foreseen in the Interinstitutional Agreement of 6 May 1999, to solve the financing of the remaining EUR 12 million for PEACE;

Heading 3

11. Rejects the Council's attitude of indiscriminate reductions which runs contrary to pressing political priorities, most especially the need to match the ambitions for the renewed Lisbon strategy with something more than what is already available in 2005;
12. The 2006 budget is a bridge to a new programming period and should therefore fulfil its transitional character and anticipate the envisaged higher funding from 2007 onwards for the key policy areas; decides, therefore, to reinforce a set of important budget lines concerning research and innovation, SMEs, competitiveness, Socrates, Youth, development of the internal market, Life, Intelligent Energy and the Leonardo da Vinci programme; moreover, Parliament is willing to agree with the Council on a sufficient funding to finance priorities under objective and long term circumstances, through the use of provisions of the Interinstitutional Agreement of 6 May 1999, in particular articles 33 and 34 thereof, or through the application of the Treaty provision of article 272 TEC;
13. Wishes to see a greater focus on simplification of procedures at the level of EU programmes for the benefit of people and organisations that receive EU funding; has therefore voted a set of simplification amendments that are in line with the work currently underway to adjust the Financial Regulation but asks for quicker progress based on the

- simplification of internal procedures;
14. Considers that the amounts foreseen for the EU Information Policy are inadequate and has decided to increase this amount; emphasises the urgent need for the Commission to put forward its White Paper on Information Policy; in the meantime decides to enter part of the appropriations in reserve;
 15. Fully endorses the importance and ambitions of the new action for "Workers' mobility" which was proposed as a pilot project; proposes, however, to finance this action as a special annual event under the Commission's own institutional prerogatives; at the same time, reminds the Commission to effectively implement all pilot projects that have been promoted by the Parliament;
 16. Expects that the amounts set aside for the European Year of Workers' Mobility will be spent on decentralised campaigns close to the citizens and that the visibility and the services of existing tools, such as EURES and EUROPASS, will be extended, and their coverage increased to include migrants from third countries, since, given the ageing population, more sustained immigration flows will increasingly be required to meet the needs of the EU labour market;
 17. Highlights the importance of data protection matters falling under the third pillar and supports the formalisation of an ad-hoc structure involving representatives of Member States' data protection authorities and other bodies corresponding to the specific problems to be addressed;;

Heading 4

18. Confirms its conviction that the external actions of the EU have taken on new responsibilities and have been added to over the past five years without any parallel adjustment of the necessary financial resources; highlights, in this respect, commitments for funding in Kosovo, Serbia, Afghanistan, Iraq, increasing ambitions in the field of CFSP and, most recently, a solidarity pledge with the victims of the tsunami disaster;
19. Is determined that the Council must see reason and agree to finance new priorities without jeopardising important ongoing actions; has decided, therefore, to reject the Council's approach of reductions in human rights and democracy lines, geographical cooperation programmes, including the neighbourhood policy, and actions important for the Millennium Development Goals; has decided to enter appropriations at a level which safeguards such policies while making room for the new ones; has decided, for the reasons above, to finance the reconstruction programmes in Iraq, and concerning the Tsunami and support for sugar protocol countries outside the existing margin; invites the Council to agree a financing solution within the framework of all means foreseen in the Interinstitutional Agreement of 6 May 1999, in particular Articles 19 and 24 thereof, or through the relevant Treaty provisions;

20. Insists that the Commission and the Council continue to support the European initiative for democracy and human rights and decides to provide a sufficient level of funding; reiterates its call on the Commission to present a proposal for a separate legal instrument for Human Rights for the programming period 2007-2013; furthermore stresses that Parliament's involvement in the setting of priorities for implementation of the new programmes for the period 2007-2013 (comitology arrangements) must be significantly improved;
21. Recalls Parliament's recommendation to the Council of 24 September 2003 on the situation in Iraq¹ and its resolution of 6 July 2005 on "The European Union and Iraq – A Framework for Engagement"² which request that EC funds for reconstruction in Iraq be managed by the UN; criticises the Commission for accepting that a considerable share of the Community contribution be managed by the World Bank; notes that appropriations granted under the 2004 and 2005 budgets have only marginally been absorbed by the Bank and on this basis takes the view that no further funding will be required by the Bank during 2006; reminds the Commission that the World Bank relies on the Iraqi authorities for the implementation of its programmes; points out in this respect the weak administrative structure and repeated instances of corruption in Iraq; requests therefore that no further funding be channelled to the World Bank and that other European intermediaries be considered for the disbursement of these funds; calls on the Commission to carry out during 2006 an independent audit on the use of EC funds by the UN and the World Bank;
22. Reiterates that the Commission should make every effort to reach the benchmarks set by Parliament within the total annual commitments for development cooperation of 35% for social infrastructure and 20% for basic health and basic education; enters a share of 10% of a number of geographical lines in reserve to urge the Commission to take the necessary steps to reach the 20% benchmark for basic health and basic education;
23. Rejects the Council's increase for two additional Special Representatives in the field of CFSP without the requisite consultation of the European Parliament; notes that on the basis of the joint declaration of 25 November 2002, the Irish and Dutch presidencies have achieved a substantive progress in establishing a political information and consultation circle with Parliament; deplors that although such meetings should take place about five times throughout a year, only one meeting has taken place this year (until September 2005); therefore, Parliament insists this political dialogue to continue as agreed between both institutions and to be qualitatively improved;
24. Stresses the importance of private sector contributions to the fight against poverty and calls on the Commission and the European Investment Bank (EIB) to jointly investigate the possibility of granting interest subsidies for EIB own resources loans to the SME sector in developing countries;
25. Calls on the Commission to ensure that Community assistance in heading 4 shall not be given to any government or organisation or programme which supports or participates in the management of a programme which involves human rights abuses such as

¹ OJ C 77 E, 26.3.2004, p. 226.

² *Texts Adopted*, P6_TA(2005)0228.

coercive abortion or involuntary sterilisation or infanticide since these implements the specific Cairo ICPD prohibition on coercion or compulsion in sexual and reproductive health matters;

26. Believes that the new "aid for trade" budget line is necessary in order to: (i) improve transparency and thereby democratic control over a large budget; (ii) provide trade-related assistance with more visibility, and; (iii) facilitate more flexibility in mobilising funds quickly and through multilateral initiatives as appropriate;;

Heading 5

27. Is aware of the Commission's declarations as concerns the recruitment of officials from the new Member States and considers this a just priority; feels that the Council's across-the-board cuts are unacceptable and decides to reinstate for the Commission in first reading an amount of EUR 90,4 million out of the Council's EUR 94,4 million cut; decides to enter an amount of EUR 16 million of salary appropriations in reserve for the reasons set out below;

28. Has decided to provide for the full number of posts requested by the Commission and will release the posts from the reserve once the following conditions are fulfilled:
- clarifies the situation relating to the recruitment and the possibilities to fulfil the enlargement posts;
 - provides a complete review of all outstanding regulations proposed (including those of the 2005 legislative and work programme) to ensure that all existing and planned legislative proposals from the Commission meet inter alia the criteria of subsidiarity and reducing bureaucracy and implementation costs; requests this analysis by November 2005;
 - concludes an agreement with the European Parliament on the 2006 legislative and work programme;
 - provides details of multi-annual programming for all legislative proposals over the next financial framework;
 - commits itself clearly to respect the joint statement on financial programming, agreed during the conciliation of 13 July 2004, and to submit the relevant information and data to the Parliament;
 - commits itself, before the second reading, to present a proposal to set up a staff policy, career profile and best practices for the Agencies;
 - presents its White Paper on its future information and communication strategy;
 - submits the proposal on the revision of the implementing rules of the Financial Regulation by 31 October 2005;

- presents a separate instrument for human rights, as requested by the Parliament in its resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013¹;
29. Calls on the Commission to examine possibilities for savings before the second reading, including a critical review of its budget requests;

Heading 7

30. Insists on greater budgetary transparency in relation to Community assistance to candidate or pre-candidate countries; recalls that this is crucial in view of the entry into force of the new pre-accession instrument, which will consolidate into one single act a variety of geographical and thematic programmes;

Horizontal issues

Agencies

31. Believes that the Agencies need to be treated on an individual basis with their estimates, and the changes advocated by the Commission, taken into account by the budgetary authority; has therefore decided generally to reinstate the level of the PDB with particular funding needs being entered on a case-by-case basis after the necessary justifications; asks the Commission to put forward the planned career structure and other information demanded;

Subsidies

32. Recalls that the former A-30 lines are covered by basic legal acts and restricted financial frameworks that expire in 2006; underlines therefore the extremely limited margin for manoeuvre in this sector; highlights the importance of town-twinning and has decided to maintain appropriations at the 2005 level; further notes that the principle of tendering will come fully into force for all programmes in 2006 and that earmarking is no longer possible; calls on the Commission to propose any necessary bridging solution to avoid gaps in funding for beneficiaries that might occur between the two systems;
33. Notes that there are a number of successful cultural organisations such as European Union Youth Orchestra, the European Union Baroque Orchestra, the International Yehudi Menuhin Foundation, a.o. which the European Parliament has supported through grants over many years; underlines that it is expected that these organisations will continue their activities in the context of a new multiannual financial framework as from 2007 onwards; notes with concern that there is a real danger that these organisations will not be able to continue their activities in 2006 without the provisions of transitional aid to ensure a bridge between the two financial planning periods; therefore, Parliament is willing to agree with the Council on sufficient funding to finance these priority actions under such objective and long term circumstances, through the use of the provision of the Interinstitutional Agreement of 6 May 1999 in particular

¹ *Texts Adopted*, P6_TA(2005)0224.

article 33 and 34 thereof or through the application of the Treaty provision of article 272 TE;

Pilot Projects, Preparatory Actions and Studies

34. Welcomes the improvement in the cooperation with the Commission on pilot projects, preparatory actions and studies, while regretting that a limited number of projects are still suffering from implementation difficulties;
35. Has decided to create a number of important new initiatives in line with its priorities, including: cross-border cooperation in fight against natural disasters, which would raise the awareness for closer cooperation on civil protection measures in order to prevent or at least minimise the consequences of such disasters, individual mobility actions for upper secondary pupils, pilot project on security along the Trans-European network, mobility actions for young entrepreneurs to support exchanges at a European level, European Destinations of Excellence, and preparatory actions for an internet-based system for better legislation and for public participation, and for Natura 2000;

Activity Based Budgeting

36. Recalls that, following last year's review by Parliament of the 2005 activity statements, the Commission was invited to improve the quality of the information in its statements for the 2006 budgetary procedure; notes that, although some progress has been made, further improvements are required to increase the budgetary relevance of the information, especially in the area of objectives and indicators; notes that activity statements should provide a useful working tool for the committees of Parliament and be used more extensively; invites, therefore, the Commission to renew its efforts in view of providing improved and more relevant activity statements for the next budgetary procedure;
37. Stresses that the Commission must ensure that gender equality is taken into account in the implementation of the budget and that any action should be evaluated from the perspective of the difference of its impact as between men and women;

* * *

38. Instructs its President to forward this resolution, together with the amendments and proposed modifications to Section III of the draft general budget, to the Council and Commission, and the other institutions and bodies concerned.

EXPLANATORY STATEMENT

On the Lisbon strategy

1. At the adoption of the 2006 PDB it was said that the EU must invest in a knowledge-based economy to put the European economy back on track. The goals of prosperity and solidarity would underpin the re-launching of the Lisbon Strategy. The adoption of the PDB had also been preceded by the Parliament resolution on the mid-term review of the Lisbon strategy of 9 March 2005, the European Council conclusions on re-launching the Lisbon Strategy of 29 March and the Parliament resolution on the Annual Policy Strategy. All of these contained political guidelines for the Lisbon re-launch.
2. In total, the rapporteur notes that the Commission's PDB figure of EUR 40 billion for the Lisbon Strategy was made up of (all amounts rounded):

Heading	Title	PDB 2006
1b	Rural development	7 800
2	Cohesion fund	6 000
2	Structural funds	18 500
3	Internal Policies	8 000
<i>out of which</i>		
(approximate figures)	<i>Research</i>	5 285
	<i>TENs</i>	700
	<i>Education & Training</i>	650
	<i>SMEs</i>	100
	<i>Information Society</i>	200
	<i>Others</i>	50
TOTAL		40 285

3. The rapporteur would stress the fact that these actions are spread out over the budget and it is in fact not possible to get such a direct overview from the PDB itself. This information was also compiled from the press statements and other additional information given by the Commission. Naturally, these figures were/are highly dependent on subjective choices as to what can and should be included in the Lisbon Agenda and must be treated with caution.
5. Under the **internal policies (heading 3), the 6th research framework programme** constitutes the main element. The whole of this area is counted as a Lisbon "element" for an amount of some EUR 5.285 billion in the PDB. The figure for payments amount to EUR 5.048 billion. The amount for commitments in the PDB naturally makes up the final amounts to arrive at the global amounts co-decided for the whole period of the framework programme. What seems contradictory to the focus on the Lisbon strategy is that **the Council has introduced reductions of some EUR 429 million in payments.** Although

the Council Presidency always state that this level is still significantly higher than the 2005 payment level, **it constitutes a serious reduction in the Commission's planned payments rhythm and implementation.**

6. **Trans-European networks (TENs)** are counting towards the overall Lisbon figure in the PDB for an amount of some EUR 700 million. This would largely correspond to budget lines 06 03 01 (main TEN line on transport networks) and 06 03 02 (energy networks). **In this case, the Council has maintained the PDB.** There is a modest increase for transport networks (+ 20 million to a total of 692 million) whereas the energy networks remain at 2005 level with 21.5 million.

7. Linked to the idea of **a knowledge-based economy**, education and vocational training are counted for an amount of EUR 650 million according to the Commission. This essentially corresponds to all education and training measures under policy area 15, Education and Culture, including the Leonardo and Socrates programmes. **There is no increase for Socrates in the PDB and Leonardo is even decreased by 10 million. The Council have maintained the Commission figures.** If this is part of the Lisbon strategy, why is it stagnating? The rapporteur thought the Lisbon strategy should be reinforced. In the area of education and culture, the rapporteur has already before highlighted the serious contradiction of arguing for a knowledge based society with great aspirations for the future, while at the same time reducing appropriations for youth. What could be the purpose of a Lisbon strategy if it is not sustainable for future generations and include a strengthened focus on the young people of Europe?

8. The Commission has counted actions for **SMEs** up to an amount of some EUR 100 million. The rapporteur refers to his initial analysis in the global working document on the PDB where it is noted that **financing for Parliament's SME actions are actually reduced compared to 2005. The Council has maintained the Commission's restrictive approach.** As an illustration of this situation, see annex one the state of play for a few of the SME lines. **The rapporteur would like to reinforce the actions to facilitate for SMEs.**

9. In the rapporteur's opinion, and in line with the Parliament's Lisbon Group-and the Kok report- it is not possible to continue with only the same actions as before and still "talk" about the need to revitalise the Lisbon strategy. So much has been said about fresh ideas for Lisbon that it seems that, in addition to a general budget priority, this could be a very interesting area for some innovative actions, i.e pilot projects/preparatory actions. In this respect, the rapporteur would highlight as important actions that could facilitate competitiveness for SMEs as well as projects aiming at developing Europe's competitiveness in general. Also, in line with Parliament's APS resolution, and in line with the conclusions of the European Council, actions to involve and prepare young people should be a priority.

10. In the rapporteur's view, as partly also recognised by the Commission, some other actions should also be considered as part of the Lisbon strategy. This could for example include elements of **environment** protection as this also goes to the heart of the question of

sustainability. It must, however, be pointed out that this area is under co-decision and the framework amounts are already foreseen in the legislation and taken into account in the PDB and DB.

11. Overall, **the Commission considered as part of the Lisbon Strategy actions amounting to more or less EUR 8 billion under heading 3. This corresponds to the majority of actions as the total for this heading is about 9 billion. The Council confirms the Commission's restrictive approach in commitments with a further modest cut of - 43 million. The situation for payments casts a serious doubt as to the Council's willingness to do anything to speed up implementation of the Lisbon Strategy. The cut in payments is - 516 million. out of which - 280 million in research.**

12. In **agriculture, heading 1**, some EUR 7.8 billion is counted within the total EUR 40 billion. In effect, this corresponds to all actions under sub-heading 1b rural development, including, for example, the support line for young farmers. Again, this is a figure which was estimated to be part of Lisbon, as defined by the Commission, at the time of the adoption of the PDB. **The Council has not modified the Commission's PDB here.**

13. The rapporteur does not consider it useful at this stage to engage in an extensive discussion as to whether also actions under 1a could or should be counted although this could be argued by some (ex. more environmental links in agriculture) In any case, given the competencies of Council and Parliament, the scope for any budgetary amendments under 1a is limited.

14. As for **structural actions in heading 2**, the rapporteur notes that one could argue about which part of these can be considered as Lisbon-oriented. Nevertheless, the rapporteur notes first of all that the Cohesion fund is fully counted by the Commission for an amount of about EUR 6 billion.

15. The rapporteur then notes that the Commission is counting some EUR 18.5 billion from the structural funds towards the total EUR 40 billion. This figure corresponds to approximately 50% (15.8 billion) of structural funds for the old "EU-15" and about 40% (2.7 billion) for the new "EU-10" programmes. The rapporteur would consider the inclusion of such percentages as "Lisbon-linked" very optimistic in the case of structural funds. In any event, since the commitment appropriations are fully committed up to the ceiling, the relevant scope for amendments here will normally be on payments. As is known, **the Council chooses to reduce payments by EUR 150 million overall in heading 2.** The rapporteur considers that this is not acceptable.

16. **Conclusion: the PDB has talked about the re-launch of the Lisbon Strategy but, in fact, the figures demonstrate little or no increase compared with the 2005 budget. The attitude of Council in its first reading is fully based on reducing appropriations in an across-the-board fashion and does nothing to facilitate the necessary backing of political announcements with financial means.**

Annex 1: Summary of budget lines increased in the "Lisbon Table" in the budget procedure 2005 and the proposals by the Commission and Council for Budget 2006.

Budget line		2004	PDB 2005	DB 2005	EP am. 2005	Budget 2005	PDB 2006	DB 2006	Diff DB-B2005
01 04 05	Programme for enterprises: improvement of the financial environment for SMEs	91.000.000	44.500.000	44.500.000	34.580.000	79.080.000	56.000.000	56.000.000	-23.080.000
02 02 03 01	Programme for enterprise and entrepreneurship, particularly for SMEs	25.850.000	18.900.000	18.900.000	7.000.000	25.900.000	18.700.000	18.700.000	-7.200.000
02 02 03 02	Support for SMEs in the new financial environment	6.000.000	4.000.000	4.000.000	4.000.000	8.000.000	6.000.000	6.000.000	-2.000.000
02 02 01 01	Industrial competitiveness policy for the EU	8.900.000	8.300.000	8.300.000	4.000.000	12.300.000	8.800.000	8.800.000	-3.500.000
06 03 01	Financial support for projects of common interest in the trans-European transport network	671.000.000	661.400.000	661.400.000	10.000.000	671.400.000	692.085.000	692.085.000	20.685.000
12 02 01	Implementation and development of the internal market	9.600.000	8.000.000	8.000.000	2.000.000	10.000.000	6.700.000	6.700.000	-3.300.000
15 03 01 02	Leonardo da Vinci	210.300.000	202.500.000	202.500.000	2.866.880	205.366.880	194.483.000	194.483.000	-10.883.880
			total EP am. 2005		64.446.880		total compared to B2005		-29.278.880

On Tile 15 - Education and Culture

INTRODUCTION

1. Education and culture is divided into eight chapters:

Chapter	Heading	Description of activities
OPERATIONAL EXPENDITURE		
15 02	Education	Support for activities and bodies active at European level in the field of education (former A-30 lines, European Agency for Development in Special Needs Education); General and higher education (Socrates, eLearning, Erasmus Mundus); Cooperation with non-member countries on education and vocational training
15 03	Vocational training	Vocational training and guidance (work-linked training, Leonardo da Vinci, European Centre for the Development of Vocational Training); Phare contribution to the European Training Foundation; European Training Foundation
15 04	Culture and language	Support for bodies active at European level in the field of culture (former A-30 lines); Culture (Framework programme); Language (promotion of linguistic diversity, minority languages and culture)
15 05	Audiovisual policy and sports	Audiovisual media (MediaPlus, MediaTraining, Growth and the audiovisual sector); Preparatory measures for a Community policy in the field of sport; European year of education through sport
15 06	Dialogue with the citizens	Support for activities and bodies active at European level in the field of active European citizenship (former A-30 lines); Cost of organising graduate traineeships with the institution; Visits to the Commission; Special annual events
15 07	Youth	Support for bodies active at European level in the field of youth (European Youth Forum, international youth NGOs, former A-30 lines); YOUTH programme; PP to support young people's participation in civil life
ADMINISTRATIVE EXPENDITURE		
15 01	Administrative expenditure	Former BA lines
15 49	Expenditure on administrative management of programmes committed in accordance with the former Financial Regulation	Support expenditure for operations of the policy area

2. Most of the budget lines of title 15 (education and culture) belong to heading 3 of the financial perspective. However, there are also some in heading 4⁹ and in heading 7¹⁰. The budget lines concerning administrative expenditure (except former B-A lines) plus all ex A-30 lines (grants) fall under heading 5 of the financial perspective .

⁹ E.g. 15 03 03 European Training Foundation.

¹⁰ E.g. 15 03 02 Phare contribution to the European Training Foundation.

3. The vast bulk of expenditure under title 15 goes to multi-annual programmes which will be terminated in 2006, in parallel with the current financial perspective. They will have to be renegotiated if the political authority considers useful to continue them. The same applies to the former A-30 lines (grants) which multi-annual envelope has been jointly decided in 2004 by the European Parliament and the Council until 2006:

EU GRANTS		
Period 2004-2006 (except for Equality 2004-2005)	Agreed amounts	Remaining amounts (in €) in 2006
Youth	13 000 000	4 720 000
Training and education	77 000 000	27 253 500
Culture	19 000 000	5 410 000
Protection of EU Financial interests	11 775 000	3 925 000
Equality	2 200 000	50 000
Civic participation	72 000 000	26 572 000
Relex	4 100 000	1 223 500
Total	199 775 000	69 154 000

IMPLEMENTATION 2004

4. In 2004, implementation of the Policy area *Education and culture* was generally satisfactory. For the policy area as a whole the level of implementation is 99%. At the level of individual chapters, there is not much variation, ranging from 97% to 100% (Annex II).

BUDGET 2005

Budgetary decisions

5. The following table gives a comparison between PDB and final budget 2005 (in c.a for EU 25 in €):

Chapt.	Heading	PDB 2005	Budget 2005	Difference %
15 01	Administrative expenditure	114 120 843	118 ,803 286	3,9%
15 02	Education	414 499 000	414 079 000	-0,1%
15 03	Vocational training	237 100 000	241 966 880	2%
15 04	Culture and language	39 924 000	38 082 000	-4,8%
15 05	Audiovisual policy and sports	88 665 000	87 935 000	-0,8%
15 06	Dialogue with the citizens	27 725 000	35 385 000	21,6%
15 07	Youth	112 410 000	111 240 000	-1%
TITLE 15 - TOTAL		1 034 443 843	1 047 491 166	1,24%

Implementation 2005

6. It is still too early in the year to assess the implementation of title 15 for 2005. However, in spite of the usual very good overall implementation, significant problems with the implementation of pilot projects and preparatory actions, justified that the European Parliament has, entered funds into the reserve. Thus, a consistent follow-up is necessary.

Pilot projects

7. The new pilot project "**Erasmus style programme for apprentices (line 15 03 01 05)**" : it was decided by the European Parliament with an amount of € 2 million allocated as part of the European Parliament' strategic objective of "reinforcement of the Lisbon Strategy". The principal objective of this pilot project is to analyse the main aspects of the apprentice in professional training and the possibility of having a European credit transfer system for professional training, similar to ERASMUS. Five studies are already foreseen¹¹.
8. The pilot project for "**participation of young people**" (line 15 07 03)¹²: only € 1,150 million in payment appropriations were left to cover the completion of this pilot project.
9. The pilot project on "**promotion and safeguard of the Community's regional languages and cultures**" (15 04 03 02)¹³: There are only € 50 000 left in payment appropriations for the completion of this project.

Special Programmes

10. Within the education chapter (15 02) two programmes deserve a close monitoring: The implementation of **eLearning** (developed from a pilot project initiated by Parliament in Budget 2002) and **Erasmus Mundus** (one of Parliament's priorities):

Line	Heading	Budget 2005 (CA in € million)
15 02 02 04	eLearning	12,980
15 02 02 05	Erasmus Mundus	25,000

The implementation of Budget 2004 has been very satisfactory for both of them (100% and 99% respectively).

¹¹On the factors that impede the mobility of apprentices; on launching and developing a European Credit Transfer System; on the methods applicable to this new European Credit Transfer System; on the learning pedagogical organisation and an analysis on the compatibility with the mobility of people in training, a test phase mainly based in an enquiry before national authorities and several actors in the professional training.

¹² The main objective of this pilot project was to support the efforts made at the local, regional and national level in fostering young people participation giving special attention to local projects.

¹³ This line intends to finance pilot projects in favour of the minority regional languages and cultures.

Agencies

11. **Decentralised agencies:** The European Centre for the Development of Vocational Training (CEDEFOP) and the European Training Foundation (ETF), are also instruments for the implementation of the EU vocational training policy and are financed under title 15 of the budget. The CEDEFOP¹⁴ budget lines belong exclusively to Heading 3 of the financial perspective. The appropriations for the ETF, however, belong to heading 4¹⁵ and heading 7¹⁶.

12. In 2005 the amounts allocated for these two agencies reached € 34,6 million, (€ 16,1 to CEDEFOP and € 18,5 million to ETF).

13. **Education and Culture Executive Agency:** The appropriations for administrative expenditure on most of the programmes in this policy area shall be partially used in budget 2005 to finance this executive agency, which will manage all *Education and culture* programmes as from 2005 onwards. Two new budget lines were created in 2005 for this agency :

15 01 04 30 EAC executive agency for programmes of Heading 3	€ 23,870 m
15 01 04 32 EAC executive agency for programmes of Heading 5	€ 0,650m
	€ 24,520m

BUDGET 2006 PRIORITIES

Background: The EU as a world reference for knowledge

14. In its APS resolution for budget 2006 the European Parliament reflected the new priorities of the Lisbon Strategy. It gives, therefore, a central role to the promotion of knowledge, life-long learning and fostering young people's prosperity¹⁷.

15. The Lisbon Strategy underlines the importance of fostering students, trainers and young people mobility, as a way to deal with diversity in Europe¹⁸. Not only legal and administrative instruments, but also cultural and linguistic differences, together with the diversity of labour markets, make it difficult to people to move freely within the Union.

16. The EU, at the Barcelona European Council of March 2002, decided that the European education and training systems should become a world reference for quality by 2010. It recognised early-foreign language acquisition as the forerunner to the better cultural understanding and to the increase of mobility of the labour market¹⁹.

¹⁴ Budget line 15 03 01 03 CEDEFOP (Subsidy for Titles 1 and 2) and 15 03 01 04 CEDEFOP (Subsidy for Title 3).

¹⁵ Budget line 15 03 03 01 ETF (Subsidy under Titles 1 and 2) and 15 03 03 02 (Subsidy under Title 3).

¹⁶ Budget line 15 03 02 01 Phare contribution to the ETF (Subsidy under Titles 1 and 2) and 15 03 02 02 Phare contribution to the ETF (Subsidy under Title 3).

¹⁷ European Parliament resolution on the 2006 budget: the Commission's Annual Policy Strategy report (APS (2004/2270 (BUD))).

¹⁸ Presidency Conclusions, Lisbon European Council, March 2000. Paragraph 26.

¹⁹ Presidency conclusions, Barcelona European Council, March 2002. Part I paragraphs 33, 43 and 44. Part II paragraph 26.

17. The Education Council of May 2003 set the participation in lifelong learning as one of the reference of European average performance.
18. In February of last year the Education Council and the Commission' joint report for the 2004 Spring European Council pointed out that even if progress has been made in the area of cooperation in education and training, not enough has been done to facilitate and actively promote the mobility of students²⁰.
19. Recently, the European Council of 22nd and 23rd of March confirmed, once again, growth and employment as one of the main priorities. The Heads of State and Government concluded that *"human capital is Europe's most important asset and that lifelong learning is a sinequanon if the Lisbon objectives are to be achieved, taking into account the desirability of high quality at all levels"*²¹.

Socrates (budget line 15 02 02 02)

20. SOCRATES programme comprises eight actions: Comenius (school education), Erasmus (higher education), Grundvig (adult education), Lingua (learning European languages), Minerva (ICT in education), innovation of education systems, joint actions and accompanying measures.
21. The general rapporteur is of the opinion that special attention needs to be paid to **Comenius** (students language exchange projects) and **Erasmus** (students mobility) as both actions are decentralised and, therefore, managed by the National Authorities of the different Member states²².
22. According to the Commission, from 2000 to 2004 some 130,000 students per year were involved in Erasmus and over 10 000 schools per year were involved in Comenius²³.
23. Although these two programmes are very successful, they did not yet achieve the goal established in the Parliament and Council' decision of attaining a participation rate in mobility activities of 10% of schools (COMENIUS) and of 10% of students (ERASMUS).
24. The percentage of participation per year has been, until now, less than 1% of the students population in the EU and EFTA countries²⁴. The main reason for this has been the reduced EU budget made available.
25. During the monitoring group on education, held at the initiative of the general raporteur, DG EAC Commission' representatives expressed their concern about the high level of unsatisfied applications due to high absorption capacity.

²⁰ Education Council and Commission joint report for the 2004 Spring European Council. Point 1.1.4 .

²¹ Presidency conclusions, Brussels European Council, March 2005. Paragraph 34.

²²The Court of Auditors recommended in its special report N°2/2002 on the Socrates and Youth actions that the contractual relationship between the Commission and the National Authorities should be clearly defined stating out precisely the obligations and responsibilities for securing efficient joint management.

²³ Working document of the Commission Services on the Multiannual Financial Framework 2007-2013 Fiche n°20 (REV).

²⁴ Point 1.1.4 . Education Council and Commission joint report for the 2004 Spring European Council.

26. There is a gap between the political will of becoming the most competitive and dynamic knowledge-based economy in the world, through a modern educational system, and the budgetary resources allocated to the necessary instruments and programmes. The 25 Member States confirmed, during the last European Council, that the European education area should be developed by encouraging geographical and occupational mobility²⁵. The EU budgetary allocation should, therefore, be coherent with this political message.
27. COMENIUS student language projects could be improved. Whereas ERASMUS gives the students the opportunity of moving individually to study abroad, COMENIUS language projects involve a minimum of 10 pupils, what makes it more complex from the organisational side.
28. Funding for an ERASMUS style project for pupils aged from 16 to 18 should be envisaged to cover this gap as the current ERASMUS action on students' mobility is only available to university students.
29. In its proposal for a new programme in the sector of education, the Commission proposes a new mobility action within COMENIUS, addressed to upper secondary school pupils.
30. With regard to ERASMUS, the mobility grants are intended as a contribution to cover the extra costs involved in studying abroad, such as travel expenses, language preparation costs and higher general costs of living in the host country.
31. The limited amount of the monthly mobility grant (€ 150) has contributed to enrolling the ERASMUS programme only to those students who have the means to pay the difference with their own resources. An increase of the ERASMUS student mobility grant should, therefore, be decided in order to directly benefit the students. This increase should be decided without increasing the administrative expenses and could also contribute to reaching the 10% mobility goal, above mentioned²⁶.

Youth (budget line 15 07 02)

32. The main objectives of this programme are to promote an active contribution of young people to the building of Europe, to strengthen their sense of solidarity, to encourage young people's initiative and to reinforce cooperation by fostering the exchange of good practices. It covers five actions: youth for Europe, European voluntary service, youth initiatives, joint actions and support measures.
33. The financial framework for the Youth action programme for the period 2000-2006 at EU 15 was € 520 million²⁷. An additional amount of € 85 million was decided after the enlargement for the period 2004-2006 (total= € 605 million).

²⁵ Presidency conclusions, Brussels European Council, March 2005. Paragraph 35.

²⁶ At the moment Erasmus mobility will have to double and affect 2% of the student population per year to reach this 10% mobility goal. Commission staff working paper: Progress towards the Lisbon objectives. Part B VII. SEC (2005)419.

²⁷ Decision N°1031/2000/EC. Article 9.

34. In contradiction with the budgetary resources available, the EU has recently pointed out that *"a sustained and sustainable growth requires a fuller utilisation of the human potential embodied by European youth"*²⁸ and a European Youth Pact²⁹ was adopted by the European Council in this regard.
35. The Financial Programming for 2006 foresees only € 100,6 million³⁰ (excluding the administrative expenditure). This amount appears limited when considering the importance that the European Institutions give to the European Youth Pact.
36. The European Parliament has noticed in its Resolution that it attaches great importance to take advantage of the ongoing pilot project "Erasmus for apprentices" and that it intends to launch a mobility action "ERASMUS for young entrepreneurs"³¹.

Leonardo Da Vinci (budget line 15 03 01 02)

37. The main objectives of this programme are: improving people's skills and competencies, in particular of young people, in initial vocational training at all levels³².
38. For Budget 2005 the European Parliament has significantly increased the budget for this programme, reaching a final amount of € 205,3 million, despite the reduced margin under heading 3.
39. For 2006, however, despite the contribution of this programme to the implementation of the Lisbon Strategy the current financial programming foresees only € 196,4³³ million.

Final budgetary considerations and recommendations

40. The 2006 budget shall contribute to the political ambitions expressed by the European Parliament and the Council on the implementation of the Lisbon Strategy. It shall be a bridging budget to the new generation of programmes 2007-2013.
41. The general rapporteur recommends the Committee on Budgets to develop pilot actions, in the area of education and youth, in line with the European Parliament APS ' resolution³⁴.
42. Promoting mobility in education and reinforcing the Youth programme shall be sought. In this regard Parliament committed to launch an ERASMUS style programme for secondary school pupils and a mobility action for Young entrepreneurs. An increase of the ERASMUS student mobility grant should also be envisaged .

²⁸ Presidency conclusions, Brussels European Council, March 2005. Paragraph 37.

²⁹ Presidency Conclusions, Brussels European Council March 2005. Annex 1.

³⁰ Commission Report on the Financial Programming for Heading III 21 February 2005.

³¹ This will be in line with the European Youth Pact action for encouraging young people to develop entrepreneurship and promoting the emergence of young entrepreneurs. Presidency Conclusions, Brussels European Council, March 2005. Annex I.

³² Council Decision N° 382/1999/EC. Article 2.

³³ Commission Report on the Financial Programming for Heading III 21 February 2005.

³⁴ European Parliament resolution on the 2006 budget: the Commission's Annual Policy Strategy report (APS (2004/2270 (BUD))). Paragraph 20.

43. As far as co-decided reference amounts are concerned, the Parliament could consider the possibility, within the framework of the 1999 Interinstitutional Agreement and taking into account the results obtained from the implementation of the programme, of increasing the available amounts foreseen at this stage for SOCRATES and YOUTH. In this regard the rapporteur recalls that the European Parliament and the Council agreed, within the previous interinstitutional framework³⁵, to higher amounts initially co-decided.

³⁵ European Parliament, Council and Commission Declaration of 6 March 1995 on the incorporation of financial provisions into legislative acts.

ANNEX I: FINANCIAL PROGRAMMING/IMPLEMENTATION 2000-2006 IN MIO EUROS

SOCRATES															
		2000 UE-15		2001		2002		2003		2004 ³⁶ UE-25		2000-2004	2005	2006	TOTAL
FINANCIAL PROGRAMMING		238,5		245,820		254,0		263,0		335,7		(1337)	361,2	361,780	2060
APPROPRIATIONS VOTED	OP.A	231,8		239,3		248,1		256		327,9		(1303,1)	351,1		
	AD.A	6,6		6,5		5,8		7		7		(32,9)	3,6 ³⁷		
	TOTAL	238,4		245,8		253,9		263		334,9		(1336)	354,7		
IMPLEMENTATION³⁸		amount	%	amount	%	amount	%	amount	%	amount³⁹	%				
OPERATIONAL.A		229,6	99%	235,9	98,6%	243,0	97,9%	254,8	99,5%	327	99%				
ADMINIST.A		6,6	100%	6,5	100%	6,5	100%	8,1	99%	7,8	100%				
CARRY OVER IMPLEMENTATION		1,9 1,8		3,3 3,0		4,2 4,2		4,2							
TOTAL IMPLEMENTATION		238,1		245,4		253,8		262,9		334,8		(1 335)			

³⁶On the basis of the European Parliament and Council Declaration on the adaptation of reference amounts in codecided legal basis, the Socrates Programme global envelope was adapted following the enlargement: **€1 850 million** (Article 10, Socrates Decision N°253/2000) + **€210 million** (adjustment) = **€2 060 million**.

³⁷ **Executive agency:** In 2005 a new executive agency was decided by the Commission, some € 23,87 million were allocated for the subsidy of programmes of Heading 3 and some € 0,650 million were allocated for the subsidy of programmes of Heading 5.

³⁸ After SBA's and transfers. Figures from the European Commission final annual accounts.

³⁹ Implementation figures at 31 12 2004.

ANNEX I: FINANCIAL PROGRAMMING/IMPLEMENTATION 2000-2006 IN MIO EUROS

YOUTH											
		2000 UE-15	2001	2002	2003	2004⁴⁰ UE-25	2000-2004	2005	2006	TOTAL	
FINANCIAL PROGRAMMING		79,4	70,0	72,0	81,0	97,0	(399,4)	111,5	104,1	605	
APPROP- RIA- TIONS VOTED	OP.A	76	66,7	69,1	77,9	93,5	(383,2)	106,7			
	AD.A	3,3	3,2	2,8	3,1	3,5	(15,9)	1,5			
	TOTAL	79,3	69,9	71,9	81,0	97	(399,1)	108,2			
IMPLEMENTATION⁴¹		amount	%	amount	%	amount	%	amount⁴²	%		
OPERATIONAL. A		74,86	98,4%	66,1	99%	68,5	99,1%	77,88	99,9%	93,47	100%
ADMINIST. A		3,33	100%	3,24	100%	2,56	89,1%	3,09	99,8%	3,47	99%
CARRY OVER IMPLEMENTATION				0,604 0,603		0,611 0,607					
TOTAL IMPLEMENTATION		78,19		69,95		71,68		80,97		96,94	(397,7)

⁴⁰ On the basis of the European Parliament and Council Declaration on the adaptation of reference amounts in codecided legal basis, the Youth Programme global envelope was adapted following the enlargement: **€520 million** (Article 9, Youth Decision N°1031/2000) + **€85 million** (adjustment) = **€605 million**.

⁴¹ After SBA's and transfers. Figures from the European Commision final annual accounts.

⁴² Implementation figures at 31 12 2004.

ANNEX I: FINANCIAL PROGRAMMING/IMPLEMENTATION 2000-2006 IN MIO EUROS

LEONARDO											
		2000 UE-15	2001	2002	2003	2004 UE-25	2000-2004	2005	2006	TOTAL	
FINANCIAL PROGRAMMING		143	147	159	175,7	216	(840,7)	212,237	202,063	1.255	
APPROPRIATIONS VOTED	OP.A	138,2	142,3	154,8	170,6	210,3	(816,2)	205,3			
	AD.A	4,7	4,6	4,1	5,1	5,7	(24,2)	2,7			
	TOTAL	142,9	146,9	158,9	175,7	216	(840,4)	208			
IMPLEMENTATION¹		amount	%	amount	%	amount	%	amount²	%		
OPERATIONAL.A		136,9	99%	141,0	99%	153,6	99,3%	170,1	99,76%	210,3	100%
ADMINIST.A		4,4	91,6%	4,6	100%	4,3	99,3%	4,9	97,8%	5,7	100%
CARRY OVER IMPLEMENTATION		0,620 0,620		0,579 0,569		0,841 0,841					
TOTAL IMPLEMENTATION		141,9		146,2		158,7		175,2		216	(838)

¹ After SBA's and transfers. Figures from the European Commission final annual accounts.

² Implementation figures at 31 12 2004.

ANNEX II : BUDGET IMPLEMENTATION AS AT 31st DECEMBER 2004

OFFICIAL POSITION	DESCRIPTION	INITIAL BUDGET COMMITMENTS	BUDGETARY APPROPRIATIONS WITHOUT RESERVE COMMITMENTS	TOTAL IMPLEMENTATION COMMITMENTS	TOTAL IMPLEMENT. COMMITMENTS (%)	INITIAL BUDGET PAYMENTS	BUDGETARY APPROPRIATIONS WITHOUT CURRENT RESERVE PAYMENTS	TOTAL IMPLEMENTATION PAYMENTS	TOTAL IMPLEMENT. PAYMENTS (%)	RAL AS AT DATE OF REPORT
15 01 01	Dépenses liées au personnel en activité du domaine politique «Éducation et culture»	51,3	52,8	52,8	100%	51,3	52,8	52,8	100%	0,0
15 01 02										
01	Personnel externe	5,2	6,3	5,9	94%	5,2	6,3	5,1	81%	2,1
15 01 02										
11	Autres dépenses de gestion	5,5	5,5	5,4	98%	5,5	5,5	1,7	31%	3,7
15 01 03	Dépenses immobilières et dépenses connexes du domaine politique «Éducation et culture»	12,9	12,9	12,9	100%	12,9	12,9	10,0	78%	2,9
15 01 04	Renforcement des actions communautaires dans le domaine de l'éducation - Dépenses pour la gestion administrative	0,0	0,6	0,3	58%	0,0	0,6	0,1	9%	0,3
15 01 04	Socrates- Dépenses pour la gestion administrative	7,0	7,8	7,8	100%	7,0	7,8	2,5	32%	5,8
15 01 04	Jeunesse- Dépenses pour la gestion administrative	3,1	3,5	3,5	100%	3,1	3,5	1,0	30%	2,6

15 01 04 05	Promotion de parcours européens de formation en alternance dont l'apprentissage - Dépenses pour la gestion administrative	0,2	0,2	0,2	100%	0,2	0,2	0,1	28%	0,1
15 01 04 06	Leonardo da Vinci - Dépenses pour la gestion administrative	5,1	5,7	5,7	100%	5,1	5,7	2,2	38%	4,5
15 01 04 07	Programme-cadre en faveur de la culture - Dépenses pour la gestion administrative	1,2	1,3	1,3	100%	1,2	1,3	0,7	54%	0,8
15 01 04 08	Media (mesures pour encourager le développement de l'industrie audiovisuelle) - Dépenses pour la gestion administrative	5,6	6,3	6,2	99%	5,6	6,3	2,9	46%	3,6
15 01 04 09	Autres actions dans le domaine audiovisuel - Dépenses pour la gestion administrative	0,1	0,1	0,0	0%	0,1	0,1	0,0	0%	0,0
15 01 04 11	Intégration européenne dans l'université - Dépenses pour la gestion administrative	0,0	0,5	0,5	99%	0,0	0,5	0,4	85%	0,1
15 01 04 12	Actions en faveur de la société civile et visites de la Commission - Dépenses pour la gestion administrative	0,0	1,1	0,6	59%	0,0	1,1	0,3	29%	0,3
15 01 04 14	Erasmus World - Dépenses pour la gestion administrative	0,0	0,7	0,6	85%	0,0	0,7	0,2	35%	0,3
15 01 04 15	E-Learning - Dépenses pour la gestion administrative	0,0	1,0	0,9	92%	0,0	1,0	0,4	38%	0,5
15 01 04 16	Année européenne de l'éducation par le sport - Dépenses pour la gestion administrative	0,4	0,4	0,3	93%	0,4	0,4	0,0	8%	0,3
15 01 60 01	Fonds de bibliothèque, abonnements, achat et conservation de livres	2,4	2,4	2,4	100%	2,4	2,4	2,0	82%	0,5
		99,9	108,9	107,2		99,9	108,9	82,4		28,5
15 02 01 01	Intégration européenne dans l'université	0,0	3,8	3,1	80%	1,9	3,8	3,8	100%	3,9
15 02 01	Collège d'Europe	2,9	2,9	2,9	100%	2,9	2,9	2,3	80%	0,6

02										
15 02 01										
03	Institut universitaire européen de Florence	4,4	4,4	4,4	100%	4,4	4,4	4,4	100%	0,0
15 02 01										
04	Académie de droit européen (Trèves)	1,6	1,6	1,6	100%	1,6	1,6	1,2	80%	0,3
15 02 01										
05	Institut européen d'administration publique de Maastricht	0,8	0,8	0,8	100%	0,8	0,8	0,7	80%	0,2
15 02 01	Centre d'études et de recherche									
06		0,0	1,5	0,9	63%	0,0	1,5	0,7	49%	0,2
15 02 01	Centre international pour la formation européenne	2,0	2,0	2,0	100%	2,0	2,0	1,6	80%	0,4
07										
15 02 01	Agence européenne pour le développement de l'éducation pour les élèves à besoins spécifiques	0,0	0,8	0,8	100%	0,0	0,8	0,6	80%	0,2
08										
15 02 02	Renforcement des actions communautaires dans le domaine de l'éducation	0,0	3,4	2,3	66%	7,0	12,9	9,1	71%	16,6
01										
15 02 02	Socrates	261,7	327,9	327,0	100%	245,0	305,0	304,7	99%	145,7
02										
15 02 02	Connect - Innovation et connexion des programmes communautaires - Mesures préparatoires	0,0	0,0	0,0	0%	0,0	0,1	0,0	0%	0,2
03										
15 02 02	E-Learning	0,0	15,0	15,0	100%	0,0	6,9	6,7	97%	8,5
04										
15 02 02	Erasmus World	0,0	7,4	7,3	99%	0,0	5,7	5,1	90%	2,3
05										
15 02 03	Coopération avec des pays tiers dans le domaine de l'éducation et de la formation professionnelle	2,9	2,9	2,9	100%	3,3	3,3	2,9	87%	5,0
		276,3	374,3	370,9		268,9	351,6	343,8		184,0
15 03 01	Promotion de parcours européens de formation en alternance, dont l'apprentissage	1,6	1,7	1,6	95%	1,5	1,6	1,4	88%	1,4
01										
15 03 01	Leonardo da Vinci	172,9	210,3	210,3	100%	163,0	190,0	189,8	100%	249,6
02										

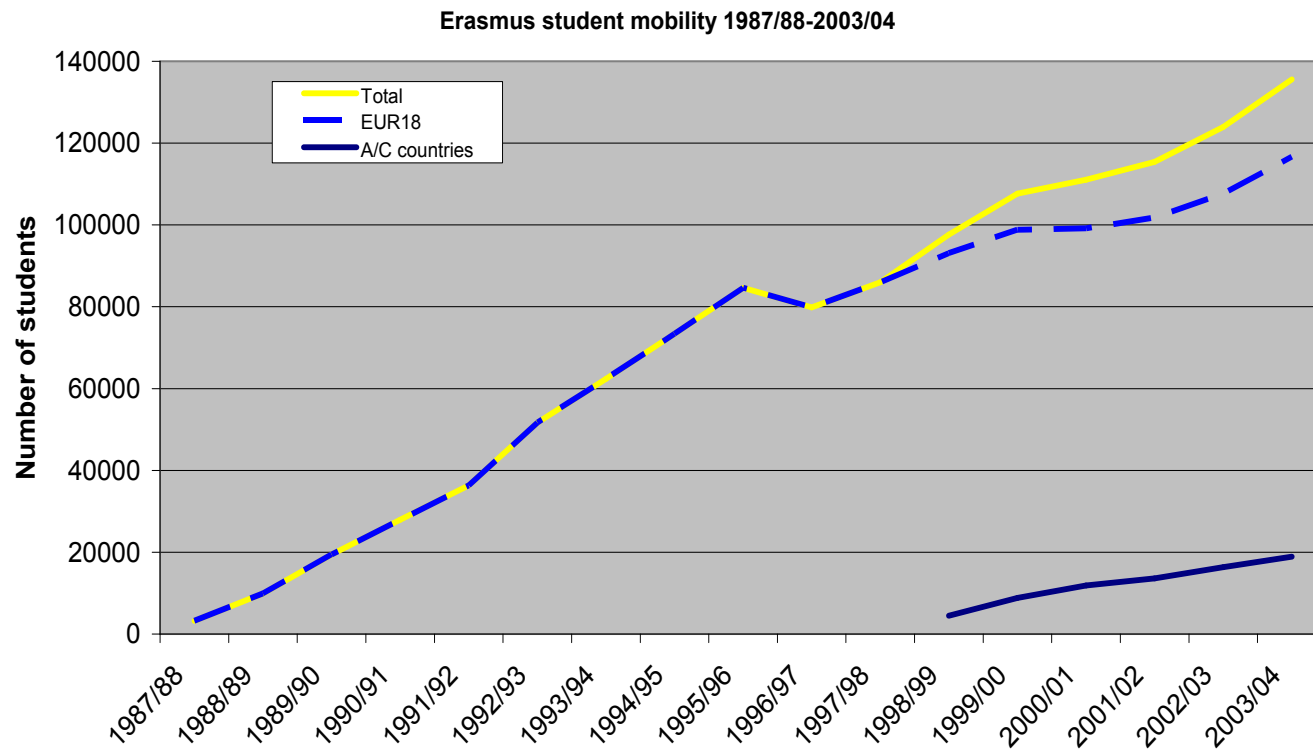
15 03 01 03	Centre européen pour le développement de la formation professionnelle - Subvention aux titres 1 et 2	9,9	10,6	10,6	100%	9,9	10,6	10,6	100%	0,8
15 03 01 04	Centre européen pour le développement de la formation professionnelle - Subvention au titre 3	4,9	5,2	5,2	100%	2,9	3,1	3,1	100%	4,2
15 03 02 01	Contribution de Phare à la Fondation européenne pour la formation - Subvention aux titres 1 et 2	2,0	2,0	2,0	100%	2,0	2,0	2,0	100%	0,0
15 03 02 02	Contribution de Phare à la Fondation européenne pour la formation - Subvention au titre 3	0,5	0,5	0,5	100%	0,5	0,5	0,5	100%	0,5
15 03 03 01	Fondation européenne pour la formation - Subvention aux titres 1 et 2	11,0	11,0	11,0	100%	11,0	11,0	11,0	100%	1,0
15 03 03 02	Fondation européenne pour la formation - Subvention au titre 3	3,7	4,1	4,1	100%	3,7	4,1	4,1	100%	3,8
		206,5	245,4	245,3		194,5	222,9	222,6		261,1
15 04 01 01	Bureau européen des langues les moins répandues et Mercator	1,2	1,2	0,3	28%	1,2	0,2	0,1	52%	0,2
15 04 01 02	Préservation des sites des camps de concentration nazis en tant que monuments historiques	0,8	0,8	0,8	100%	0,8	0,0	0,0	0%	0,8
15 04 01 03	Subvention à des organisations d'intérêt culturel européen	5,3	5,3	5,1	97%	5,3	4,0	3,7	91%	1,5
15 04 01 04	Route cistercienne européenne	0,1	0,1	0,0	0%	0,1	0,1	0,0	0%	0,0
15 04 02 01	Programme-cadre en faveur de la culture	29,3	32,9	32,9	100%	23,3	34,6	34,2	99%	38,6
15 04 02 02	Achèvement des programmes et actions antérieurs	0,0	0,0	0,0	0%	0,0	0,4	0,2	68%	0,3
15 04 02 03	Actions préparatoires de coopération dans le domaine culturel	2,0	2,1	2,1	99%	2,0	2,1	2,1	99%	1,3

15 04 03 01	Actions préparatoires de promotion de la diversité linguistique de la Communauté dans la société de l'information	0,0	0,0	0,0	0%	0,0	0,0	0,0	7%	0,1
15 04 03 02	Promotion et sauvegarde des langues et des cultures régionales et minoritaires	0,0	0,0	0,0	0%	0,0	0,1	0,0	11%	0,3
		38,7	42,4	41,2		32,8	41,5	40,3		43,1
15 05 01 01	Media Plus (mesures pour encourager le développement de l'industrie audiovisuelle)	66,9	75,5	75,5	100%	55,4	56,2	56,2	100%	102,1
15 05 01 02	Media «Formation» (mesures pour encourager le développement de l'industrie audiovisuelle)	8,0	8,4	8,3	98%	8,3	9,5	9,5	100%	13,3
15 05 01 03	Autres actions dans le domaine audiovisuel	2,0	2,0	1,1	57%	2,0	2,0	1,6	80%	1,8
15 05 01 04	Achèvement des programmes et actions antérieurs	0,0	0,0	0,0	0%	0,0	0,5	0,1	26%	1,1
15 05 01 05	Croissance et audiovisuel: initiative i2i audiovisuel	2,5	2,7	2,7	100%	1,9	2,0	2,0	100%	3,3
15 05 03	Sport: actions préparatoires à une politique communautaire dans le domaine du sport	0,0	0,0	0,0	0%	1,0	1,7	1,5	91%	0,1
15 05 04	Année européenne de l'éducation par le sport	7,7	8,3	8,0	97%	5,1	5,7	5,0	88%	4,7
		87,1	96,8	95,6		73,7	77,5	75,9		126,4
15 06 01 01	Actions en faveur de la société civile	0,0	4,2	3,8	92%	2,0	3,8	2,9	76%	3,2
15 06 01 02	Association «Notre Europe»	0,0	0,6	0,6	100%	0,0	0,6	0,5	80%	0,1
15 06 01 03	Subventions à des groupes de réflexion européens et à des organisations promouvant l'idée européenne	2,4	2,4	2,3	97%	2,4	2,4	1,8	75%	0,5
15 06 01 04	Associations et fédérations d'intérêt européen	1,5	1,5	1,5	98%	1,5	1,5	0,7	49%	0,7
15 06 01 05	Groupes de réflexion européens	0,5	0,5	0,5	100%	0,5	0,5	0,4	79%	0,1
15 06 01 06	Aide en faveur de la maison Jean Monnet et de la maison Robert Schuman	0,4	0,4	0,4	100%	0,4	0,4	0,3	80%	0,1
15 06 01	Jumelage des villes de l'Union européenne	14,0	14,0	11,7	84%	14,0	3,0	2,5	85%	9,2

07										
15 06 01										
08	Mouvement européen international	0,5	0,5	0,5	100%	0,5	0,5	0,4	80%	0,1
	Frais d'organisation de stages dans les services de l'institution	5,3	5,3	5,3	100%	5,3	5,3	4,7	88%	0,6
15 06 02										
15 06 05	Visites de la Commission	0,0	1,5	1,3	85%	0,0	1,5	1,3	87%	1,2
15 06 06	Événements annuels spéciaux	0,0	0,0	0,0	0%	2,3	1,8	1,7	96%	0,0
		24,6	30,8	27,8		28,9	21,3	17,3		15,8
15 07 01										
01	Forum européen de la jeunesse	0,0	2,0	2,0	100%	0,0	1,8	1,8	100%	0,2
15 07 01										
02	Soutien à des organisations internationales non gouvernementales de jeunesse	1,9	1,9	1,9	100%	1,9	1,6	1,4	92%	0,4
15 07 02	Jeunesse	67,9	93,5	93,5	100%	68,0	82,6	82,4	99%	78,1
	Projets pilotes en faveur de la participation des jeunes	2,0	2,1	1,8	86%	2,0	1,0	0,8	80%	2,6
15 07 03		71,8	99,5	99,1		71,9	87,0	86,4		81,3
15 49 04	Actions préparatoires de coopération dans le domaine de l'éducation et de la politique de la jeunesse - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,0	1,0	0,8	84%	0,9
15 49 04	Socrates- Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	5,7	5,0	4,3	85%	1,5
15 49 04	Jeunesse- Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	2,0	2,0	1,8	89%	0,5
15 49 04	Promotion de parcours européens de formation en alternance dont l'apprentissage - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,0	0,0	0,0	90%	0,0
15 49 04	Leonardo da Vinci - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	2,8	2,8	2,4	86%	1,0
15 49 04	Programme-cadre en faveur de la culture - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,8	0,7	0,6	79%	0,4

15 49 04 08	Media (mesures pour encourager le développement de l'industrie audiovisuelle) - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	2,0	2,9	2,6	91%	0,7
15 49 04 09	Autres actions dans le domaine audiovisuel - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,1	0,1	0,1	100%	0,0
15 49 04 11	Intégration européenne dans l'université - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,1	0,1	0,1	56%	0,1
15 49 04 12	Actions en faveur de la société civile - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,0	0,4	0,3	89%	0,1
15 49 04 13	Sport: actions préparatoires à une politique communautaire dans le domaine du sport - Dépenses pour la gestion administrative	0,0	0,0	0,0	0%	0,0	0,0	0,0	0%	0,0
		0,0	0,0	0,0		13,5	14,9	12,9		5,3
15 88 88 01	Centre eur forma(PC)	0,0	0,0	0,0	0%	0,0	0,0	0,0	0%	0,0

ANNEX III: ERASMUS STUDENT MOBILITY EVOLUTION



On Structural Funds and the Cohesion Fund

Structural Funds and Cohesion Fund - Introduction

1. The Structural Funds consist of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIG). The legal bases of the Funds are set in the Treaty (Articles 158 to 162, former Articles 130a to 130d), in the Treaty of Accession (Act of Accession, Article 28) and in the June 1999 Regulations (listed below).
2. The key principles which condition the specific budgetary profile of the funds are:
 - **concentration**: operations under the funds are concentrated on objectives set in advance for regions meeting specific criteria;
 - **additionality**: the Community contribution must be additional to national funding;
 - **partnership**: measures are implemented in cooperation between the Commission, the Member States, regional and local authorities and social and economic partners;
 - **programming**: operation of the funds is based on a multiannual programming process;
 - **evaluation**: mechanisms are put in place both at EU level and for each of the individual programming instruments with a view to ensuring that implementation of the funds is properly monitored and assessed.
3. With the exception of evaluation, the above principles do not apply to the Cohesion Fund. This fund's specific purpose is to help finance major infrastructure projects connected with the trans-European networks and the environment in Member States where per capita GDP stands at less than 90% of the Community.

Financial Perspective 2000-2006

4. The commitment appropriations for the Structural Funds in the Financial Perspective 2000-2006 amount to €226 973 million at current, all reserves included. The below table shows annual commitment appropriations for 2000-2006 (EU-25):

€ millions - 2005 prices

	2000	2001	2002	2003	2004	2005	2006
Structural Funds	30 019	30 005	30 849	31 129	35 395	37 319	37 875
Cohesion Fund	2 659	2 715	2 789	2 839	5 699	5 209	5 952
Total structural actions	32 648	32 720	33 638	33 968	41 094	42 528	43 827

5. The reform of the Structural Funds' and the Cohesion Fund's legislation was conducted in 1999¹ alongside the negotiations on the current financial perspective and led to the opening of the 2000-2006 programming period. Three Structural Fund objectives were

¹ - Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds
- Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 June 1999 on the European Regional Development Fund
- Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund
- Council Regulation (EC) No 1263/1999 of 21 June 1999 on the Financial Instrument for Fisheries Guidance
- Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations
- Council Regulation (EC) No 1264/1999 of 21 June 1999 amending Regulation (EC) No 1164/94 establishing a Cohesion Fund

set for the current programming period, namely:

- **Objective 1:** development and structural adjustment of regions lagging behind in development terms (i.e. in which per capita income is less than 75% of the Community average);
 - **Objective 2:** economic and social conversion of regions in structural difficulties;
 - **Objective 3:** adjustment and updating of education, training and employment policies and systems.
6. The **Community initiatives** (Interreg, Urban, Equal and Leader+) and innovative measures and technical assistance account for 5.53% and 0.51 % of the total allocation respectively. Lastly, structural operations in the fisheries sector (outside Objective 1 areas) are allocated 0.5% of the total. 4% of the total allocation is entered in the performance reserve.

2006 budgetary procedure

2004 and 2005 implementation

7. Overall, the payment rate increased from 89% in 2003 to 99% in 2004. The overall improvement is mainly due to the earlier programmes lines, given that the payment rate for the 2000-2006 programmes was already high (96%) in 2003. Most 'objectives' executed quite well in 2004, though there is clearly room for significant improvement in FIFG outside Objective 1 and Innovative Measures and Technical Assistance.

Comparison of implementation rates in 2003, 2004 and 2005 (Sept).

	2003			2004			2005 Sept	2004 Sept
	old	current	total	old	current	total		
Objective 1	70%	99%	95%	99%	99%	99%	63%	62%
Objective 2	70%	99%	91%	100%	100%	100%	61%	69%
Objective 3	27%	83%	74%	100%	100%	100%	79%	65%
FIFG (out obj. 1)	57%	63%	60%	100%	76%	82%	57%	32%
CI	30%	75%	48%	99%	98%	99%	86%	62%
IM & TA	94%	88%	90%	73%	79%	78%	32%	57%
TOTAL	59%	96%	89%	99%	99%	99%	including Cohesion Fund	
							63%	63%

8. The implementation as of 19 September 2005 is high, very similar to the rates of 2004 (63% both in 2004 and 2005) and even higher for Objective 3 and for Community Initiatives. It was however lower for the Cohesion Fund, for the Objective 2 and for innovative measures and technical assistance.

2006 Forecasts by Member States

9. Under the terms of the Structural Funds regulation¹ "the Member States shall send the Commission their updated forecasts of applications for payment for the current year and the forecast for the following year" by 30 April of each year. Member States are asked to

¹ Council Regulation 1260/1999, Article 32(7).

submit their forecasts for each individual programme and within each programme, by Fund.

10. The Member States in their forecasts for the year 2006 estimate that they need 44.394,5 million euro in payment appropriations for the Structural Funds and the Cohesion Fund, compared with the 35.223,2 million foreseen in the Commission's PDB (see Annex 1). Your rapporteurs therefore underline that the Commission's PDB proposed 9,2 billion euro less than the Member States forecast as their payments needs.
11. The Commission notes that the Member States have been making forecasting errors, but it should be noted that there was an improvement in 2004 when the forecasting error for the EU-15 programmes came down to 23% (from 51% in 2003)¹.
12. Your rapporteurs believe that the Member States' payment needs forecasts are a relevant budgetary planning tool and, therefore, should be taken into consideration during the budgetary negotiations.

N+2 rule

13. The Commission shall automatically decommit any part of a commitment for which it has not received an acceptable payment application by the end of the second year following the year of commitment and therefore the contribution from the Funds to that assistance shall be reduced by that amount. This novelty, which has been named as the **N+2 rule**, aims at and apparently is able to keep outstanding commitments for structural operations down to acceptable levels.
14. 2003 was the first year of N+2 decommitments for the programming period 2000-2006. The total amount decommitted under the N+2 rule was € 31.1 million (0.20% of the corresponding commitment tranche of 2000). Six Member States - Belgium, Denmark, the UK, Ireland, the Netherlands (72% of the total amount decommitted) and Portugal - were affected by the decommitments.
15. So far, there have been two rounds (2003 and 2004) of N+2 decommitments, affecting the commitments made in 2000 and 2001. The total amount decommitted under the N+2 rule in 2004 was € 219.3 million. While this is more than 7 times the total decommitments made in 2004 (€31.1 million), the decommitments are still quite small in comparison with the average annual commitment instalment (around €30 billion). The decommitments made in 2004 account for 0.58% of the corresponding commitments of 2001.
16. In September 2005 (provisional data) n+2 decommitments amount to 299 million euro. The table below compares n+2 decommitments of 2003, 2004 and 2005.

	2003	2004	2005 (until September, provisional data)
Amount decommitted	31.1 million	219.3 million	299 million
% of the annual instalment	0.20%	0.58%	to be confirmed

¹ The new Member States only submitted their first detailed forecast in 2004, so there is no sufficient base for comparison over time for the EU-10 programmes and therefore too early to draw telling conclusions.

MS concerned	PT, UK, IE, NL, BE, DK	ES, DE, IT, PT, UK, FR, IE, NL, BE, AT	ES, DE, IT, GR, PT, UK, FR, IE, NL, SE, BE, AT, DK
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The rapporteurs stress, however, that the payment claims from Member States normally arrive late in the year and, under the N+2 rule, even have a tendency to arrive just before the deadline. The final figure for decommitments for 2005 is therefore likely to come down as the last payment claims are introduced.

17. It is worth noting that this rule does not apply to the Cohesion Fund, the regulation for which does however contain a similar provision which takes account of the fact that this fund is used only to finance projects: any financial support granted for projects on which work has not commenced two years after the scheduled starting date must be cancelled.

RAL 2005 (outstanding commitments/reste à liquider)

18. The total stock of RAL at the end of 2004 was €73,28 billion, which has, to date (Sept 05), risen to EUR 92,2 billion. As a comparison, at the end of 2003 the figure was EUR 69,3 billion which then rose to some EUR 80 billion in September 2004. As the majority of payment claims will come towards the end of the year, the rapporteurs stress that an overall increase is therefore normal in the first part of the year and, essentially, corresponds to "normal" RAL as a consequence of the cycle of structural actions spending. The rapporteurs nevertheless ask the Commission to comment on the current overall trend. It could also be noted that, as late as the end of 2003, the RAL on the pre-2000 programmes still accounted for 15% of the total.
19. The outstanding commitments associated with 2000-2006 programmes increased by some €7 billion in 2004 (€8.3 billion in 2003). In relative terms though (the RAL in proportion to an average annual commitment tranche) the RAL was reduced, from 1.77 by the end of 2003 to 1.7 by the end of 2004.

Conclusions

20. Your rapporteurs wish to underline the high implementation rates for the Structural Funds and the positive result of the implementation of the n+2 rule. The implementation rates in 2005 are good and it was already clear, since some time back, that the Amending Budget to reinforce payments would be necessary.
21. The rapporteurs naturally stress that this expected Amending Budget for the final payment needs in 2005 will also play an important role in assessing the needs for 2006.
22. The budget should be based on real needs. The rapporteurs can reasonably predict that higher payment appropriations will be necessary. The rapporteurs finally note that the difference of over EUR 9 billion between the Commission's budget proposal and the Member States forecasts is too big to be justified. They therefore call for increasing the payment appropriations for the Structural Actions for the year 2006.

	budget lines	execution 2004	MS Forecast 2006	PDB 2006	DB 2006
OBJECTIVE 1					
ERDF	130301	12.654,0	17.246,0	14.446,7	14.412,6
ESF	040201	4.317,0	6.671,1	5.309,9	5.297,1
EAGGF	05040201	2.724,0	4.287,4	2.999,2	2.992,1
FIFG	110601	335,0	417,4	410,8	409,8
TOTAL		20.030,0	28.621,9	23.166,6	23.111,6
OBJECTIVE 2					
ERDF	130304	3.476,0	3.619,6	2.802,5	2.795,4
ESF	040204	356,0	427,9	361,3	360,4
TOTAL		3.832,0	4.047,5	3.163,8	3.155,8
OBJECTIVE 3					
ESF	040206	2.546,0	4.217,9	3.628,9	3.619,9
TOTAL		2.546,0	4.217,9	3.628,9	3.619,9
OTHER ACTIONS (outside obj.1)					
FIFG	110604	145,0	154,3	170,2	170,2
TOTAL		145,0	154,3	170,2	170,2
COMMUNITY INITIATIVES					
INTERREG	130313	543,0	1.107,0	819,5	798,5
EQUAL	040208	424,0	608,1	429,7	417,0
LEADER	05040206	239,0	390,4	259,2	219,0
URBAN	130306	89,0	149,4	85,3	81,1
TOTAL		1.295,0	2.254,9	1.593,7	1.515,6
TOTAL STRUCTURAL FUNDS		27.848,0	39.296,5	31.723,2	27.848,0
COHESION FUND					
	130401	2.642,0	5.098,0	3.500,0	3.500,0
Grand total		30.490,0	44.394,5	35.223,2	35.073,1

On External Actions

1. The EP is actually aware of a serious structural problem in heading 4 of the financial perspective- External Actions - where the ever increasing demands on the budget, added incrementally over the years, is a far way off from the levels envisaged at the time of adopting the financial ceilings back in 1999. These problems have been accentuated in an extremely clear way by the Council's Draft Budget. The rapporteur has also thought it useful to present a table (Annex 1) which gives an indication of the evolution in real terms of the External Actions. It can in fact be concluded that many programs have been eroded over time despite the fact that parts of this heading have been transferred to pre-accession strategy, heading 7.
2. The EP delegation to the July conciliation made this abundantly clear and were acting on the back of support from the Parliament as whole, expressed in the APS report and the Mandate report. Paragraph 25 of the APS report of March 2005 and paragraph 12 of the mandate report of July 2005 read as follows:

25.	<i>Stresses the current difficulty of reconciling the traditional priorities of the Union with a large number of new budget responsibilities, which have been taken over under Category IV in recent years (Balkans, Afghanistan, Iraq, tsunami and other natural disasters); reminds the Council that new tasks should not be financed to the detriment of Parliament's traditional priorities;</i>
12.	<i>Highlights the major external assistance programmes which could not be foreseen at the time of adopting the current financial perspective, such as Afghanistan, Iraq and the recent proposal for a reconstruction programme after the tsunami; is concerned about the need to provide resources for new strategic partnerships and expects the Council to recognise the current difficulties and to clearly commit to agreeing the new priorities without jeopardising the traditional policies; notes worrying decreases both for some geographical and thematic programmes and believes that a re-balancing of budgetary amounts and new resources is necessary; stresses the importance of the European Neighbourhood Policy, including support for democratic change in neighbouring countries; regrets the reduction in particular of the European Initiative for Democracy and Human Rights, the only external programme which can be applied without host country consent; highlights, further, the need to increase the EU's role at international level in the field of the CFSP and ESDP and wishes to explore the needs in the established joint CFSP-meetings with the UK Presidency before taking a final decision;</i>

3. In this context, It is also useful to recall that the Commission's PDB suggested additional resources (over and above the financial ceiling) to the tune of EUR 123.5 million (flexibility instrument) to partially finance new tsunami reconstruction needs. The PDB thus contained a negative margin of - 123.5 million. As the EU pledged amounts for the tsunami amount to EUR 350 million in total for two years and EUR 170 million is expected to be financed in 2005, an additional EUR 180 million was included in the Commission's PDB. Since the request for flexibility is EUR 46.5 million less, this amount was found through internal cuts in other PDB lines.
4. The EP thus considered the PDB as insufficient, not least because it contained reductions in some important traditional priorities that simply seemed unacceptable. For example, this was the case for Human Rights line which was cut from EUR 105 million to EUR 77.5 million (- 27.5 million). Other cuts already in the PDB included Latin America and Development cooperation policy (see Annex 2).

5. The rapporteur underlines that, of course, the financing for the tsunami reconstruction was and is not the only factor to be considered. The point to remember is that programmes/lines that are increased, or maintained at a high level, such as also Iraq and Afghanistan, have a clear and direct impact on some other, less fortunate, areas.
6. **In the Council's DB**, the rapporteur underlines that this structural problem has taken an "extreme" expression in that the Council has refused the use of any part of the flexibility instrument. The resulting across-the-board speaks for themselves.
7. As if this wasn't enough, the Council has in fact reduced the PDB by an amount (EUR 165 million) which even creates an entirely artificial margin of EUR 41.7 million. According to the Council, this (illusionary) space could be used to finance a new EUR 40 million proposal to support ACP sugar producers following the EU's reform measures in the sugar sector.
8. The rapporteur recalls paragraph 13 of the July mandate report in this context:

13. Stresses that Parliament, Council and Commission have agreed to back the UN Millennium Development Goals and will undertake to support those goals in the 2006 budget, including relevant targets for social infrastructure, basic health and education, and support for "Quick-Win-Actions"; regrets that there is currently no space under the ceiling to provide a true boost for these goals or to provide for possible support measures related to sugar reform;

9. As far as **Iraq reconstruction** is concerned, the rapporteur notes an increasing trend in the Commission's proposals despite obvious difficulties to keep up implementation.

million EUR in commitments

Line	Budget 2004	Budget 2005	PDB 2006	DB 2006
19 08 07	160	190	200	200

10. The € 160 million is provided for Iraq in 2004 was covered by a pledge (EC commitment at Madrid Conference to provide € 200 million for 2003 and 2004). The amounts for subsequent years are not covered by an official pledge. Out of the EUR 190 million in 2005, EUR 100 million was financed through the mobilisation of the flexibility instrument in heading 4.
11. In a "monitoring group" on external actions with the rapporteurs from AFET and DEVE, a request was made to the Commission to provide implementation data from the international trust funds that manage the EC contribution. The reply from the

Commission showed that the two trust funds - by March 2005 - had managed to implement 20% and 27 %, respectively, of an amount of some EUR 860 million committed not only coming. The rapporteur asks the Commission to update these figures.

12. Rather than analysing technically in this document all the various cuts in programmes made by the Council, the rapporteur prefers to reiterate the political message that the Council's attitude is unacceptable in the field of external relations. In order to respect Parliament's priorities, a first reading based on its proper evaluation should be followed. There is no chance that this necessary exercise can stay even close to the Council's proposal.
13. The Commission itself put forward a PDB requesting EUR 123 million in flexibility. This PDB, as mentioned, did already include, for example, the significant reductions for Human Rights, reductions for Latin America, internal re-programming for Asia, less money for development NGOs, and other doubtful proposals. The fact that Council has wiped out the Commission's request for flexibility (which was considered too modest by EP in the first place) and the fact that Council has introduced EUR 40 million in an entirely new action for sugar measure at the expense of other programmes, all make clear that there is a serious funding shortfall in heading 4.
14. The rapporteur intends to put forward some tables with various possible options for Cobu members on different scenarios. It currently seems that the funding gap to bridge is very substantial indeed and it cannot be excluded that the Council's attitude in the external actions field will be a crucial element as to whether the 2006 budget will "make or break".

DRAFT BUDGET 2006

EXTERNAL ACTIONS**Evolution of Commitments during current Financial Perspective**

Millions €

Heading 4 EXTERNAL ACTIONS	Budget 1999		DB 2006	Difference DB 2006 / B1999	
	Current Prices	Prices 2006		Real prices	
				M. €	%
Commitments					
<i>1999 nomenclature, time of adoption of the current FP</i>	[1]	[3]	[4]	[5] = [4] - [3]	[6] = [5] / [3]
B7-0 Turkey					
B7-1 European Development Fund	p.m.				
B7-20 Food aid and support operations	505,0	577,2	423,0	-154,2	-26,7%
B7-21 Humanitarian aid	360,9	412,4	480,7	68,2	16,5%
B7-30 Asia total	437,8	500,4	775,7	275,3	55,0%
Asia(excluding Tsunami and Afgahnistan)	437,8	500,4	415,8	-84,6	-16,9%
B7-31 Latin America	310,8	355,3	290,3	-65,0	-18,3%
B7-32 Southern Africa and South Africa	127,5	145,7	132,5	-13,2	-9,1%
B7-4 Meda + Middle East	1.094,0	1.250,3	1.055,2	-195,1	-15,6%
Meda+Middle East (excluding Iraq)	1.094,0	1.250,3	855,2	-395,1	-31,6%
B7-51 EBRD (BERD)	33,8	38,6			
B7-52 New independent states and Mongolia	437,3	499,8	485,4	-14,4	-2,9%
B7-54 Cooperation with the Balkans countries	406,5	464,6			
B7-6 Other cooperation measures	372,6	425,8	348,1	-77,7	-18,3%
B7-7 Democracy and human rights	101,0	115,4	91,3	-24,1	-20,9%
B7-80 International fisheries agreements	283,7	324,2	194,3	-129,9	-40,1%
B7-81 External aspects of certain EU policies	56,5	64,6			
B8-0 CFCSP (PESC)	27,0	30,9	62,6	31,7	102,9%
Total	4.554,4	5.205,2	4.339,1	-298,4	

to be completed

N.B. DUE TO THE INTRODUCTION OF ACTIVITY BASED BUDGETUNG, THE STRUCTURE AND NOMENCLATURE OF HEADING 4 HAS CHANGED FUNDAMENTALLY COMPARED TO 1999 DECISION ON FP. THE RAPPORTEUR WISHES TO GIVE AN OVERVIEW OF THE DEVELOPMENT IN THIS SECTOR, IN REAL PRICES, AND NOT AN EXACT MATCHING OF INDIVIDUAL LINES OR CHAPTER.

Heading	BUDGET 2005 (AB 1 and 2 included)		PDB 2006		DB 2006 Council 1st reading		DB-PDB		% DB-2005	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
4 EXTERNAL ACTION										
01 - Economic and Financial Affairs	82.200.000	96.638.000	74.000.000	91.438.000	71.136.000	90.006.000	-2.864.000	-1.432.000	-13,5%	-6,9%
05 - Agriculture and Rural Development	5.920.000	5.920.000	6.000.000	6.000.000	5.768.000	5.884.000	-232.000	-116.000	-2,6%	-0,6%
06 - Energy and Transport	5.000.000	1.275.000	5.045.000	3.175.000	5.045.000	3.175.000	0	0	0,9%	149,0%
07 - Environment	16.000.000	16.278.000	16.000.000	13.845.800	15.686.000	13.688.800	-314.000	-157.000	-2,0%	-15,9%
11 - Fisheries	196.200.000	202.983.000	202.100.000	204.625.000	194.279.000	200.718.000	-7.821.000	-3.907.000	-1,0%	-1,1%
14 - Taxation and customs union	1.700.000	2.066.000	1.755.000	2.059.920	1.755.000	2.059.920	0	0	3,2%	-0,3%
15 - Education and Culture	19.000.000	18.700.000	19.500.000	19.500.000	19.384.000	19.442.000	-116.000	-58.000	2,0%	4,0%
19 - External Relations, of which	2.888.580.000	2.989.263.603	3.085.200.000	3.027.732.200	2.996.522.200	2.983.394.200	-88.677.800	-44.338.000	3,7%	-0,2%
Multilateral relations and general external relations matters	97.350.000	86.825.000	101.550.000	88.545.000	99.968.000	87.754.000	-1.582.000	-791.000	2,7%	1,1%
Common Foreign and Security Policy	62.600.000	54.000.000	62.600.000	60.900.000	62.600.000	60.900.000	0	0	0,0%	12,8%
Human Rights and Democratisation	111.630.000	129.900.000	83.500.000	101.225.000	83.500.000	101.225.000	0	0	-25,2%	-22,1%
Relations with non-EU OCDE Countries	16.000.000	17.000.000	17.000.000	17.000.000	16.342.000	16.671.000	-658.000	-329.000	2,1%	-1,9%
Relations with East Europe Caucasus and Centr.Asian Repub	483.580.000	563.650.000	504.900.000	523.000.000	485.361.000	513.730.000	-19.539.000	-9.270.000	0,4%	-8,9%
Relations with middle east and south Mediterranean	1.047.673.000	921.298.353	1.087.565.000	995.734.000	1.055.180.000	980.541.000	-32.385.000	-15.193.000	0,7%	6,4%
Relations with latin	310.625.000	442.050.000	301.200.000	378.500.000	290.259.000	373.030.000	-10.941.000	-5.470.000	-6,6%	-15,6%

America											
Relations with Asia	634.000.000	623.150.000	794.515.800	723.266.000	775.711.000	714.342.000	-18.804.800	-8.924.000	22,4%	14,6%	
Policy strategy and coordination	20.605.000	18.680.000	21.000.000	19.600.000	20.187.000	19.194.000	-813.000	-406.000	-2,0%	2,8%	
Others	104.517.000	132.710.250	111.369.200	119.962.200	107.414.200	116.007.200	-3.955.000	-3.955.000	2,8%	-12,6%	
20 - Trade	10.700.000	11.720.000	10.800.000	10.800.000	10.382.000	10.600.000	-418.000	-200.000	-3,0%	-9,6%	
21 - Development and Relations with ACP countries, of which	1.017.200.000	1.097.756.500	998.700.000	977.220.000	971.650.000	963.702.244	-27.050.000	-13.517.756	-4,5%	-12,2%	
Develop.cooper. policy and sectorial strategies	794.086.000	834.267.500	780.630.000	747.700.000	756.428.000	736.115.244	-24.202.000	-11.584.756	-4,7%	-11,8%	
Relations with ACP, OCT and South Africa	166.000.000	202.400.000	164.500.000	173.450.000	163.262.000	172.831.000	-1.238.000	-619.000	-1,6%	-14,6%	
Policy strategy and coordination	16.200.000	14.550.000	15.300.000	14.450.000	14.708.000	14.154.000	-592.000	-296.000	-9,2%	-2,7%	
22 - Enlargement, of which	481.000.000	535.700.000	473.000.000	500.000.000	454.695.000	490.847.000	-18.305.000	-9.153.000	-5,5%	-8,4%	
Relations with western Balkans	466.500.000	489.000.000	460.500.000	480.000.000	442.679.000	471.331.000					
Others	14.500.000	46.700.000	12.500.000	20.000.000	12.016.000	19.516.000					
23 - Humanitarian Aid	495.500.000	497.862.500	500.000.000	500.400.000	480.650.000	490.726.000	-19.350.000	-9.674.000	-3,0%	-1,4%	
Total 4	5.219.000.000	5.476.162.603	5.392.500.000	5.357.195.920	5.227.344.950	5.274.643.164	-165.155.050	-82.552.756	0,2%	-3,7%	
<i>Margin</i>	<i>-100.000.000</i>		<i>-123.500.000</i>		<i>41.655.050</i>						

On pilot projects and preparatory actions

1. INTRODUCTION

The 1999 Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure confirmed the principle that *"the implementation of appropriations entered in the budget requires a prior adoption of a basic legal instrument"*⁴⁸. Exceptions to this principle were split out and may apply to three types of action: pilot projects, preparatory actions and one-off actions⁴⁹. In the first two cases, which we considerate in this working document, there are strict limits to these exceptions as regards both time and amounts.

Pilot projects are *"aimed at testing the feasibility of an action and its usefulness"* while preparatory actions should *"intend to prepare proposals with a view to the adoption of future Community actions"*.

According to the 1999 Interinstitutional Agreement and the Financial Regulation, commitment appropriations for **Pilot Projects** may be entered for **two financial years** with a maximum annual amount of **EUR 32 million**⁵⁰.

The respective amounts for **Preparatory Actions** are **EUR 75 million per year**, out of which a maximum of EUR 30 million for new actions⁵¹. These actions can be entered for a maximum of three financial years.

Pilot Projects and Preparatory Actions not only represent significant budgetary amounts (up to EUR 107 million per year), but have an important role in presenting Parliament's political priorities and introducing new initiatives. For institutional reasons they also allow flexibility and autonomy for the EP outside legislative programmes. In most of the cases the budgetary decision relating to these activities precedes and gives rise to the legislative decision, reversing the usual order.

The implementation of a Pilot Project or a Preparatory Action has to go through a certain number of steps foreseen by the Financial Regulation. Public Procurement and grant's provisions apply to pilot projects and preparatory actions. The Commission has first to analyse the specific objectives and ways of implementing the proposed action and, on this basis, attribute it to the responsible General Directorate.

⁴⁸ Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure 1999, Official Journal C172/1, point 36. This point of the Interinstitutional Agreement is mirrored in article 49 (1) of the Financial Regulation, Council Regulation N° 1605/2002, Official Journal L 248/1 and developed in Articles 31 and 32 of the implementing Measures, Commission Regulation N° 2342/2002, Official Journal L 357/1.

⁴⁹ See *Interinstitutional Agreement 1999 supra note*, point 37; See *Financial Regulation supra note 1* article 49 (1)

⁵⁰ See *Interinstitutional Agreement 1999 supra note*, point 37 (a) (i); See *Commission Regulation on Implementing Measures supra note 1*, article 32 (1)

⁵¹ See *Interinstitutional Agreement 1999 supra note*, point 37 (a) (ii); See *Commission Regulation on Implementing Measures supra note 1*, article 32 (2)

As to the deadlines to be fulfilled in the case of pilot projects and preparatory actions they are not explicitly mentioned in legislation they probably result from a combine reading on the Financial Regulation and the internal practice. The Commission does a detailed description of the procedure to be followed in its First Interim Report:

"In the case of procurement, the preparation and the launching of the prior information notice can take from a minimum of 32 days to a maximum of 63 days. The tendering phase can take from a minimum of 85 days to a maximum of 195 days. The committing/contracting phase can take between a minimum of 55 days to a maximum of 203 days.

In the case of grants there are no compulsory deadlines to respect, except for the Annual Working Programme, which has to be adopted by 31 January of the year concerned⁵². As soon as the Annual Working Programme is adopted, the preparation of the calls for proposals takes 30 days on average, whilst the answers are usually expected after a period of two months, after the publication of the calls for proposals.

The evaluation of proposals depends on the number of answers received and it can take from a few days to more than 60 days when there is a large volume of responses. Once the grant agreements are signed, which takes a maximum of 30 days, the payment will be made as soon as the Commission receives the necessary information from the contractor".

Regarding the future scenario for these actions, point 31 of the European Commission working document on its proposal for renewal of the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure⁵³ laid down the possibility of starting up policies through pilot projects and preparatory actions. Regarding these actions the aforementioned Commission working document proposes the establishment of a calendar for the procedure to create or maintain a pilot project or a preparatory action as follows:

"Both arms of the budgetary authority inform the Commission by mid June of their intentions in this field, so that a first discussion may already take place at the conciliation meeting of the Council's first reading"⁵⁴.

The European Commission also suggest in its working document to increase the maximum amounts for both actions: 38 million euro for pilot projects, 36 million euro for new preparatory actions in any budget year, and 90 million euro for the total amount of appropriations actually committed for preparatory actions⁵⁵.

⁵² See *Financial Regulation supra note 1*, article 110; See *Commission Implementing Measures supra note 1*, article 166.

⁵³ Commission working document :proposal for renewal of the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure, COM(2004) 498 final.

⁵⁴ See *Commission working document supra note 6*, Anenex II (D) par1

⁵⁵ See *Commission working document supra note 6*, Anenex II (D) par2. It should be pointed out that the Commission has calculated these figures on the basis of current IIA figures which have been adjusted to 2004 prices and to a 10% increase to cater for the effect of enlargement.

2. 2006 BUDGETARY PROCEDURE

The European Parliament should, in line with its APS resolution⁵⁶, use its power of initiative, within the limits of the Interinstitutional Agreement and the Financial Regulation, to reinforce and create pilot projects and preparatory actions in line with the new approach of the Lisbon Strategy. This new approach gives a central role to the promotion of knowledge, life- long learning and the fostering of young people's prosperity, while reinforcing competitiveness, research and development, SMEs, and dissemination of environmental technologies.

Your General Rapporteur for Budget 2006 has expressed on different occasions his will to improve through a pilot project current COMENIUS student language projects. Whereas ERASMUS gives the students the opportunity of moving individually to study abroad, COMENIUS language projects involve a minimum of 10 pupils . Funding for an ERASMUS style project for pupils aged from 16 to 18 should be envisaged to cover this gap.

In its proposal for a new programme for the period after 2007 in the sector of education, the Commission has foreseen a new mobility action within COMENIUS addressed to upper secondary school pupils. This pilot project will, in fact, allow to anticipate the start of this programme.

Pilot projects

The Commission has proposed a total amount for pilot projects of 18, 95 million euro in commitment appropriations and 20,7 in payment appropriations. For a detailed overview of the distribution of these appropriations see table annexed.

The Commission itself proposed two new pilot projects:

04 04 11 -Pilot project for a Year of Mobility for Workers

The European Commission decided to anticipate the European Year for workers mobility to 2006. For time restraints there was apparently no possibility to follow the usual procedure followed for the creation of a "European Year" action, was the case for the European year for disable people (Budget 2003) or the European year of education through sport. Normally the Commission should first submit a Communication presenting the guidelines or objectives/goals to be reach followed by a Council Decision and an opinion of the Parliament.

The Council proposed in its First reading to cut commitments by -2 million euro appropriations and by -0,455 payment appropriations.

This action is proposed at 6 million euro, its main objective is to raise the level of

⁵⁶ European Parliament resolution on the 2006 budget: the Commission's Annual Policy Strategy report (APS (2004/2270 (BUD))).

awareness among the stakeholders (including public authorities, institutions, social partners and private sector) at European and national levels of the potential for and advantages of greater geographical and occupational mobility. These actions would be managed by the Commission and be addressed mainly to the organisation of conferences, seminars, European training initiatives, surveys and studies.

The pilot projects and preparatory actions must not relate to activities which are already covered by legal bases in force as this would introduce some redundancy and impair the budgetary decisions relating to the legal bases concerned. In this case the Commission proposes to create a new pilot project which actions could presumably be covered by current secondary legislation based in articles 39, 43, 17 and 18 of the EC Treaty. Could the Commission explain why none of the current legal bases have been chosen to finance this action?

This activity could be financed through other current budgetary lines. Another solution could be the creation of a new specific line to be fed through different budgetary lines related to free movement of workers, citizens and social security. Could the Commission consider these options and indicate why the financing through a pilot project is the better option? It should be noted that 6 million takes a large portion of the margin available for pilot projects and, if so financed, would of course limit the room for other initiatives. This is a main reason why it is so important to examine the possibility to finance this action under an existing legal base.

15 06 01 09 Pilot project in favour of citizenship

This action completes other current actions regarding: citizens panels, town twinning multi-annual partnerships, think tanks networking, ONG'S networking, structural support for NGO's, organisation of a civil society and citizens meeting.

This pilot project is proposed at 1,5 million euro in commitment appropriations and 1 million euro in payment appropriations. The Council has proposed to cut this action by -0,130 million euro in payment appropriations.

The Commission also proposed the continuation as pilot projects in its second year of the following actions:

02 02 01 02 Consolidation of internal market – pilot project for cooperation and cluster-building among small and medium-sized enterprises (SMEs)

02 02 03 03 Transfer of expertise through mentoring in SMEs

15 03 01 05 Erasmus-style programme for apprentices

18 05 06 Fight against terrorism

The following pilot projects will not be reconducted

04 04 08 ENEA – Pilot project on mobility of elderly people

04 04 10 Mainstreaming of disability actions

05 01 04 06 Pilot project on quality promotion

15 05 02 Pilot project for participation of young people
17 01 04 04 Pilot study: risk financing model for livestock epidemics
19 04 05 Pilot project to establish a conflict prevention network
21 02 17 Cultural cooperation with developing countries
22 02 09 Pilot project on de-mining activities in Cyprus

Preparatory Actions

The Commission proposed a total amount for preparatory actions of 64, 50 in commitment appropriations⁵⁷ and 68,1 in payment appropriations⁵⁸. For a detailed overview of the distribution of these appropriations see annexed table.

The Commission proposes five new preparatory actions out of which three are current pilot projects. The Commission proposes to continue these three as preparatory actions as they were coming to an end, as pilot projects, after having completing their second year.

These pilot projects have been proposed by the Commission to become preparatory actions:

18 05 01 03 Exchange programme for judicial authorities: From 2007 onwards the activities will be covered by the new framework programme 'Fundamental Rights and Justice'. A budget of 3 million euro in compromise appropriations and 2,80 million euro in payment appropriations is anticipated as being required for 2006. This would mean an increase of 0,30 million euro in payment appropriations compared to budget 2005. The Council in its First reading proposes a reduction of -0,125 million euro in payment appropriations

18 05 04 Preparatory action in favor of the victims of terrorist acts: as there is currently no legal instrument foreseeing the funding of the project in 2006 it is proposed to continue the activity as a preparatory action in 2006. From 2007 onwards the activities will be covered by the new framework programme 'Security and safeguarding liberties'. The Commission proposes a budget of 2 million euro in commitment appropriations and 1,2 million euro in payment appropriations, this means an increase in payments of + 80 000 euro in payment appropriations compared to Budget 2005. Despite the good functioning of this action during the period 2004 to 2005 and the terrorist attacks suffered in Europe during the last years the Council proposes in its First Reading to cut payments by -50 000 euros. This seems to send the wrong political message.

19 02 12 Preparatory action to reduce NBC weapons and small arms: The PA will be used to prepare two Communications and develop Strategies and Programming for new policy areas under the new Stability Instrument. In 2006, the

⁵⁷ Out of which 3 million are proposed to be placed in the reserve in the case of the European Migration Monitoring Centre (line 18 03 05)

⁵⁸ Out of which 1 million is proposed to be placed in the reserve in the case of the European Migration Monitoring Centre (line 18 03 05)

Preparatory Action will consolidate the Small Arms and Light Weapons activities launched under the first and second Pilot Projects. The Commission proposed a budget of 3 million euro in commitment appropriations and 2,5 million euro in payment appropriations. The Council proposed to cut the commitments by -116 000 euro and the payments by -58 000 euro.

Two preparatory actions of new creation have been proposed by the Commission:

17 03 04 Public Health: The Commission proposed for this action a budget of 2 million euro in commitment appropriations and 1,20 million euro in commitment appropriations. This Preparatory action intends to set up the bases to create a pre-emergency system or co-ordination mechanism which can quickly mobilise resources when a disaster occurs. The Council proposed in its First Reading cut payments by -156 000 euro.

18 06 05 Criminal record: The Commission required budget for 2006 is 1 million euro which encompasses 500.000 euro for phase 1 on design and pre-analysis on the system and 500 000 euro for phase 2 on a study on the impact of a Corpus Juris on an enlarged EU.

2. 2005 BUDGET

As the attached table shows, Parliament entered in the budget a total of **EUR 29** million in commitment appropriations and EUR 24, 9 million in payment appropriations for the pilot projects and **EUR 64,9million** in commitment appropriations and EUR 64 million in payment appropriations for the preparatory actions.

In Budget 2005 there are **four new Pilot Projects**: Transfer of expertise through mentoring in SMEs, cooperation and cluster-building among small and medium sized enterprises, Erasmus-style programme for apprentices, fight against terrorism.

Two Preparatory Actions have been created in Budget 2005: Financial Instrument for return management in the area of migration and Aid for Poverty-related diseases in developing countries, other than HIV/AIDS, malaria and tuberculosis (previously Pilot Project).

During the budgetary procedure 2005, the Committee on Budgets insisted on improving the implementation of Pilot Projects and Preparatory Actions. The European Parliament, in its resolution approving the budget for 2005, established a direct link between their implementation and the granting of the new posts to the Commission.

Aside from this in paragraph 87 of its resolution on the Commission's legislative and work programme for 2005, adopted on 24 February 2005, the European Parliament called, once again, on the Commission to fully implement the corresponding decisions of Parliament, as adopted in the 2005 budgetary procedure, and to provide an

appropriate follow-up.

3.1. EVOLUTION OF IMPLEMENTATION

The Commission has provided the Parliament with the following information during 2005:

- 17 March, the First Interim Report on the implementation of Pilot Projects and preparatory Actions⁵⁹.
- 2 May, the Working Document accompanying the PDB 2006 on pilot projects and preparatory actions⁶⁰, acting accordingly with point 37 of the Interinstitutional agreement and article 49.2 of the Financial Regulation. . According to the Financial Regulation this report consist on "*P's and PA's assessment of the results and the follow-up for each action*".

In its March First Interim report the Commission has advanced that a new updated report will be sent at the end of September and will be submitted to Parliament at a meeting to be organised for this purpose.

The General Rapporteur for Budget 2005 welcomes the Commission improvement on the implementation of EP pilot projects and preparatory actions proposed. In particular, the Pilot project in favour of the victims of terrorist attacks. In this regard, welcomes the step forward proposed by the Commission to convert this pilot project into a preparatory action.

The General Rapporteur regrets, nevertheless, the lack of information from the Commission about the state of play of some other pilot projects. See annexed tables on Implementation for detailed information.

CONCLUSIONS

The rapporteurs note that the current DB proposed by the Council must be evaluated carefully in light of Parliament's expectations. The cuts reductions in payments, in particular, are worrying.

The information set out in the Commission working documents accompanying the PDB is quite detailed. Your rapporteurs reiterate that this information should be exploited more effectively by the specialised/competent committees in connection with the monitoring of the implementation of the budget, particularly as regards the qualitative aspects of projects.

Given the limited life of the pilot projects and preparatory actions, the link between implementation and allocation should be strengthened in view to maintain political coherence and to optimise the rationalisation of budgetary resources

⁵⁹ DG Budget, Expenditure, Budgetary procedure and synthesis, ABB and relations with the Cobu .

⁶⁰ PDB 2006 Working Document Part III- Other Working Documents, Working Document on the application of the Interinstitutional Agreement regarding legal basis.

The rapporteurs stress that, according to article 274 of the Treaty, the Commission has the responsibility to organise its human and structural resources in view to implement the budget and not the contrary (the budget to be adjusted to the Commission management facilities).

The Commission, on the basis of the implementation plan, should take the initiative to raise possible implementation problems which might jeopardise the spending targets.

Summary table on Pilot projects

ABB Nomenclature	DG responsible	2004	2005	2006	Heading	Budget 2005		Prel. Draft 2006		Council 1stReading	
						C.A.	P.A.	C.A.	P.A.	C.A.	P.A.
HEADING 1											
05 01 04 06	AGRI	PP1	PP2		Pilot project on quality promotion	0.50	0.50	p.m	p.m	pm.	pm.
Sub-total Heading 1						0.50				-	
HEADING 3											
02 02 01 02 ⁶¹	ENTR		PP1	PP2	Consolidation of internal market – pilot project for cooperation and cluster-building among small and medium-sized enterprises (SMEs)	6.00	5.00	p.m	4.50	pm.	4.50
02 02 03 03	ENTR		PP1	PP2	Transfer of expertise through mentoring in SMEs	2.00	2.00	2.00	2.00	2.00	2.00
04 04 08	EMPL	PP2			ENE – Pilot project on mobility of elderly people	p.m	3.00		0.75		0.75
04 04 10	EMPL	PP1	PP2		Mainstreaming of disability actions	3.00	3.00	p.m.	1.50	pm.	1.50
04 04 11	EMPL			PP1	Projet pilote pour une année de la mobilité des travailleurs — vers un marché de travail européen			6.00	3.50	4.00	3.045
15 03 01 05	EAC		PP1	PP2	Erasmus-style programme for apprentices	2.00	2.00	2.00	1.70	2.00	1.70
15 05 02 ⁶²	EAC	PP1	PP2		Pilot project for participation of young people	p.m	1.15		0.50	-	0.50
15 06 01 09	EAC			PP1	Projet pilote en faveur de la citoyenneté			1.50	1.00	1.50	0.870
17 01 04 04	SANCO	PP1	PP2		Pilot study: risk financing model for livestock epidemics	0.50	0.50	p.m	p.m	pm.	pm.
18 05 06	JLS		PP1	PP2	Fight against terrorism	7.00	4.00	7.00	5.00	7.00	4.60
22 02 09	ELARG	PP1	PP2		Pilot project on de-mining activities in Cyprus	p.m.	p.m.		p.m.		pm
Sub-total Heading 3						28.50⁶³		18.50			
HEADING 4											
19 04 05	AIDCO	PP1	PP2		Pilot project to establish a conflict prevention network	p.m.	0.90	p.m	0.225	pm	0.225
21 02 17	AIDCO	PP1			Cultural cooperation with developing countries	-	0.50		0.10		0.10
Sub-total Heading 4											
TOTAL Pilot Projects						29.00		18.50		16.50	
Annual ceiling Pilot Projects						32.00		32.00		32.00	
Margin left						3.00		13.50		15,5	

⁶¹ Line 02 05 02 in 2005

⁶² Line 15 07 03 in 2005

⁶³ Including PP 18 05 01 03, PP 18 05 04 and PP 19 02 12 transformed into AP in 2006

Summary table on Preparatory actions

ABB Nomenclature	DG responsible	2004	2005	2006	Heading	Budget 2005		Preliminary Draft Budget 2006		Council First Reading Budget 2006	
						C.A.	P.A.	C.A.	P.A.	C.A.	P.A.
HEADING 3											
02 02 03 02	ENTR	AP1	AP2	AP3	Support for SMEs in the new financial environment	8.00	8.00	6.00	6.00	6.00	6.00
02 04 02 ⁶⁴	ENTR	AP1	AP2	AP3	Preparatory action for research in the field of security	15.00	8.00	24.00	22.70	15.00	19.74
04 04 02 03 ⁶⁵		AP2			Preparatory action to take account of demographic trends in European and national policies	0.50	0.50	-	pm		pm
05 04 03 01	AGRI	AP1	AP2		Forestry (outside the EAGGF)	0.50	0.50	p.m.	0.50	pm	0.50
05 08 03	AGRI	AP2	AP3		Restructuring of systems for agricultural surveys	0,90	0.90	p.m.	0.40	p.m.	0.40
06 04 03 01	TREN	AP1	AP2	AP3	Security of conventional energy supplies	p.m.	p.m.	1.00	0.90	1.00	0.90
09 05 05 ⁶⁶	INFSO	AP3			Growth and the individual sector: preparatory action to an i2i audiovisual initiative	p.m.	2.20	p.m.	1.00	pm	1.00
15 04 02 03	EAC	AP3			Preparatory measures for cooperation on cultural matters	p.m.	0.60	.	0.05		0.05
17 03 04	SANCO			AP1	Preparatory action – Public Health			2.00	1.20	2.00	1.04
18 03 05	JLS	AP2	AP3		European Migration Monitoring Centre	3.00	3.80	pm	1.80	pm	1.80
								3.00 ⁶⁷	1.00	3.00	1.00
18 03 06	JLS	AP1	AP2	AP3	Integration of nationals of non-members countries	5.00	6.00	5.00	5.75	5.00	5.75
18 03 08	JLS		AP1	AP2	Financial instrument for return management in the area of migration	15.00	8.00	15.00	10.00	15.00	9.20
18 04 03	JLS	AP1	AP2	AP3	Research and evaluation programme on respect for fundamental rights	1.00	1.40	1.00	1.00	1.00	1.00
18 04 04	JLS	AP1	AP2	AP3	Support of Civil society in the new Member States	2.00	2.00	1.50	1.50	1.5	1.5
18 05 01 03	JLS	PP1	PP2	AP1	(Exchange programme for judicial authorities)	(3.00)	(2.50)	3.00	2.80	3.00	2.67
18 05 04	JLS	PP1	PP2	AP1	(Preparatory action in favor of the victims of terrorist acts)	(2.00)	(1.00)	2.00	1.20	2.00	1.15

⁶⁴ Line 08 14 01 in 2004 and 02 06 01 in 2005

⁶⁵ Line 25 04 01 in 2004

⁶⁶ Line 15 05 01 05 in 2005

⁶⁷ EUR 3 million in CA and EUR 1 million in PA are entered in reserve in view of a possible adoption of a legal base

ABB Nomenclature	DG responsible	2004	2005	2006	Heading	Budget 2005		Preliminary Draft Budget 2006		Council First Reading Budget 2006	
						C.A.	P.A.	C.A.	P.A.	C.A.	P.A.
18 06 05	JLS			AP1	Preparatory action – Criminal record			1.00	0.50	1.00	0.43
22 02 07	ELARG	AP2	AP3		Impact of enlargement in EU border regions	4.00	16.98	p.m.	4.00	p.m.	4.00
<i>Sub-total Heading 3</i>											
HEADING 4											
19 02 12	AIDCO	PP1	PP2	AP1	(Preparatory action to reduce NBC weapons and small arms)	(3.00)	(3.00)	3.00	2.50	2.88	2.44
19 02 13	AIDCO	AP1	AP2		Voluntary technical assistance programme	p.m.	0.50	p.m.	0.20	p.m.	0.20
21 02 07 04	AIDCO	PP2	AP1	AP2	Aid for poverty-related diseases in developing countries, other than HIV/AIDS, malaria and tuberculosis	10.00	8.00	p.m.	4.10	p.m.	4.10
<i>Sub-total Heading 4</i>						14.00		3.00			
TOTAL Preparatory Actions						64.90		64.50			
Annual ceiling Preparatory Actions						75.00		75.00			
Margin left						10.10		10.50			

Budget 2005 - PILOT PROJECTS (with commitments)

ABB Nomen- clature	2004	2005	2006		2004 BUDGET		2005 BUDGET		Implementation (PDB W.D- Legal Bases)
					C.A.	P.A.		P.A	
Heading 1									
05 01 04 06	PP1	PP2		Pilot project on quality promotion — Expenditure on administrative management	0,50	0,50	0,50	0,50	Global envelope was fully implemented in 2004. Regarding Budget 2005, the signature of the contract is expected for End of September. This pilot project will be implemented via an administrative arrangement to be signed with JRC-IPTS (Seville).
Sub Total Heading 1					0,50	0,50	0,50	0,50	
Heading 3									
02 02 03 03		PP1	PP2	Transfer of expertise through mentoring in SMEs			2,00	2,00	Objective:(1)to lay down principles for an expanded mentoring scheme involving the transmission of the knowledge and core competences that are essential for the successful transfer of business ownership; (2) based on the results of a feasibility study, to finance or co- finance mentoring services to new entrepreneurs that have taken over a business. Split into two parts. Budget 2005: EURO 1 million foreseen for the feasibility study expected to start in October 2005, a preinformation note has been published 9 March.

02 02 01 02		PP1	PP2	Consolidation of the internal market - pilot project for cooperation and cluster-building among small and medium-sized undertakings (SME's)			6,00	5,00	Objective: to support the creation of a favourable environment for inter-enterprise relations and business co-operation in Europe. Conduct Business Co-operation / Match-Making / Cluster Events in "border regions" between New and Old EU member-states. A call for proposal could be published mid-October. The proposals will be requested for the end of November. The credits would be committed in December. The contracts will be signed and the projects will start during the first semester of 2006
04 04 10	PP1	PP2		Mainstreaming of disability actions	3,00	2,00	3,00	3,00	Objective: To promote the rights, inclusion and full participation of disable people in all aspects in life. A call for proposal was opened in 2004 and the appropriations were topped-up by EUR 0,5 mio. 2005 Forecast for commitments: EURO 2.700.000 € (grants) in November 05 and EURO 300.000 (study) in December 05. Payments forecast: EURO 900.000 in December 2005 (advanced payments). Start of projects: December.

15 03 01 05		PP1	PP2	Erasmus-style programme for apprentices			2,00	2,00	Objective: The project involves the setting up of specific actions as part of the future Leonardo sectoral programme, taking the form of an Erasmus programme for apprentices and young people undergoing initial vocational training. Five studies are planned:(1) Survey of existing arrangements and feasibility study in view of the establishment of a European Statute for Apprentices (EURO 1.000.000) ; (2) Etude sur la mise en œuvre et le développement d'un système ECVET pour les apprentis (EURO 500.000 €); Etude sur les méthodologies applicables au système ECVET pour les apprentis(EURO 50.000 €); Etude sur les modalités d'organisation pédagogique de l'apprentissage (EURO 50.000); Etude sur la faisabilité d'un système ECVET pour les apprentis (phase test) (EURO 400.000).Call for Proposals publication: 10,08,05; Deadline Applications:10-24.10,05;Selection Decision: 07-21,11,05; September 2005; Contract Signature: 28,11,05-15,12,05; Start Project: 15,12,05-02,01,06.
17 01 04 04	PP1	PP2		Risk financing model for livestock epidemics — Expenditure on administrative management	0,50	0,50	0,50	0,50	Objective: The study is intended to look at costs and feasibility for a risk financing instrument (insurance) for livestock epidemics and disease eradication in the EU. A call for tender was organised in 2004 with a sole application, which was rejected by the Commission-non fulfilment of eligibility criteria- . Appropriations for 2005 will be used for a part of an evaluation on animal health in view of a new financial instrument. The Call for tender was launched on 14.12.2004 and closed on 10.02.2005. The signature is planned for the end of May 2005

18 05 01 03	PP1	PP2	AP1	Exchange programme for judicial authorities	3,00	2,00	3,00	2,50	Objective: The training of the judiciary and the development of a true EU culture within the judiciary. Two calls for proposals were organised in 2005. Five grants have been retained for an amount of EUR 1,5 mio. The work programme for 2005 was adopted. Date of Financial Decision: 28,02,2005; Call for Proposals: Elaborated: 1,05,2005; Publication:1,05,2005: End of Application Date: 1,07,2005; Selection Deadline: September; Project Starts: 1,07,2005 to 31,12,2005
18 05 04	PP1	PP2	AP1	Victims of terrorist acts	1,00	1,00	2,00	1,00	Objective: to support projects which are intended to help the victims of terrorist acts and/or their relatives to recover from the situation they have survived; to support the financing of projects which raise the awareness of the European public against the terrorist threat. Budget 2004 had been globally implemented. Budget 2005: commitments: EURO 1.950.000 (pilot project actions), EURO 50 000 (external evaluation of the project). Date Financial Decision: 28,02,2005; Call for Proposals: Elaborated; Publication: 18,05.2005; End of application date: 25,07,2005 (originally 15,07,2005 but extended after London bombings); Selection Deadline: September; Signature of Contracts: October; Project Starts Dates: 1,10,2005 to 31,12,2005.

18 05 06		PP1	PP2	Fight against terrorism			7,00	4,00	Objective: To accelerate activities improving EU citizens security, cooperation in the fight against terrorism covering the existing gaps in community activities. Following a call for proposals in 2004, almost 100% of appropriations could be used. Budget 2005: Publication of apportionment of grants for EPCIP in the second half of 2005; Publication of a call for tender in the second half on 2005 for: Argus/LEN/CIWIN and Organisation of meetings and conferences; Publication of a call for tenders in the 3rd quarter of 2005 for: Study on radicalisation and economics of security, Creation of security networks (on radicalisation and explosives), External Relations workshop. Financing Decision by next week, these actions will be pushed forward, call for tenders as well as call for proposals. In this regard DG JLS has created an internal "task force".
22 02 09	PP1	PP2		Demining activities in Cyprus	2,50	1,50	p.m.	p.m.	Objective: to clear part of the known minefields, booby traps and suspected mined areas in the United Nations Force in Cyprus (UNFICYP) controlled buffer zone and adjacent areas. Total budget of EUR 2,5 mio has been committed in 2004, a grant contract has been awarded directly to United Nations Development Programme. Budget 2005: Financial Decision: expected for Mid-September. Draft regulation for a new financial instrument has not yet been approved by the Council.
Sub Total Heading 3					10,00	7,00	25,50	20,00	

Heading 4									
19 02 12	PP1	PP2	AP1	Reducing NBC weapons and small arms	3,00	2,00	3,00	3,00	Objective: to investigate measures by which EC instruments can support and reinforce CFSP actions against the proliferation of weapons of mass destruction (nuclear, biological and chemical) and actions to combat the proliferation of light weapons and illicit arms trafficking. Budget 2004: Two feasibility studies of EUR 1,5 mio each were financed. Budget 2005: Two projects: (1) EU Western Balkans SALW control support plan (EURO 1,5 million; Contract prepared in August, the project will be implemented by UNDP Belgrade and will start on 1/1/2006); (2) the whole WMD allocation of EURO 1,5million will be used for one export control project, the project is proposed to be implemented by a Member State export control body, the Selection expected for September. The Commission is ready to consolidate this budget line: a legal basis is being considered within other instruments.
19 04 05	PP1	PP2		Establishing a conflict prevention network	1,13	1,13	p.m.	0,90	Objective: External expertise in conflict prevention. Budget 2004: After discussions RELEX and AIDCO agreed on the procedure of call for proposals 1st November 2004; the Financial Decision was taken in December 2004; The deadline for submission of proposals was March 2005, finally the grant EURO1,1 million was awarded to International Crisis Group. The date planned for start actions is September 2005.

21 02 17	PP1			Cultural cooperation with developing vountries				0,5	Objective: Promotion of cultural development based on diversity and mutual understanding by the provision of support to co-operation in the field of inter-cultural dialogue. a grant of 500.000 € has been awarded to the Organisation Rede Brasil for the support of the World Cultural Forum which took place in São Paulo between 26 June and 4 July 2005.The project ended on 31 December 2004.
Sub Total Heading 4					4,13	3,13	3,00	4,40	
Total Headings 1, 2, 3 and 4					14,63	10,63	29,00	24,90	
Pilot Projects					Budget 2004		2005 BUDGET		
					C.E.	C.P.	C.A.	P.A	
Total					14,63	10,63	29,00	24,90	
Annual ceiling					32,00		32,00		
Margin					17,37		3,00		

BUDGET 2005 - PREPARATORY ACTIONS (with commitments)									
ABB Nomenclature	2004	2005	2006	Heading	2004 BUDGET		2005 BUDGET		Implementation (PDB W.D Legal Bases)
					C.A.	P.A.	C.A.	P.A.	
Heading 3									
02 02 03 02	AP1	AP2	AP3	Support for SMEs in the new financial environment	6,00	2,00	8,00	8,00	Objective: The Commission, in cooperation with international financial institutions (IFIs), has established this PA in order to assist financial institutions to develop their credit operations vis-à-vis SMEs. The budget remarks specified explicitly that actions shall be organised through the following IFIs: EBRD, Council of Europe Development Bank(CEB) and KfW, EIB and EIF. As the participating IFIs were explicitly specified, no invitation to tender or call for proposal was foreseen Budget 2004: All the contracts had been signed between February and April 2004, the termination date of the contracts will be December 2009. Budget 2005: Budgetary remarks for 2005 broadened the scope was extended permitting IFIs to choose financial institutions with close business links to SMEs. Date for signature of the contracts: Discussion with IFS ongoing.
02 04 02	AP1	AP2	AP3	Preparatory action for research in the field of security	15,00	10,00	15,00	8,00	Launched in 2004 to contribute to the improvement of European citizen's security and prepare for future security research under the 7th Framework Programme for Research & Development. Budget 2004: all 11 activities were committed for a total amount of 14,757,650 euros (98%) and payments have been used for 94%. Budget 2005: Financial Decision: 04,02,2005; Publication Call for Proposals: 05,02,2005 (OJ N°C30); Deadline: 03,05,2005; 30,05-03,06,05: Evaluation of 156 proposals received; Approval for Implementation Plan: 28,07,2005; Start of grant agreement negotiations-8 projects and 5 supporting activities; Nov-Dec: Grant agreements signatures; January 2006: Start of projects.

05 04 03 01	AP1	AP2		Forestry (outside the EAGGF)	0,50	0,50	0,50	0,50	Objective: development of the information and communication platform, which will be the central element of the future system. The action will be the basis of a legislative proposal (regulation) to be presented in 2007. Date of Financial Decision: 08,02,2005. Call For proposal: Elaborated. Publication Date: 21,05,2005 (OJ 2005/S 97-095822).End of Application Date: 13 07 2005; Selection Deadline: 6,10,2005. Signature Contracts: December 2005.
05 08 03	AP2	AP3		Restructuring of systems for agricultural surveys	0,65	0,65	0,90	0,90	Objective: external studies on the analysis of the impact of the CAP reform. Implementation level in 2004 was around 65% due to delays in a study on Romania and Bulgaria and changes in planned amounts for another study. Budget 2005: 4 actions foreseen: Etude situation de l'agriculture de 5 pays candidats EURO 200 000 . Etude de la mise en œuvre du régime des cultures énergétiques et marché du bio-éthanol EURO 250 000; Etude sur les conséquences environnementales de l'élevage ovin et caprin EURO 80 000;Etude sur la répercussion de la future Constitution de l'Union Européenne sur la Politique Agricole Commune EURO 20 000. The end of the studies is foreseen for beginning 2006.
06 04 03 01	AP1	AP2	AP3	Security of conventional energy supplies	2,00	0,50	p.m.	p.m.	Following calls for tender, appropriations for 2004 were fully committed for three actions, but the payments di not take place during 2004.

18 03 05	AP2	AP3		European Migration Monitoring Centre	2,91	2,86	3,00	3,80	Objective: setting up a systematic basis for monitoring and analysing the multidimensional phenomenon of migration and asylum by covering a variety of its aspects: political, legal, demographic, economic, social, cultural and by identifying its root causes. Global commitment was made in June 2004. EUR 1,5 mio was allocated to national contact points and EUR 1,38 mio was allocated for service contracts through public procurement procedures. Budget 2005 amount to EURO 3.000.000.break down: EURO1.670.000 will be allocated to the designated national contact points; EURO 730.000 for a service provider to assist in the co ordination of the network, EURO 250.000 for a service provider to assist in shared information system; EURO 200.000 for action to improve the quality of data collection; EURO 150.000 for the organisation of a conference for the future EMN. Applications for grant: October 2005; Selection Deadline : January 2006; Signature contracts: February 2006. Evaluation: a Green Paper will be published before the end of the year by the Commission.
18 03 06	AP1	AP2	AP3	Integration of nationals of non-members countries	6,00	5,00	5,00	6,00	Global commitment was made in June 2004. Out of 157 proposals in 2004, 100 fulfilled the eligibility criteria. Budget 2005: Date Financial Decision:28,02,2005; Call for Proposal: Publication Date: March; End of Application Date: May; Selection Deadline: December (<i>but could hampered by the freeze of 15 recruitments</i>); Signature contracts: March to May 2006; Project starts date: End winter & Spring 2006.

18 03 08		AP1	AP2	Financial instrument for return management in the area of migration			15,00	8,00	Objective: to support the efforts made by the Member States to improve the management of return in all its dimensions, taking account of Community legislation and readmission agreements, by co-financing the actions provided for. The development of co-operation between Member States and the co-operation with countries of return. Date of Financing Decision: July 2005; Call for Proposal: Elaborated; Publication date: 24 August; End of Application Date: 1st November; Selection Deadline: March 2006; Signature Contracts: Spring & Summer 2006; Project Start Date: from the day of applications.
18 04 03	AP1	AP1	AP3	Research and evaluation programme on respect for fundamental rights	1,50	1,50	1,00	1,40	Objective: Create an expert network on Fundamental Rights and finance information projects on the Charte on Fundamental Rights. The share out of budget 2004: a contract with expert network was renewed (EUR 659.000); a publication (EUR 7 000,04), an audition (EURO 2 600). Implementation rate: 94,57% of the committed appropriations and 44,21% of the payment appropriations. Budget 2005: Date of Financial Decision:28,02,2005; Call for proposal: Elaborated; EURO 700 000 used to renew the contract with the experts network and EURO 300 000 will be addressed to finance a query (Eurobaromètre) to measure the EU Member States population Knowledge on european citizenship and fundamental rights..
18 04 04	AP1	AP2	AP3	Support of civil society in the new Member States	3,00	2,00	2,00	2,00	Objective: to ensure a smooth beginning to the membership of the new Member States with the reinforcement of an active civil society. Selection procedure on a call for proposals for 2004 was ongoing in May 2005 (deadline for submitting calls 15,02,2005). Budget 2005: Date of financing decision: 28,02,2005; Call for proposal: Elaborated, Publication: September; End application date: Mid November; Selection deadline: Mid March 2006; Signature of Contracts: June 2006.
22 02 07	AP1	AP2	AP3	Impact of enlargement in EU border regions	p.m	17.00	4,00	16,98	The launch of 2005 call for proposals (EUR 4 mio) is being prepared as well as continuation of implementation of the previous projects (payments).

25 04 01		AP 1 *		Preparatory action to encourage account to be taken of demographic change in European and national policies			0,50	0,50	Objective: to draft a Commission report for the EP by the end of 2005 on the policy implications of demographic change for national and Community policies. This commitment intended the financing of 7 studies at a maximum budget of EURO 140 000 each. The delivery of the studies is expected at the end of September 2005 (<i>see beneficiaries in Commission working Document on IIAA legal bases page 172</i>). Call for proposal: Elaborated. Publication: 27,07,2005. Selection Deadline: End September; Signature of contracts: expected 1 November.
Sub Total Heading 3					37,56	25,01	54,90	56,08	
Heading 4									
21 02 07 04	PP2	AP1	AP2	Aid for poverty-related diseases in developing countries, other than HIV/AIDS, malaria and tuberculosis	3,00	2,00	10,00	8,00	The financing agreement for the contribution of EUR 3 mio to the Financial Sustainability Planning of the Vaccine Fund was signed in December 2004. Budget 2005: The appropriations will cover a further contribution of 10 Mio Euros to support the GAVI/Vaccine Fund country support mechanism in three African low-income countries (Burundi Rwanda and Uganda), which have already undergone a financial sustainability planning
Sub Total Heading 4					3,00	2,00	10,00	8,00	
Total Headings 3 and 4					40,56	27,01	64,90	64,08	
Preparatory Actions					2004 BUDGET		2005 BUDGET		
					C.E.	C.P.	C.A.	P.A.	
Total					40,56	27,01	64,90	64,08	
Annual ceiling					75,00		75,00		
Margin					34,44		10,10		

On a meeting with the decentralised agencies on the PDB for 2006

Introduction

1. The annual meeting organised by the committee on Budgets with the representatives of twenty three decentralised agencies will take place on 15 June 2005 in the European Parliament in Brussels. Parliament's General rapporteurs for the Budget 2006 and 2005 as well as the committee's standing rapporteur for the agencies will be present.
2. Five agencies existed in 1995 and twenty three agencies are numbered in the PDB for 2006. The European Parliament had anticipated this development by strengthening the political and budgetary control over the agencies, mainly through the recasting of the Financial Regulation. European Parliament has been particularly concerned by the constant growth of agencies over the last budgetary procedures, not as such, but in a global context. The decision by the Budgetary Authority to allocate an amount of EUR 40 million from the flexibility instrument to Heading 3 in the Budget 2005 highlights the problem for the next financial perspective.
3. This joint debate with the committee on Budgetary Control provides a good opportunity for Members of both committees to consider developments from a budgetary point of view and to get "feed back" on the situation of the Agencies in advance of the work that will be carried out in the forthcoming budgetary and discharge procedures. The meeting is also held in the presence of budget draftsmen and - women of EP's specialised committees, thus offering input that can be complementary to the budget perspective.
4. Participants will find in the meeting dossier four reference documents¹ giving a detailed overview on the global PDB 2006 figures (Annex I), complementary information, provided by the European Commission in the PDB 2006 and the agencies themselves (Annex II), Resolutions on Agencies and requests made to them in the framework of the discharge procedure 2003 (Annex III), as well as specific figures concerning the agencies establishment plans and their individual budgets (Annex IV).
5. Over the past years, this meeting has provided for an exchange of views on horizontal matters concerning the agencies and specific issues agencies want to raise, e.g. to discuss issues related to the follow-up of the 2005 budget, the agencies' work programmes and staffing needs and to have an exchange of views on the preliminary draft budget (PDB) for 2006.
6. According to their founding regulations, the agencies have adopted their provisional budgets and work programmes which were communicated to the Commission before 31 March in view of the adoption of the preliminary draft budget. Therefore, the timing allows for a consideration of the agencies' requests against the decision taken by the Commission in the PDB.

The context of the Budget 2006

7. It should be remembered that the Budget 2005 already provided for five new agencies;

¹ prepared by the Budgetary Support Service

three of them had a "pour mémoire", because the legal bases were not adopted before the end of the year.

8. The total amount (subsidy) entered in the PDB 2006 for the 23 "traditional" (non-executive) decentralised agencies represents EUR 577,251 million, i.e. an increase of EUR 38,683 million over Budget 2005, i.e. + 7,2 %, compared to the average increase in the PDB of + 4,0 %.

Amounts of European Commission's subsidies to Agencies (2000 -2006)						
(in EUR million)						
2000	2001	2002	2003	2004	2005	PDB 2006
96,275	100,725	140,605	183,623	227,477	538,568	577,251

More detailed tables concerning amounts in Budget 2005 and PDB 2006 can be found in annex I to this Working Document, broken down by budget line and agency.

9. As mentioned above, point 2, in 2005 budget procedure, EUR 40 million was obtained in fresh money in heading 3 of the Financial Perspective. Including these EUR 40 million, the agencies accounted for 2,69 % of the total of heading 3. In PDB 2006, the agencies account for 3,15 % of the total. Although it is true that there is a limited margin in the PDB 2006 of EUR 166,64 million, the increase of agencies is again high and needs to be discussed with the agencies themselves and with the Commission. This is particularly important as there are other great financing needs in heading 3, notably actions in the framework of the Lisbon Strategy and other political priorities of EP.
10. The rapporteurs consider a great need to have more transparency as concerns the net results of decentralized tasks for agencies. They do recognize the importance of the agencies' tasks and have supported these policies. Nevertheless, a clearer picture of how the work is actually transferred to the agencies and the resources that are consequently liberated within the European Commission is needed. The committee on Budgets has consistently called for clear policies and safeguard to avoid duplication of tasks (and multiplication of costs). This is of course valid also for staffing and building costs.
11. For the time being, and more precisely in the context of the 2006 budgetary procedure, the specialised committees of the European Parliament are invited to set up priorities within the policy areas of their competencies. This is particularly the case since the existing margin is very limited considering that the Lisbon strategy priority is not receiving a clear boost in the PDB 2006.

Concerning staff

12. Agencies participate in Community policies and carry out tasks of public authority under

the responsibility of the Commission but on a decentralised basis, as defined by articles 53, 54 par.2, lit a) and 185 of the Financial Regulation. To do so, each agency has its own structure located in one of the Member States. The rapporteurs repeat what was said in earlier occasions, that contrary to the case of the Commission itself, agencies' staff (title 1) and buildings (title 2) are financed under heading 3 (or 4) of the Financial Perspective although they are purely administrative expenditure.

13. Comparing the establishment plans for 2004 and 2005, rapporteurs notice an increase of 487 posts, i.e. an increase of 21%¹. This trend seems to continue, as the establishment plan for 2006 (3.197 posts) foresees another increase of 433 new posts compared to 2005 (2.764 posts), i.e. 16% ! In 2013, a total of 3840 posts might be allocated to all agencies.
14. Council has always been in favour of creating new agencies, especially the ones that implement EU legislation, since Member States are represented on their management boards. Such involvement also increases the Member States' influence over the EU budget, as they delegate tasks run within Community programmes (networks, studies etc.) to agencies which are partially or totally funded by the EU Budget, thus increasing the risk of inter-governmental influence on common policies. Finally, Member States regularly “apply” to get the seat of a newly created agency. The rapporteurs stress that national considerations must not lead to the creation of new agencies. Creating new agencies should exclusively respond to operational needs in order to improve the management of the activities of the Union.²
15. The rapporteurs insist that the de-centralized European agencies are European organisations and the nationality of staff should respect a geographical balance. In order to achieve an appropriate mix of geographical, gender, statutory and age amongst the agencies personnel, rapporteurs are calling on the agencies and the Commission to develop a proper career policy and to create a career profile for the agencies on the basis of an analysis that the Commission provides. They expect Council to agree on a rigorous approach in a similar way to that usually done for the Institutions (co-operation of the agencies with EPSO).
16. Staff requirements should be based on the principles set up in the staff regulation and should also take on board the agencies' specificity. The agencies are invited to give the breakdown of their staff by nationality in order to assess the respect of this principle.

Concerning locations and buildings

17. The rapporteurs recall that at the trilogue of 18 March 2003, when an agreement was found between EP and the Council on the agencies' founding regulations, the following statement was agreed:

"the European Parliament, the Council and the Commission would point out that the budget of the bodies referred to in article 185 of the Financial Regulation may include a financial contribution from the host Member State".

¹ figures provided by Budgetary Support Service, Annex I, Table 3

² see also resolution on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013, P6_TA-PROV(2005)0224 -8 June 2005, point 39

Work programme: need for strengthening political control

18. EP standing committees should confirm their agreement on the work programmes of the agencies for the year 2006. In view of formalising the political control over the agencies and to ensure that they reflect EP's political priorities, the rapporteurs wish to renew the suggestion made in earlier years that the specialised committees inform the committee on Budgets annually about their evaluation of the work programmes of the agencies under their competencies. This regular reporting could be part of the justification of their amendments.

Implementation aspects - Budget 2005

19. It seems that because of the principles of new governance, providing for the Commission to focus on its core tasks, activities which require technical expertise will be more and more delegated to external bodies: decentralised agencies, regulatory agencies, executive agencies.
20. In the past, EP has always given its support for the creation of new agencies under strict conditions of political and budgetary control, according to the provisions of the Financial Regulation and through the code of conduct for the creation of executive agencies (Amending Budget N°6/2004). But it has increasingly been concerned by the constant growth of agencies over the last budgetary procedures. The decision by the Budgetary Authority to allocate an amount of EUR 40 million from the flexibility instrument to Heading 3 in the Budget 2005, underlines the problem.
21. EP's efforts to ensure political and budgetary control over the decentralised agencies continued and will continue over the next procedures (see paragraphs 7, 8, 9, 10 of the second reading resolution 2005¹):
 - Council was called upon to recognise fully the consequences of the ever greater share of heading 3 taken up by the decentralised agencies
 - EP called on its Committee on Budgets to maintain its vigilance with respect to other political priorities for the coming years
22. Concerning information aspects of the Financial Regulation, the rapporteurs repeat that not all the agencies or the Commission inform the European Parliament sufficiently, neither about the adoption of their final budget due to take place after the adoption of the EU budget (EP second reading) when modified against the provisional budget nor about the internal transfers (including staff) made between operational and administrative appropriations authorised within the limit of 10 % (Article 22 of the FR)

Discharge for the year 2003²

23. Under the Financial Regulation (as of 2003) Parliament is competent for giving discharge to the Directors of the Agencies which receive funds charged to the EU budget.

¹ P6_TA(2004)0103, 16 December 2004

² points 23. to 27. and Annex III have been prepared under the responsibility of COCOBU secretariat with the assistance of the Budgetary Support Service

In 2005, the Committee on Budgetary Control¹ confirmed Parliament's view that there was a need for a "horizontal approach" to a number of issues concerning the agencies. The committee expanded on work already initiated in the two previous discharge exercises and fine-tuned its recommendations common to all agencies in its resolutions accompanying discharge.

24. Parliament approved the report AYALA SENDER/SCHLYTER giving discharge to 14 Agencies for 2003. In the resolutions accompanying the discharge decisions, both "horizontal matters" i.e. points applying to all the Agencies and issues specifically concerning particular agencies are dealt with.²
25. This approach involved issues related to:
 - the implementation by the agencies of the new financial rules in accordance with the Financial Regulation.
 - the series of observations/recommendations put forward by the European Court of Auditors in its specific reports on the agencies.
 - the necessary follow-up to be given to the Commission's reform and subsequent staff-related matters
 - the new needs emerging with regard to the agencies and their role in the context of enlargement and new challenges facing the EU.
26. Further to these horizontal points, the committee on Budgetary Control addressed specific recommendations to individual agencies³, largely along the lines of the findings of the ECA, focusing on some of the problems encountered by each agency. Recommendations thus made dealt with problems concerning the implementation of the respective budget, the legality and regularity of underlying transactions, or questions of inter-institutional co-operation between the agencies themselves or in their relationship with the Commission.
27. In its recent opinion to the Temporary committee on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013⁴, the Committee on Budgetary Control notes that the Commission, in its first strategic communication on the financial perspectives 2007-2013, announced its intention to further outsource and entrust executive tasks to bodies other than its core departments, especially to agencies; it reiterates Parliament's concerns as regards the multitude of forms and tasks of the existing agencies being "neither transparent nor comprehensible"⁵. In particular, it demanded that the role of "executive agencies" vis-à-vis other agencies must be clarified and overlapping of tasks avoided. An inter-institutional agreement on common guidelines as a harmonised framework for present and future agencies should be negotiated.

¹ (Ayala /Schlyter report on the discharge to the Agencies for the financial year 2003 -A6-0074/2005)

² for details, see annex III to this Working Document.

³ also in Annex III

⁴ INI2004/2209, point 8

⁵ Texts Adopted, 13.1.2004 (P5_TA(2004)0015), para. 14

Agencies beyond 2006

28. In its resolution on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013¹ Parliament has tried to carry out an evaluation of the needs for agencies over the coming period although the Commission itself was unable to provide any reliable financial programming. In absence of more precise forecasts, the evaluation made by the Temporary Committee in its final report was based on the amount dedicated to the existing agencies in the 2005 Budget with a 2 % deflator, resulting in an overall amount of EUR 2,3 billion for seven years. This amount is likely underestimated, considering the figures entered for the agencies in the PDB for 2006 and does not include any margin for new agencies.
29. On its side the committee on Budgets standing rapporteur for the agencies has informally asked the agencies for their estimates. According to the answers received, the annual needs for agencies could raise to EUR 500 million in 2013, on a purely indicative basis. The increase of staff follows the same trend: 2.764 posts in 2005 could raise to 3840 posts in 2013.
30. On 8 June, the European Parliament adopted the report BÖGE², as its negotiating position for the next financial framework with a global level of 1,18 % in CA and 1,07 % in payments of Member States GNI, which represents a reduction of EUR 47,5 billion compared to the Commission's proposal. In case the European Council succeeds to reach an agreement on 16-17 June, the ceiling will be even lower. Whatever will be the final agreement between EP and Council on the future financial framework, the rapporteur underlines that the agencies will necessarily participate to the reduction.
31. More specifically, the resolution deplored the fact that the Commission had not been able to provide details of multi-annual programming for agencies over the next financial framework. The development of agencies should in future be continuously examined by both the budgetary and legislative authorities, not only because of the administrative burden decentralised bodies create for the budget, but also because of the risk of intergovernmental influence on common policies through the presence of Member States' representatives on their management boards and the lack of democratic accountability to the European Parliament.
32. Moreover, it called for an approach similar to that requested for the Commission's administrative expenditure, based on the establishment of a binding ceiling for the agencies, outside the Financial Perspective table, which can be increased only by a decision of the budgetary authority using all means offered by the future Interinstitutional Agreement.
33. A balance will have to be found over the next period between the increase of the needs for agencies and the development of new policies. Therefore, the standing rapporteur fully endorses the proposal made by the Temporary Committee to ring fence the amounts for the agencies in order to avoid that the development of agencies creates systematic limitation of the other programmes under the same policy area.

¹ P6_TA-PROV(2005)0224 -8 June 2005

² P6_TA-PROV(2005)0224 -8 June 2005

34. According to EP's negotiating position¹, the structure proposed will allow full transparency over the development of agencies within their different policy areas and without prejudice of the ABB principle.
35. A new situation might also arise in the future, when for example an evaluation shows that the working fields of agencies convert. A merger of agencies could then become a possible option, leading not to an increase but to a reduction in the number of decentralised agencies

Conclusions

36. In conclusion, the rapporteurs:
- a) confirm the importance of the principles good governance aiming at less direct management, better control of delivery and enhanced cost-effectiveness;
 - b) reiterate Parliament's concern over Council's and Commission's readiness to create new agencies without sufficient justification of operational needs or without adequate analysis of how to avoid duplication of tasks and increased costs; they stress that the creation of new agencies must not be justified by merely national considerations.
 - c) stress Parliament's commitment to fully exercise its responsibility as part of the Budgetary Authority in order to maintain political and budgetary control over the decentralised agencies which are entirely or partially financed by the EU budget and implement EU policies;
 - d) are convinced that EP should continue exercising its control over the agencies' establishment plans and evaluating, in the context of the budgetary procedure, whether the requests for new posts are justified compared to the requests of the institutions;
 - e) are concerned that Member States, by being represented in the management boards of agencies, increase their influence on implementation of EU legislation and accordingly over the EU budget;
 - f) are aware of the challenge to finance all actions under heading 3 of the FP facing a situation of a limited margin and a considerable rate of increase for agencies, without jeopardising other internal policies;
 - g) invite EP's specialised committees to report back on the agencies' work programmes as a justification of their budgetary amendments;
 - h) invites the agencies to give the required follow-up to Parliament's observations accompanying its decisions on discharge

¹ A6-153/2005 , par. 38 : "Calls for an approach similar to that requested for the Commission's administrative expenditure, based on the establishment of a binding ceiling for the agencies, outside the Financial perspective table, which can be increased only by a decision of the budgetary authority using all means offered by the future institutional agreement." and par. 41: "Intends by these means to improve control and transparency over the agencies without adverse effects on the programmes"

i) reiterate the requests made to the Commission:

- to set up a staff policy and career profile for the agencies which ensures agencies' requirements and which respects the provisions of the staff regulation and to provide the Parliament with the information required on the human resources redeployed or freed at headquarters by the creation of new agencies as requested in the APS resolution¹ (paragraph 24);
- to improve its forecasts for agencies in the next financial programming;
- to provide information about the pending transfer requests and issues raised in the context of the discharge procedure.
- to introduce a binding ceiling for the agencies, outside the Financial Perspective table, which can be increased only by a decision of the budgetary authority which would lead to more transparency and consequently to more security of financing and planning, when implementing policy areas which have the priority for the European Parliament;

¹ P6_TA-PROV(2005)0126 - 13 April 2005

On Subsidies in 2006

Introduction

1. The objective of this short working document is to present the new system of grants and subsidies financed from the Community budget and give an overview of the proposals included in the PDB for 2006 concerning subsidies.

Grants - from A-30 lines to ABB nomenclature

2. The entry into force of the new Financial Regulation in 2002 abolished the distinction between Part A: administrative expenditure and Part B: operational expenditure in the EU Budget. All the budget lines have been regrouped into 31 policy areas containing at the same time the administrative and operational expenditure of each policy area.
3. The ABB nomenclature, which was introduced in the PDB for 2004, has also brought a significant change to the former A-30 chapter on subsidies of the traditional nomenclature. The budget lines financed under former chapter A-30 have been split over several policy areas according to the destination criteria:
 - Competition (03)
 - Employment and Social Affairs (04)
 - Education and Culture (15)
 - Justice and home Affairs (18)
 - External Relations (19)
 - Fight against fraud (24)
4. In 2006 (last year of the financial perspective), the subsidies of former chapter A-30 will continue to be financed **mainly** under heading 5 of the Financial Perspective. In order to facilitate the vote on Subsidies and keep the control of the margin of heading 5, the subsidies have in the previous year been voted as a separate bloc.

Legal bases

5. Seven legal bases for subsidies were adopted between 22 December 2003 and 21 April 2004. For some of the legal bases, there were transitional measures foreseen for 2004 and 2005. The programmes under these legal bases can be implemented between 2004 and 2006. The exception from this rule was the legal basis for equality between men and women, which concerned only years 2004 and 2005. The Commission has proposed to prolong this legal basis by one year until the end of 2006. In addition, the Commission is in the process of adopting proposals for the new legal bases for the period after 2006.

6. The legal bases concern:

- **Promoting** bodies active at the European level and support specific activities in the field of **education and training**. Operating grants may be directly awarded to **the College of Europe, the European University Institute, the European Institute of Public Administration, the Academy of European Law, the European Inter-University Centre for Human Rights and Democratisation, the European Agency for Development in Special Needs Education and International Centre for European Training**. Other grants will be awarded following **calls for proposals**. The financial framework for 2004-2006 is of EUR 77 million, out of which EUR 26.283.000 remain available for 2006. The PDB for 2006 makes proposals for the total of the remaining amount and leaves **no margin** to be allocated during the 2006 budget procedure.
- **Promoting** organisations active at the European level in the field of **equality between men and women**. An operating grant may be awarded directly to the **European Women's Lobby**. Other grants are subject to **calls for proposals**. The financial framework for 2004-2005 was of EUR 2,2 million. The Commission has proposed to prolong the legal basis until the end of 2006 and to increase the multiannual framework 2004-2006 to EUR 3,3 million. The PDB has been drafted with this proposal in mind and leaves **no margin available** to be allocated during the 2006 budget procedure.
- **Promoting** bodies active at European level in the field of **culture**. Grants may be awarded to **European Bureau of Lesser-Used Languages** and the **Mercator network centres**. For the first time in 2006, other grants are subject to **calls for proposals**. The financial framework for 2004-2006 is of EUR 19 million, out of which EUR 5,51 million remain available to be allocated during the budget procedure. The Commission PDB proposes to allocate the full reference amount available and leaves **no margin** to be allocated during the 2006 budget procedure
- **Promoting active European citizenship** (civic participation). In 2006, grants may continue to be awarded directly to **certain associations with own budget lines**, e.g. Our Europe Association, Support for Jean Monnet House and the Robert Schuman House. Since 2004, grants for actions in favour of civil society, to associations and federations of European interest and to town-twinning schemes are being selected by means of a **call for proposals**. For the first time in 2006, several other organisations, such as International European Movement, will need to participate in a call for proposals to receive a grant. The financial reference amount for 2004-2006 is of EUR 72 million, out of which EUR 21,95 million remain available to be allocated during the 2006 budget procedure. The Commission proposes to allocate the full remaining reference amount and thus leaves **no margin** to be allocated during the 2006 budget procedure.
- **Promoting** bodies active at European level in the field of **youth**. Operating grants may be directly awarded to the **European Youth Forum**. Other grants will be subject to **calls for**

proposals. The financial framework for 2004-2006 is of EUR 13 million, out of which EUR 4.620.000 remain available for 2006. The remaining amount has been allocated in the 2006 PDB and there is **no margin left available** by the Commission to be allocated.

- **Promoting reciprocal understanding with the EU and certain regions** (covered by ALA, MEDA, TACIS and CARDS Regulations). Non-profit bodies entitled to receive an operating grant are selected on the basis of **calls for proposals**. The financial reference amount for 2004-2006 is of EUR 4,1 million, out of which EUR 1.224.000 remain available for 2006. The remaining amount has been allocated in the 2006 PDB and there is **no margin available** left by the PDB be allocated during the 2006 budget procedure.
- **Promoting activities in the field of the protection of the Community's financial interests** (Hercule programme). The bodies to receive grants for activities and operating grants will be selected following **a call for proposals**. The financial framework for 2004-2006 amounts to EUR 11,775 million, out of which EUR 3.925.000 remains available for 2006. The remaining amount has been allocated in the 2006 PDB and which does not have any **margin available**.

See **ANNEX** for more details.

Budget for 2006

7. The amount available for allocation in 2006 amounts to EUR 64.612.000. In several programmes, a decreasing budget profile has been chosen and the amount available for 2006 is smaller than in two previous years. This applies to youth, culture, and civic participation. For relations with third countries, the proposed amount for 2006 remains at the same level as in 2005, but is slightly lower than in 2004. Slightly increasing budget profile with higher allocation in 2006 than in the two previous years is chosen for education and training. Even budget profile applies to equality between men and women and protection of financial interests.
8. The Commission has introduced administrative expenditure in the PDB for 2006 under financial envelopes for subsidies by entering contribution of EUR 650.000 to the Executive Agency for Education, Audiovisual and Culture subsidy for programmes of heading 5 (budget line 15 01 04 32). This Executive Agency would be used for managing youth, culture and civic participation programmes. In general, the Commission could be invited to provide more information on the expenditure on administrative management of grants, which seems to be increasing in 2006.
9. Calls for proposals will be in wider use for subsidies in the 2006 budget, as the transition period with derogation possibilities has run out for certain programmes, such as general European interest in the field of active European citizenship. The bodies with continued possibility for earmarked subsidies in 2006 budget possess a specific budget line. These include the College of Europe, the European University Institute, the European Institute of Public Administration, the Academy of European Law, the European Inter-University Centre for Human Rights and Democratization, the European Agency for Development in Special Needs Education, the International Centre for European Training, European

Women's Lobby, the European Youth Forum, Platform of European Social NGOs, European Council of Refugees and Exiles, Association of the Councils of State and Supreme Administrative Jurisdictions of the EU, Our Europe Association, Support for Jean Monnet House and the Robert Schuman House.

Conclusion

10. Due to extension of call for proposals and the set reference amounts remaining available for subsidies in the 2006 budget, the decision on subsidies in the budget procedure should be easier than in the previous years. The Commission has left no margin to be allocated in the 2006 budget procedure.
11. The Rapporteur proposes to follow the procedure used in previous budget procedures whereby the vote on amendments on subsidies will be done in a block vote to ensure better coherence. The Rapporteur intends to use the information on the 2005 implementation as basis for his recommendations.
12. In view of the new legal bases proposed for the period after 2006, it would be important to assess the functioning of the current system. Key questions relate to the flexibility and margin available for the budgetary authority to allocate the funds, eligibility for funding (earmarking, calls for proposals) and relation between legal bases and the Financial Regulation (e.g. degressivity).

ANNEX

PDB 2006 - SUBSIDIES

Programme	ABB Nomenclature	Heading	BUDGET 2004	BUDGET 2005	PDB 2006
Education and Training					
Decision No 791/2004/EC of the European Parliament and the Council of 21 April 2004 establishing a Community action programme to promote organisations active at European level and support specific activities in the field of education and training	04 04 07	Educational activities to combat racism, xenophobia and anti-Semitism	100.000 <i>(not implemented)</i>		-
	15 01 04 11 15 02 01 01	Expenditure on administrative management (heading 3)	800.000	1.400.000	1.420.000
	15 02 01 01	European integration in universities (heading 3)	3.800.000	3.600.000	3.120.000
	15 02 01 02	College of Europe	2.896.000	4.348.000	4.435.000
	15 02 01 03	European University Institute, Florence	4.400.000	4.776.000	5.787.000
	15 02 01 04	European Law Academy (Trier)	1.550.000	1.581.000	1.613.000
	15 02 01 05	European Institute of Public Administration (Maastricht)	823.000	839.000	856.000
	15 02 01 06	Study and research centre	1.500.000	1.500.000	1.039.000
	15 02 01 07	International Centre for European Training	2.000.000	2.040.000	2.081.000
	15 02 01 08	European Agency for Development in Special Needs Education	750.000	765.000	780.000
	15 02 01 09	Reinforcement of community actions in the field of education (heading 3)	3.700.000	2.550.000	2.550.000
	19 04 01	European Inter-university Centre for Human Rights and Democratisation	1.732.000	1.767.000	1.802.000
	03 03 01	Accompanying measures to the reform of the mergers, antitrust and market liberalisation and cartels' activity (heading 3)	800.000	800.000	800.000
		Subtotal	24.751.000	25.966.000	26.283.000
			Total 2004 + 2005		50.717.000
		Envelope 2004-2006		77.000.000	
		Remaining amount for 2006		26.283.000	
		Margin left in PDB for 2006		-	
Equality between men and women					
Decision No 848/2004/EC of the European Parliament and the Council of 29 April 2004 establishing a Community action programme to promote organisations active at European level in the field of equality between men and women	04 05 01	European Womens' Lobby	750.000	750.000	750.000
	04 05 03	Women's organisations	350.000	350.000	350.000
		Subtotal	1.100.000	1.100.000	1.100.000
			Total 2004 + 2005		2.200.000
			Envelope 2004-2006 (decision concerning 2006 pending)		3.300.000
		Proposed remaining amount for 2006		1.100.000	
		Margin left in PDB for 2006		-	

Programme	ABB Nomenclature	Heading	BUDGET 2004	BUDGET 2005	PDB 2006
Culture					
Decision No 792/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a Community action programme to promote organisations active at European level in the field culture	15 04 01 01	European Bureau for Lesser-used Languages and Mercator	1.200.000	1.224.000	1.248.000
	15 04 01 02	Preservation of Nazi concentration camps sites as historical memorials	800.000	800.000	800.000
	15 04 01 03	Subsidy for cultural organisations advancing the idea of Europe	5.308.000	4.158.000	3.462.000
	Subtotal		7.308.000	6.182.000	5.510.000
			Total 2004 + 2005		13.490.000
			Envelope 2004-2006		19.000.000
			Remaining amount for 2006		5.510.000
			Margin left in the PDB for 2006		-
Civic participation					
Council Decision of 26 January 2004 establishing a Community action programme to promote active European citizenship (civic participation)	04 04 09	Support for the running costs of the Platform of European Social Non-governmental Organisations (heading 3)	660.000	680.000	680.000
	15 01 04 12	Measures for civil society — Expenditure on administrative management (heading 3)	450.000	790.000	760.000
	15 06 01 01	Measures in favour of civil society (heading 3)	4.150.000	3.810.000	3.840.000
	15 06 01 02	Our Europe Association	600.000	612.000	624.000
	15 06 01 03	Grants to European think tanks and organisations advancing the idea of Europe	2.405.000	2.505.000	2.960.000
	15 06 01 04	Associations and federations of European interest	1.500.000	1.320.000	1.350.000
	15 06 01 05	European think tanks	500.000	400.000	400.000
	15 06 01 06	Support for the Jean Monnet House and the Robert Schuman House	375.000	383.000	390.000
	15 06 01 07	Town-twinning schemes in the European Union	14.000.000	12.500.000	9.646.000
	15 06 01 08	International European Movement	455.000	455.000	-
	18 03 01	European Council on Refugees and Exiles	450.000	450.000	450.000
	18 06 03	Association of the Councils of State and Supreme Administrative Jurisdictions of the Union	300.000	300.000	300.000
	15 01 04 32	Contribution for the executive agency (heading 5)			550.000
	Subtotal		25.845.000	24.205.000	21.950.000
			Total 2004 + 2005		50.050.000
		Envelope 2004-2006		72.000.000	
		Remaining amount for 2006		21.950.000	
		Margin left in the PDB for 2006		-	

On strategy for Heading 5 (Administrative expenditure) in 2006 budget procedure

Overview of the situation in 2006 in heading 5

After the technical adjustment, the ceiling of heading 5 for 2006 amounts to EUR 6 708 million at current prices. In the PDB, there was a margin of around EUR 10.3 million under the ceiling of heading 5, which in the Council's Draft Budget is increased to EUR 130.1 million. This corresponds to a cut of EUR 119.8 million.

EUR	2005 (AB 1 and 2 included)	PDB 2006	DB 2006	DB-PDB	% DB- 2005
Parliament	1 264 024 722	1 341 600 000	1 341 600 000	0	+ 6.14
Council	563 163 403	602 030 000	591 752 953	- 10 277 047	+ 5.08
Commission (excl. pensions)	3 105 195 287	3 295 695 925	3 201 278 377	- 94 417 548	+ 3.1
<i>Pensions</i>	<i>851 432 000</i>	<i>904 818 000</i>	<i>904 818 000</i>	<i>0</i>	<i>+ 6.3</i>
Court of Justice	228 952 872	253 905 400	246 940 602	- 6 964 798	+ 7.86
Court of Auditors	106 948 579	114 596 500	111 641 491	- 2 955 009	+ 4.39
Economic and Social Cttee	102 836 216	109 279 819	106 794 805	- 2 485 014	+ 3.85
Committee of the Regions	59 749 002	64 487 373	62 103 170	- 2 384 203	+ 3.94
Ombudsman	7 224 554	7 732 538	7 509 482	- 223 056	+ 3.94
Data Protection Supervisor	2 840 733	3 610 932	3 447 233	- 163 699	+ 21.35
TOTAL Heading 5	6 292 367 368	6 697 756 487	6 577 886 113	- 119 870 374	+ 4.5%

Council's 2006 Draft Budget

Regarding **administrative expenditure** (Heading 5 of the Financial Perspective), the Council decided in its Draft Budget to:

- apply a reduction of 2% on current expenditure, taking into account efficiency gains and the impact of interinstitutional co-operation;
- increase the standard flat rate abatement on salaries for some institutions, taking into account their current vacancy rate;
- accept all new A* posts requested in relation to enlargement and new activities, some reductions being applied to B* and C* posts;
- accept 75% of the requests of the institutions for new posts for pre-enlargement, taking into account the current state of recruitment on new posts granted in the past years;
- accept conversions and upgradings, in particular related to career development under the new Staff Regulations;

- set the margin available under this Heading at EUR 130.11 million.

Heading 5 strategy options

The Rapporteurs are examining whether the Council's Draft Budget provides sufficient appropriations for the proper functioning of the institutions and any position that severely hinders the recruitment foreseen should be avoided. The Commission has argued that Council's cuts could freeze all recruitment, both non-enlargement and enlargement.

The following main options could be considered:

1. To accept the Council's Draft Budget and the cut of EUR 119.9 million compared to the PDB, leaving an important margin of **EUR 130 million** below the ceiling of Heading 5. This would mean accepting the Draft Budget. *This is not estimated to be an option that could fulfil the real needs of the institutions.*

2. To restore the PDB partially, leaving an adequate margin of around **EUR 20-70 million**. This would mean accepting all justified posts and restoring unreasonable cuts made by the Council. *A part of the expenditure could still though remain unrestored. This option could be combined if necessary with setting a part of the salary appropriations in the reserve.*

3. To restore the PDB fully (with the exception of Council's administrative budget) leaving a limited margin of around **EUR 20 million**¹. This would mean accepting all posts requested and adopting the PDB figures for the Commission and the other institutions with the exception of the Council. *This would mean that the Commission and the other institutions would receive all appropriations it requested in the PDB. This option could also be combined with setting a part of the salary appropriations in the reserve.*

4. To go beyond the PDB by increasing appropriations leaving **no margin**. *This is a theoretical option to maximise the 2006 budget in view of possible no agreement of the financial perspective after 2006. This would mean going above the request made by the institutions in the PDB.*

Summary of the options

<i>In EUR million</i>	OPTION 1 Accept DB	OPTION 2 Restore PDB partially	OPTION 3 Restore PDB fully	OPTION 4 No margin – beyond PDB
<i>Margin in the PDB</i>	10	10	10	10
<i>Council's adm. budget</i>	10	10	10	10
Commission and other sections (incl. EP, excl. Council)	110	0 -50	0	- 20 (increasing expenditure and decreasing margin)
TOTAL MARGIN	130	20 - 70	20	0

¹ In the PDB for 2006, the margin below the Heading 5 ceiling amounts EUR 10.2 million after adjustment to take account of Council's final estimate. In the DB, the Council cut its final estimate by EUR –10.5 million. The margin would thus amount to EUR 20.5 million.

Conclusion

In the July conciliation, the EP delegation supported the need to keep an adequate margin under Heading 5, but criticised the method used by the Council. There seems to be a relatively significant divergence between the two arms of the budgetary authority as to what the adequate margin should be and to how far the budgetary rigour can be applied without jeopardising the functioning of the institutions. The agreement on heading 5 is not likely to be reached by Parliament's first reading, as criteria for the evaluation of the specific needs of the institutions seem to be divergent.

The Rapporteurs have been studying all the options available and would like to hear the comments of the Members of the Committee on Budgets on the strategy to be chosen.

The Rapporteurs consider that an adequate margin should be left under the ceiling of Heading 5, as agreed in the Interinstitutional agreement on budgetary discipline. The institutions should be provided with sufficient means to ensure their proper functioning, while respecting budgetary rigour. At this stage, it is not yet possible to propose more exact figures as the requests by the institutions are being evaluated. More detailed proposals for each institution will follow, and the Rapporteurs will seek to keep these in line with the guidelines already adopted and the overall strategy Parliament will decide to choose.

On the draft budget for the year 2006, adopted by Council on 15 July 2005, and the results of the Conciliation of 15 July 2005
General overview of the Council's Draft Budget (DB) 2006

1. An overall picture of the Council's Draft Budget (DB) is shown below:

Heading	PDB 2006		Council 1st reading DB		difference	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
1. Agriculture						
1a. Market expenditure	43 641 320 000	43 641 320 000	43 491 320 000	43 491 320 000	- 150 000 000	- 150 000 000
1b. Rural development	7 771 000 000	7 711 300 000	7 771 000 000	7 711 300 000	0	0
Total	51 412 320 000	51 412 320 000	51 262 320 000	51 202 620 000	- 150 000 000	- 150 000 000
2. Structural operations	44 555 004 990	35 639 599 237	44 555 004 990	35 489 599 237	0	-150 000 000
3. Internal policies	9 218 359 185	8 836 227 649	9 174 946 589	8 320 209 681	- 43 412 596	- 516 017 968
4. External action	5 392 500 000	5 357 195 920	5 227 344 950	5 274 643 164	- 165 155 050	- 82 552 756
5. Administration	6 697 756 487	6 697 756 487	6 577 886 113	6 577 886 113	- 119 870 374	- 119 870 374
6. Reserves	458 000 000	458 000 000	458 000 000	458 000 000	0	0
7. Pre-accession aid	2 480 600 000	3 152 150 000	2 480 600 000	3 024 900 000	0	- 127 250 000
8. Compensation*	1 073 500 332	1 073 500 332	1 073 500 332	1 073 500 332	0	0
Grand total	121 288 040 994	112 567 049 625	120 809 602 974	111 421 358 527	- 478 438 000	- 1 145 691 098
Payment appprpr, as a % of GNI		1.02		1.01		

Source: Explanatory memorandum to the Council's Draft Budget: 11186/05

2. The PDB had increased commitments by 4.0 % over Budget 2005 and payments by 5.9¹. The DB has limited the increase of commitments to 3.7 % over Budget 2005 and the increase of payments to 4.88 %. In terms of GNI, the PDB has been cut from 1.02% to 1.01%.
3. The Council, to do so, has made across-the-board reductions in some headings in the same way as in previous years. The rapporteur notes that the Council's first reading, again, aims exclusively at reducing the PDB. He firmly rejects the Council's view that this draft budget reflects real needs.
4. On the reduction of payment appropriations, not only the EP but also the Commission were very critical to the Council's indiscriminate attitude. This was especially serious for heading 3 (-516 million) but also as regards the other headings. The EP delegation took note of the Council's approach and emphasised the need for further analysis before the first reading and in view of the November Conciliation. It considered the Council's approach as unacceptable.

¹ Including Amending Budget No. 1/2005 and 2/2005

5. The resulting margins under the present financial perspective, in commitments, are as follows:

margins (€ million)		
	PDB 2006	Council 1st reading DB
Heading 1	1 205.7	1 355.7
Heading 2	61.99	61.99
Heading 3	166.6	210.05
Heading 4	-123.5	41.65
Heading 5	24.9	130.11
Heading 6	0	0
Heading 7	1 085.4	1 085.4
Heading 8	0.5	0.5
Total	2 421.6	2 885.4

Outcome of the Conciliation Procedure and details of the Council's Draft Budget 2006

6. The Conciliation between EP and Council (as foreseen by annex III of the IIA of 6 May 1999) took place on 15 July. It did not lead to any early agreement with the Council on budget 2006. After this meeting, as is practice, the Council, later in the evening, adopted its Draft Budget.

Traditional ad-hoc procedure (Agriculture, CFSP and International Fisheries Agreements)

7. **Agriculture:** The EP and the Council confirmed their agreement on a revision of the financial perspective for 2006 concerning agricultural modulation. The final act would be signed in connection with the EP's formal vote of its report at the September plenary. As concerns agricultural expenditure for 2006, the EP and Council would await the Commission's amending letter in the autumn before continuing the discussions.

In its DB the Council:

- adopted an across-the-board reduction in commitment and payment appropriations requested in the PDB by an amount of EUR 150 million under budget lines of sub-Heading 1a, on lines greater than EUR 50 million, apart from three lines related to the CAP reform.
- accepted the Commission's PDB as regards appropriations for rural development (sub-Heading 1b);
- agreed the revision of the Financial Perspective transferring in 2006 an amount of

EUR 655 million from sub-Heading 1a to sub-Heading 1b for agricultural modulation;

8. **CFSP:** the EP delegation took note of the Council's acceptance of the PDB figures in this area and stressed that this privileged approach was contrary to its policy of reductions in all other areas in heading 4. The EP delegation also flagged a question mark over the suggested increases for EU Special Representatives as well as for some other specific lines. It also stressed the need for improvement in the flow of information and political discussion as regards CFSP actions and, in particular, the level of representation of the Council. The Council stressed its will to continue to work with the Parliament and took note of EP's concerns.

In its DB, the Council accepted the Commission's PDB proposal for CFSP at 62.6 million, which is also the figure for 2005 budget.

9. **Fisheries,** the EP delegation questioned the Council's reduction to International Fisheries Agreements (-7.8 m) and asked for clarifications. The Commission stood by the PDB figures but stated that more up-to-date information on the status of expected new or modified agreements would be included in the autumn amending letter.

Other points Budget 2006

10. Concerning **Structural Funds,** the Council accepted the PDB as regards commitment appropriations. In payments, it made an across-the-board reduction of EUR 150 million compared to the PDB under the budget Headings concerning Structural Funds (EUR 72 million) and Community initiatives (EUR 78 million)
11. The rapporteur rejects the Council's attitude, especially given the positive indications previously given by Commission services that, indeed, implementation so far this year would suggest a capacity to implement at least the levels of the PDB, if not higher. He urges the Commission to make available an analysis based on Member States applications in July, as agreed in the Joint Declaration in the 2005 budget. The rapporteur reiterates the EP's view that the structural actions must not be deliberately under-budgeted to suit the Council's short-term priorities at the expense of sound management and sound budgeting.
12. As concerns the **internal policies, heading 3,** the Council reiterated its belief that the priorities could be met even if reductions were made. The EP delegation pointed out the inconsistency between the Presidency's statements in favour of growth, employment and actions for young people, on the one hand, and its readiness to reduce budget lines which are central to these objectives.
13. It was very disappointing to see the Council DB reduce 43,4 million in commitments and a massive 516 million in payments. The EP delegation stressed that, when even the Commission's PDB failed to give a satisfactory reply to the Parliament's concerns, the Council's DB really made things unsupportable. The EP delegation drew special

attention to the inadequate provisions for the Lisbon strategy and for actions benefiting young people.

14. The Council also operated a linear reduction concerning some agencies (limit growth to +3.6%, compared to 2005, for established agencies and to +12% for newer ones). The EP delegation noted this for the time being and questioned the purely mathematical approach.
15. As concerns the situation for **external actions, heading 4**, the Council stated its rejection of the flexibility instrument and, in consequence, adopted an extremely restricted approach consisting of across-the-board cuts of some 3.87% for most lines. The few exceptions were CFSP, Iraq, tsunami and co-decided programmes. The EP stressed that it could not accept such reductions in established programmes to finance new needs, especially not in the light of commitments made internationally to strengthen the efforts towards the Millennium Development Goals.
16. Some of the Council's reductions on the PDB in specific programmes are presented below:

TACIS	- 19 million
MEDA	- 32 million
Latin America	- 11 million
Asia	- 19 million
Development cooperation	- 27 million

In addition, it should be remembered that, for example, the Human Rights programme was severely reduced already in the PDB.

17. In light of the above, the rapporteur insisted that changes need to be made. The EP delegation also made this clear and pointed out the necessity to:
 - Strike a better balance between the need to finance the tsunami, Iraq, Afghanistan, and also other actions such as potential new support for ACP sugar producers, and the long-standing commitment and responsibility towards traditional policies in both external relations and development. This could clearly not be achieved through the Council's DB or, indeed, through the Commission's PDB.
 - A substantial revision would therefore need to be introduced both as concerns the amounts for geographical programmes and for some thematic lines. In line with its mandate given by the plenary, the delegation thus stressed that there is currently no room under the ceiling to finance heading 4 globally and that the EU is facing a serious shortfall for 2006 external actions. As new actions are added, the shortfall for existing actions would worsen. This is not acceptable.
18. On **administration, heading 5**, the Council made a horizontal cut of 119.9 million compared to the PDB which, in the rapporteur's view, seems to contradict the need to improve the recruitment of staff, especially for new Member States. The Council also went on to reduce the actual number of posts allowed. The Commissioner raised

serious warnings at this position and stated that "all recruitment would be frozen". The Council believed that there were "enough vacant posts" to be filled in order to reach satisfactory recruitment levels but the Commission stated that it would simply not be possible to fill them with this level of expenditure. There were clearly different views as to whether the appropriations to fill vacant posts had actually been made available in past years and both the EP and Council would receive additional, clarifying information from the Commission.

19. The rapporteur notes that the Council's general approach of horizontal reductions is doubtful and believes that a more analytical approach would be necessary. The EP delegation also expressed disappointment at the state of recruitment of staff from the new Member States in 2004 and 2005. There was a sense that the Council had made a correct diagnosis (disappointing recruitment) but was prescribing an inappropriate medicine (reductions).

20. In technical terms, the Council DB:
 - applied an across-the-board reduction of 2 %.
 - out of the total reduction of 119.9 million in this heading, 94.4 million is taken from the Commission's budget
 - reduced 40 B and C posts for the Commission
 - reduced some 45 B and C posts for the other institutions

21. In **heading 7, pre-accession strategy**, the Council has accepted the PDB for commitment appropriations. However. It decreased payment appropriations by 127.5 million across this heading, for example -44 m for Turkey and -26 and -28 million respectively for SAPARD and ISPA. Overall, this leaves total commitments for the heading at 2.48 billion (+ 19 % compared to 2005) with a margin of EUR 1.08 billion. Overall payments stand at 3.02 billion in the DB.

22. For **heading 8, compensations**, the Council accepted the PDB proposal of 1.073 billion and set the margin available under this Heading at EUR 499.668.

Budget 2005

23. On Amending Budget 3 / 2005 (tsunami) the EP and Council reached agreement to mobilise 70 million from the Emergency Aid reserve, to proceed to internal changes (redeployment) within the Asia envelope for 72 million, and to mobilise the flexibility instrument for an amount of 15 million. In total, financing worth EUR 157 million was thus agreed. The remaining 13 million, to reach the foreseen 170 million in 2005, would be examined in the autumn. On Amending Budget 5/2005 (Slovakia) agreement was reached to mobilise 5.6 million from the EU Solidarity Fund in accordance with the Commission's proposal.

On PDB 2006 - First analysis - Part I (General aspects and Headings 1 to 3)

<i>Subtotal Structuring the European Research Area</i>		632,5	54,2		61,6		748,3
<i>Indirect actions operational expenditure EC</i>		3.016,7	1.082,8	210,5	103,6	13,5	4.427,1
<i>Indirect actions administrative expenditure EC</i>		160,0	80,1	13,5	11,0	1,4	266,0
<i>Total Indirect actions EC</i>		3.176,6	1.162,9	224,0	114,6	14,9	4.693,0
Controlled thermonuclear fusion		189,4					189,4
Management of radioactive waste		25,0					25,0
Radiation protection		13,7					13,7
Other activities in the field of nuclear technologies and safety		13,7					13,7
<i>Indirect actions operational expenditure Euratom</i>		241,8					241,8
<i>Indirect actions administrative expenditure Euratom</i>		39,5					39,5
<i>Indirect actions Euratom</i>		281,4					281,4
TOTAL Indirect actions		3.458,0	1.162,9	224,0	114,6	14,9	4.974,4
GRAND TOTAL	310,6	3.458,0	1.162,9	224,0	114,6	14,9	5.285,0

source: "Expenditure by policy area" (annex), Commission Working document with the PDB.

41. It could be noted that there does not seem to be any margin of manoeuvre for DG Research who simply will get the funds remaining to make up the total of the financial envelope for FP6. The rapporteur would therefore like to analyse what extra effort, if any, could be provided to boost the Lisbon Strategy in addition to already fixed programmes. He also notes that in the PDB a reduction is actually proposed for policy area 10, Direct Research, of - 9.9 % (-36 million). The rapporteur considers that this needs to be further analysed.

Education and Culture - Policy Area 15

42. The total amount allocated in the PDB amounts to EUR 793.2 million which constitutes in nominal terms a decrease of - EUR 8.3 million (-1%). On a more positive note, overall payments increase by 5.1% to a total of EUR 764.9 million. The policy is characterised by some significant differences between the various programmes.
43. The rapporteur notes that appropriations for SOCRATES (EUR 345.5 million) are maintained at practically the same level as in 2005, i.e. a reduction in real terms. SOCRATES comprises different actions including for example: Erasmus (higher education) and Comenius (school education) etc. The rapporteur will need to analyse also the component parts in greater detail but already now it can be said that the Erasmus programme is of high European importance and the rapporteur would consider it a priority for further action. The rapporteur considers that extended mobility actions for the secondary school level and measures for young entrepreneurs should be envisaged.
44. The rapporteur also highlights the worrying reduction of the YOUTH programme which comes down to EUR 98.1 million in the PDB (- 8.65 million). This is not only contradictory to the idea of a true Youth Pact and the Parliament's APS resolution but, somewhat surprisingly, seems to go against even the Commission priority in its own APS communication.

45. The rapporteur does not consider that the PDB lives up to the expectations that can rightly be expected from the young people of Europe in this field and the possibility to open a negotiating element with Council aiming to find a suitable solution to increase the co-decided reference amounts in SOCRATES and YOUTH, in accordance with a real "European Youth Pact" and as an anticipation of probable higher levels of these programmes for the period after 2006, should be considered.
46. The rapporteur notes that vocational training in the LEONARDO programme is reduced by EUR - 10 million in the PDB to a total of EUR 194 million.

Press and Communication - Policy Area 16

47. The whole of the policy area is reduced in nominal terms by EUR - 8.4 million (- 14.3%) to an overall level of EUR 65.7 million. This includes the majority of information and communication activities although some EUR 20 million is implemented under other policy areas. The operational lines that have been cut in the PDB are :

Budget line	2005 Budget	2006 PDB	Difference	%
16 03 02 - Actions in the field of communication	8.650.000	7.400.000	- 1.250.000	-14.4 %
16 03 04 - Prince - Debate on the future of the EU	9.000.000	3.500.000	- 5.500.000	- 61.1%
16 04 02 - Tools for information to the citizens	9.650.000	6.400.000	- 3.250.000	- 33.7%
16 04 03 - Communication tools	5.750.000	4.800.000	- 950.000	- 16.5%
16 05 01 - Information tools	19.600.000	15.720.000	- 3.880.000	- 19.8%

The reasons for such a decrease shall be examined by the rapporteur in particular with regard to the PRINCE programme and the Information and Communication tools. The impact of a new EU communication strategy will also need to be evaluated at budgetary level. For overview, the rapporteur presents the below table on the different PRINCE actions (across the different policy areas):

PRINCE Budget lines (operational lines)	2005 Budget	2006 PDB	Difference	%
01 02 04 - PRINCE "the euro" monetary union	4 000 000	5 000 000	1 000 000	+ 25.0%
16 03 04 - PRINCE Debate on future of the EU	9.000.000	3.500.000	- 5.500.000	- 61.1%
18 08 01 - PRINCE Freedom, security, Justice	5 000 000	3 200 000	- 1 800 000	- 36.0%
19 11 03 - PRINCE EU in the World	4 000 000*	4 000 000	0	0

* out of which 1.2 m in reserve

Area of Freedom, Security and Justice - Policy Area 18

48. The appropriations for this title of the budget remain stable overall compared to 2005, at a total level of EUR 548 million. Following the development of this sector, including ongoing and recently finalised legislative proposals, there are however considerable changes for some lines proposed in the PDB. The rapporteur will need to analyse these

appropriations carefully. For the time being, the following substantial variations can for example be observed:

Budget line	2005 Budget	2006 PDB	Difference	%
18 02 0 - Schengen facility	336.000.000	310.000.000	- 26.000.000	- 7.7%
18 08 01 - Prince - Area of freedom, security and justice	5.000.000	3.200.000	- 1.800.000	- 36.0%
18 08 02 - Schengen information system (SIS II)	15.800.000	1.050.000	- 14.750.000	- 93.3%
18 08 03 - Visa information system (VIS)	3.300.000	29.000.000	18.000.000	+ 545%

Agencies

49. The rapporteur draws attention to the fact that, overall, appropriations proposed for the agencies are considerably increased in the PDB (+ EUR 46 million in heading 3). In Annex 3 members will find a summary provided by the Commission for all agencies. The rapporteur will evaluate the situation after the annual meeting with agencies on 16 June. An evaluation of the budgetary impact of Executive Agencies will also need to be undertaken along the course of the budgetary procedure.

Overview of Payment Appropriations

Policy Area	2005 Budget	2006 PDB	Difference	
			€	%
01 — Economic and Financial Affairs	463.433.871	470.467.543	7.033.672	1,52%
02 — Enterprise	399.431.420	424.296.651	24.865.231	6,23%
03 — Competition	88.964.149	98.945.842	9.981.693	11,22%
04 — Employment and Social Affairs	9.060.577.823	10.088.761.275	1.028.183.452	11,35%
05 — Agriculture and Rural Development	52.486.648.874	55.190.396.126	2.703.747.252	5,15%
06 — Energy and Transport	1.347.547.216	1.304.656.625	-42.890.591	-3,18%
07 — Environment	320.391.367	299.383.020	-21.008.347	-6,56%
08 — Indirect Research	2.525.639.190	3.280.528.108	754.888.918	29,89%
09 — Information Society	1.192.429.618	1.415.586.959	223.157.341	18,71%
10 — Direct Research	348.311.795	350.811.361	2.499.566	0,72%
11 — Fisheries	952.619.012	990.447.769	37.828.757	3,97%
12 — Internal Market	72.833.163	77.042.453	4.209.290	5,78%
13 — Regional Policy	20.925.964.234	22.843.704.270	1.917.740.036	9,16%
14 — Taxation and Customs Union	114.383.081	122.569.718	8.186.637	7,16%
15 — Education and Culture	869.640.664	911.383.222	41.742.558	4,80%
16 — Press and Communication	183.292.051	190.692.977	7.400.926	4,04%
17 — Health and Consumer Protection	516.804.314	557.704.168	40.899.854	7,91%
18 — Justice and Home Affairs	581.507.597	587.038.756	5.531.159	0,95%
19 — External Relations	3.282.083.555	3.337.639.038	55.555.483	1,69%
20 — Trade	77.335.761	83.201.572	5.865.811	7,58%
21 — Development and Relation with A.C.P. Countries	1.315.877.145	1.205.040.866	-110.836.279	-8,42%
22 — Enlargement	2.712.324.418	2.300.746.200	-411.578.218	15,17%
23 — Humanitarian Aid	515.485.866	519.830.449	4.344.583	0,84%
24 — Fight against Fraud	58.239.441	64.552.214	6.312.773	10,84%
25 — Commission's Policy Co-ordination & Legal Advice	200.395.640	216.157.987	15.762.347	7,87%
26 — Administration	647.986.582	663.871.097	15.884.515	2,45%
27 — Budget	1.385.704.365	1.157.617.398	-228.086.967	16,46%
28 — Audit	10.617.350	11.580.320	962.970	9,07%
29 — Statistics	126.187.467	130.908.079	4.720.612	3,74%
30 — Pensions	899.771.000	945.245.000	45.474.000	5,05%
31 — Reserves	223.000.000	229.000.000	6.000.000	2,69%
Total Section III	103.905.428.029	110.069.807.063	6.164.379.034	5,93%
Other Sections		2.482.553.473		
Total		112.552.360.536		
% GNI		1,02		

RAL to date (figures as at 14 April 2005)

Policy Area	RAL to date	% of Total
01	393.130.000	0,28%
02	405.970.000	0,29%
03	59.940.000	0,04%
04	28.032.610.000	19,98%
05	13.044.610.000	9,30%
06	2.164.600.000	1,54%
07	454.330.000	0,32%
08	6.606.920.000	4,71%
09	2.050.980.000	1,46%
10	231.520.000	0,16%
11	2.107.150.000	1,50%
12	50.480.000	0,04%
13	63.581.950.000	45,31%
14	93.660.000	0,07%
15	669.370.000	0,48%
16	126.560.000	0,09%
17	257.110.000	0,18%
18	253.040.000	0,18%
19	8.225.850.000	5,86%
20	55.340.000	0,04%
21	2.890.960.000	2,06%
22	5.672.910.000	4,04%
23	637.940.000	0,45%
24	47.150.000	0,03%
25	140.520.000	0,10%
26	454.510.000	0,32%
27	808.110.000	0,58%
28	7.140.000	0,01%
29	104.210.000	0,07%
30	688.490.000	0,49%
TOTAL	140.317.060.000	100,00%

Annex 3

ABB heading	Name of the agencies	Location	Budget 2005 (in million EUR)	PDB 2006 (in million EUR)	Increase (in %)
17 04 05	Community Plant Variety Office	Angers	p.m.	p.m.	-
Total heading 2			p.m.	p.m.	
02 03 02	European Medicines Agency	London	25.400	30.000	18.1
02 03 02 01			9.400	11.300	
02 03 02 02			16.000	18.700	
02 03 02 03	<i>Special contribution for orphan medicinal products</i>		3.700	4.000	
04 03 04	European Foundation for the Improvement of Living and Working Conditions	Dublin	18.600	19.000	2.2
04 03 04 01			11.600	11.900	
04 03 04 02			7.000	7.100	
04 03 05	European Agency for Safety and Health at work	Bilbao	13.200	13.200	-
04 03 05 02			5.900	5.900	
04 03 05 03			7.300	7.300	
06 02 01	European Aviation Safety Agency (EASA)	Köln	18.930	22.000	16.2
06 02 01 01			18.930	12.280	
06 02 01 02			p.m.	9.720	
06 02 02	European Maritime Safety Agency (EMSA)	Lisbon	17.500	20.830	19.0
06 02 02 01			14.000	16.300	
06 02 02 02			3.500	4.530	
06 02 02 03	<i>Anti-pollution measures</i>		17.800	29.000	
06 02 08	European Railway Agency for Safety and Interoperability	Lille-Valenciennes	13.670	14.455	5.7
06 02 08 01			10.770	11.055	
06 02 08 02			2.900	3.400	
06 02 09	Galileo Supervisory Authority		1.657	5.000	201.8
06 02 09 01			1.157	2.500	
06 02 09 02			0.500	2.500	
07 04 01	European Environment Agency	Copenhagen	26.900	27.650	2.8
07 04 01 01			14.000	16.650	
07 04 01 02			12.900	11.000	
09 03 05	European Agency for Networks and Information Security	Heraklion	6.800	6.800	0.0
09 03 05 01			6.250	4.950	
09 03 05 02			0.550	1.850	
11 07 04	Community Fisheries Control Agency (CFCA)	Vigo	1.000	4.900	390.0
11 07 04 01			1.000	3.800	
11 07 04 02			p.m.	1.100	
12 03 01	Office for Harmonization in the Internal Market	Alicante	p.m.	p.m.	
12 03 01 01			p.m.	p.m.	
12 03 01 02			p.m.	p.m.	

ABB heading	Name of the agencies	Location	Budget 2005 (in million EUR)	PDB 2006 (in million EUR)	Increase (in %)
15 03 01	European Centre for the Development of Vocational Training	Thessaloniki	16.100	16.400	1.9
15 03 01 03			10.660	10.962	
15 03 01 04			5.438	5.438	
17 03 03	European Centre For Disease Prevention and Control	Stockholm	4.753	15.300	221.9
17 03 03 01			3.291	7.020	
17 03 03 02			1.462	8.280	
17 04 08	Food Safety Authority	Parma	36.700	46.600	27.0
17 04 08 01			22.800	31.982	
17 04 08 02			13.900	14.618	
18 02 03	European Agency for the Management of Operational Cooperation at the External Borders	Warsaw	6.157	9.754	58.4
18 02 03 01			1.157	2.314	
18 02 03 02			5.000	7.440	
04 04 06	European Monitoring Centre on Racism and Xenophobia	Vienna	8.189	8.800	7.5
04 04 06 01			4.160	4.500	
04 04 0 602			4.029	4.300	
18 05 05	European Police College	Bramshill (UK)	3.000	4.500	50.0
18 05 05 01			0.900	2.200	
18 05 05 02			2.100	2.300	
18 06 04	Eurojust	Den Hague	13.000	13.200	1.5
18 06 04 01			8.800	10.215	
18 06 04 02			4.200	2.984	
18 07 01	European Monitoring Centre for Drugs and Drug Addiction	Lisbon	12.000	12.100	0.8
18 07 01 01			7.838	7.903	
18 07 01 02			4.162	4.197	
TOTAL HEADING 3			243.556	290.489	19.3
Total including Antipollution vessels and Special contribution for orphan medicinal products			265.056	323.489	22.0
150303	European Training Foundation	Turin	16.000	16.500	3.1
15 03 03 01			11.565	12.090	
15 03 03 02			4.435	4.410	
22 05 01	European Agency for Reconstruction	Thessaloniki	276.612	267.312	- 3.3
22 05 02	Budget headings contribution to the European Agency for Reconstruction (Titles 1 and 2)		25.312	26.312	
22 05 03	Budget headings contribution to the European Agency for Reconstruction (Title 3)		251.200	241.000	
TOTAL HEADING 4			292.512	283.812	- 3.0
26 01 04	Translation Centre for the bodies of the European Union	Luxembourg	p.m.	p.m.	
TOTAL HEADING 5			p.m.	p.m.	
15 03 02	Phare contribution to the European Training Foundation		2.500	2.950	18.0
15 03 02 01			1.935	2.385	
15 03 02 02			0.565	0.565	
TOTAL HEADING 7			2.500	2.950	18.0

Source : "Expenditure analysis by policy area" (annex), Commission Working document with the PDB.
On PDB 2006 - First analysis - Part II (Headings 4 to 8)

Heading 4 - External Actions

General Aspects

1. In PDB 2006, Iraq is included with EUR 200 million and support for post Tsunami reconstruction with EUR 180 million, out of which EUR 123.5 million to be financed through the flexibility instrument. In addition, support for the reconstruction in Afghanistan continues at the level of 2005, i.e. about EUR 200 million.
2. The Commission proposes to mobilise the flexibility instrument for an amount of EUR 123, 5 million for the post-tsunami actions (negative margin of 123, 5 million in the PDB).and, in this way, it recognises (partially) that these activities cannot be financed within the ceiling without a negative effect on other programmes.
3. This effort is not enough. In order to fit in the new priorities, the Commission's PDB is marked by a restrictive approach on the existing (traditional) priorities. For Asia, the Commission has also proceeded to some re-allocation of funds within the existing envelope to be able to direct more funding towards the Tsunami reconstruction. Since the total amount for the Tsunami is EUR 180 million and the proposed flexibility is EUR 123, 5 million, the difference, EUR 56, 5 million, has presumably been found through redeployment.
4. Overall, heading 4 commitment appropriations increase by 4.7% compared to the 2005 budget but, if the Preliminary Draft Amending Budget 3/2005 is taken into account (supplementary EUR 170 million proposed for Tsumani in 2005, out of which EUR 98 million in flexibility, EUR 12 million from rapid reaction mechanism and EUR 60 million in internal cuts of other actions), the increase is much smaller at +1, 4 %.
5. The rapporteur intends to present a separate working document also for heading 4 in the course of the procedure.
6. In total, **payment appropriations** decrease by -2.2 % (-119 million) under heading 4. The rapporteur considers hat this must be examined in greater detail since the process of reform and devolution in the external field should normally imply better possibilities to step up implementation.

heading 4: Comparison with 2005 Budget

APPROPRIATIONS FOR COMMITMENTS	Budget 2005 ¹	Financial perspective 2006	Preliminary draft budget 2006	Difference 2005 / 2006	Difference 2005 / 2006
	(1)	(2)	(3)	(3 / 1)	(3 - 1)
	Euros	Euros	Euros	%	Euros
4. EXTERNAL ACTION	5 317 000 000	5 269 000 000	5 392 500 000	1,4%	75 500 000
<i>Margin</i>	<i>-198 000 000</i>		<i>-123 500 000</i>		

¹ Amending budget 1 and preliminary draft amending budgets 2 (salary adjustments) and 3 (tsunami financing) included.

APPROPRIATIONS FOR COMMITMENTS		Budget 2005 ¹	Financial perspective 2006	Preliminary draft budget 2006	Difference 2005 / 2006	Difference 2005 / 2006
01	Economic and financial affairs	82 200 000		74 000 000	-10,0%	-8 200 000
05	Agriculture and rural development	5 920 000		6 000 000	1,4%	80 000
06	Energy and transport	5 000 000		5 045 000	0,9%	45 000
07	Environment	16 000 000		16 000 000	0,0%	0
11	Fisheries	196 200 000		202 100 000	3,0%	5 900 000
14	Taxation and customs union	1 700 000		1 755 000	3,2%	55 000
15	Education and culture	19 000 000		19 500 000	2,6%	500 000
17	Health and consumer protection	p.m.		400 000		400 000
19	External relations, of which:	2 986 580 000		3 085 200 000	3,3%	98 620 000
	Multilateral relations and general external relations' matters	97 350 000		101 550 000	4,3%	4 200 000
	Common foreign and security policy	62 200 000		62 400 000	0,3%	200 000
	European initiative for democracy and human rights (EIDHR)	111 630 000		83 500 000	-25,2%	-28 130 000
	Relations with non-EU OECD countries	16 000 000		17 000 000	6,2%	1 000 000
	Relations with eastern Europe, Caucasus and central Asian republics	483 580 000		504 900 000	4,4%	21 320 000
	Relations with the Middle East and southern Mediterranean	1 047 673 000		1 087 565 000 ¹	3,8%	39 892 000
	Relations with Latin America	310 625 000		301 200 000	-3,0%	-9 425 000
	Relations with Asia	732 000 000		794 515 800 ²	8,5%	62 515 800
	Policy strategy and coordination	20 605 000		21 000 000	1,9%	395 000
20	Trade	10 700 000		10 800 000	0,9%	100 000
21	Development and relations with ACP States	1 017 200 000		998 700 000	-1,8%	-18 500 000
	Development cooperation policy and sectoral strategies	794 086 000		780 630 000	-1,7%	-13 456 000
	Relations with ACP, OCT and South Africa	166 000 000		164 500 000	-0,9%	-1 500 000
	Policy strategy and coordination	16 200 000		15 300 000	-5,6%	-900 000
22	Enlargement, of which:	481 000 000		473 000 000	-1,7%	-8 000 000
	Relations with the western Balkans	466 500 000		460 500 000	-1,3%	-6 000 000
23	Humanitarian aid	495 500 000		500 000 000	0,9%	4 500 000

Source: "Political presentation" (annex), Commission Working document with the PDB.

¹ Including EUR 200 million for Iraq reconstruction

² Including EUR 180 million for post-tsunami reconstruction and EUR 183 million for Afghanistan reconstruction

Fisheries -Policy Area 11

7. The appropriations for International Fisheries Agreements increase by EUR 5.9 million or +3% (incl. adm. expenditure). The Commission states that limited additional room is being created for "a few new or renewed agreements" following a period of stabilisation.

Int. Fish. Agreem.	B 2005	PDB 2006	Difference
11 03 01 (line)	166 851 000	62 112 000	- 104 739 000
11 03 01 (<i>reserve</i>)	22 475 000	132 603 000	+110 128 000
Total	189 326 000	194 715 000	+ 5 389 000

8. There is a big shift in commitments towards the reserve reflecting that agreements are under negotiation or that new ones are being prepared (this is normal budgetary practice for agreements not yet signed). The rapporteur recalls the need to have updated figures on the state of these negotiations in the autumn Letter of Amendment that the Commission presents each year including updates on the state-of-play in the light of ongoing negotiations.

External relations - Policy Area 19

9. Within a generally restrictive approach, the Commission proposes to increase **TACIS** by 4.4 % to a total of some EU 530 million under the "neighbourhood priority". The **Mediterranean and Middle East region** also see an increase of 3.8 % or +39 million (including Iraq) reaching a total of EUR 1.09 billion.
10. For **Asia**, the Commission states that the tsunami effort and continued attention to reconstruction in Afghanistan will not be to the detriment of other activities in the Asian countries. Although it is true that the overall envelope for Asia increases by some 8.5% up to a total of EUR 795 million, it is in fact very difficult to see what happens to the rest of the region.
11. The rapporteur asks the Commission to present a table summarising the development of different activities and programmes over the current financial perspective. It is clear that some redeployment is taking place and it is important, in the coming months, to establish if any type of internal cuts could be acceptable ? The rapporteur asks the Commission to motivate in detail its proposals in this field.
12. For **Latin America** the Commission proposes a total of EUR € 320 million which is below last year's amounts by EUR 9.4 million (-3%). The Commission in fact reverts to its original programming. The Commission motivates the decrease by saying that this level is still higher than what was given some years ago but excluding assistance for Hurricane Mitch (programme finished in 2003).
13. As concerns the thematic actions, the PDB proposes a significant decrease for the **Human Rights** programme which would fall back to a level of EUR 77.5 million (-27

million compared to 2005). The Commission motivates with two factors: the level is consistent with co-decided legal bases (this merits some examination as, previously, only part of the envelope has been co-decided) and the fact that human rights is more and more mainstreamed into geographical actions. It could be considered whether the Parliament could use the 2006 budget as a bridge to the new financial programming period and carefully evaluate these amounts, also in light of previous years.

14. For **Common Foreign and Security Policy (CFSP)** the PDB allocates € EUR 62.6 million which is identical to the agreement between Parliament and Council for the 2005 budget. According to the terms of the IIA, the level budgeted for the CFSP shall include a "reasonable margin" for unforeseen actions¹. However, in the PDB this portion (line 19 03 04 on Emergency measures) has been reduced to EUR 3 million (from EUR 12 million last year) and now represents 4.7% of the total. The lines on Non-proliferation and Conflict resolution have instead increased considerably to take up the liberated amount.

Policy Area 21 - Development and relations with ACP states

15. At first sight the proposed overall reduction of -1.8 % or -EUR 18.5 million might seem difficult if not impossible to explain in a climate of humanitarian, food and disease crises around the globe in so many developing countries. However, a more detailed look reveals that very few lines account for the variance. First of all, two co-decided programmes were over-provisioned in the past years compared to the financial framework of the legislated act. This concerns **Aid for poverty-related diseases and Decentralised cooperation**. These two programmes had to be considerably reduced in the PDB so that the Commission could respect the overall amount for the duration of the legal base. (This was a horizontal approach taken by the Commission for all co-decided programmes) For the decentralised cooperation programmes it would in fact mean that no new commitments would be entered for the last year of 2006.
16. **Food Aid** receives a boost and is increased by + EUR 30 million and **Co-financing with NGOs** sees a minor decrease of EUR 3 million, down to EUR 197 million compared to 200 million in Budget 2005.
17. The Commission underlines in its PDB the fact that the Community has promised (where and how?) to assist **ACP countries** to cope with sugar reform if necessary and that this could bring a further financing need of EUR 40 million under heading 4. This is currently not included in the PDB. Obviously, if this would be suggested during the procedure, the difficult situation with the margin would become even worse.
18. The **pilot project** on support for poverty-related diseases other than HIV/AIDS and malaria (10 million in 2005) is not being retained in the Commission's PDB. The rapporteur will also evaluate any other pilot projects under this heading.

¹ par. 39, Interinstitutional Agreement of 6 May 1999.

Policy Area 23 - Humanitarian Aid

19. This policy area has seen considerable increases in both the 2004 and 2005 procedures (+ 48.3 million or + 11%). The appropriations now suggested for 2006 are slightly higher again and increase to a level of EUR 500 million compared to EUR 490 million this year. The Emergency aid reserve under heading 6 of the financial perspective is endowed with EUR 229 million in addition to this.

Heading 5 - Aspects related to the Commission Human resources and other administrative expenditure

20. As a result of the lower than expected salary adjustment in 2004 and technical adjustment of the ceiling for 2006, the overall margin in heading 5 at this stage of the budgetary procedure is expected to amount to around EUR 15 million. This is a positive development compared to the March 2004 report where the Secretaries-General of the institutions then estimated that there would be negative margin in 2006 of some EUR – 4,5 million.
21. In the PDB for 2006, the Commission administrative expenditure is proposed to be increased by EUR 191 million (6%) 2005 budget to EUR 3.296 billion. This comparison is made taking into account AB 1/2005 and preliminary AB 2/2005 (salaries adjustments) which, however, has not yet been adopted and on which there are, at the moment, some doubts in the Council precisely concerning the Commission expenditure.
22. The increase in appropriations is due to the increase in salary expenditure relating to enlargement posts, rents and social expenditures, especially childcare facilities. Appropriations for subsidies (ex A-30 grants) under heading 5 are reduced compared to 2005, as the reference amounts set a limit for the possible remaining expenditure. The rapporteur will present a specific working document on this section.
23. Following its multi-annual plan on enlargement needs, the Commission is requesting 700 new posts in 2006, on top of the 700 posts allocated in 2005 and 780 in 2004. Out of the 700 new posts, 685 are for the operating establishment plan of the Commission and 15 for the Commission Offices. A strong emphasis in allocating the new posts is given to languages services and internal policies.
24. The Commission also requests 100 external staff in view of the enlargement to Romania and Bulgaria. These resources, mainly contract staff and seconded national experts, would be allocated mainly to translation and Publications Office (acquis in the new languages).

Heading 6 - reserves

25. This heading includes two reserves to be called on during the year, if needed, following proposals by the Commission (both these reserves are fixed in the IIA to 200 million in 1999 prices).

- the Emergency Aid reserve: EUR 229 million
- the guarantee reserve for the loan activities to third countries, also at EUR 229 million.

Heading 7 - Pre-accession strategy

26. A breakdown of the different instruments (managed in different Policy Areas) of the PDB looks as follows:

APPROPRIATIONS FOR COMMITMENTS	Budget 2005	Financial perspective 2006	Preliminary draft budget 2006	Difference 2005 / 2006	Difference 2005 / 2006
	(1)	(2)	(3)	(3 / 1)	(3 - 1)
	Euros	Euros	Euros	%	Euros
7. PREACCESSION STRATEGY	2 081 000 000	3 566 000 000	2 480 600 000	19,2%	399 600 000
<i>Margin</i>	<i>1 391 000 000</i>		<i>1 085 400 000</i>		
— 05 – Agriculture and rural development (Sapard)	250 300 000		300 000 000	19,9%	49 700 000
— 13 – Regional policy (ISPA)	525 700 000		585 000 000	11,3%	59 300 000
— 15 – Education and culture	2 500 000		2 950 000	18,0%	450 000
— 22 – Enlargement, of which	1 302 500 000		1 592 650 000	22,3%	290 150 000
— Preaccession aid – Central and Eastern Europe Countries (CEEC)	896 300 000		974 350 000	8,7%	78 050 000
— Preaccession aid – Turkey	286 200 000		479 500 000	67,5%	193 300 000

Source: "Political presentation" (annex), Commission Working document with the PDB.

27. The following aspects characterise this heading:

- Bulgaria and Romania +10% up to EUR 1.65 billion in line with their road maps
- Turkey increases from EUR 300 million in 2005 to EUR 500 million in PDB
- Croatia increases from EUR 105 million in 2005 to EUR 140 million in PDB
- Global payments go down by EUR 134.8 million (- 4.1 %) as a result of completed PHARE assistance in the new Member States
- Financial support for economic development in Northern Cyprus is increased in the PDB by some EUR 20 million up to a total of EUR 138.8 million for 2006, compared to the EUR 120 million agreed between Parliament and Council in the context of Amending letter 1/2005 at the budgetary Conciliation of 25 November 2004. The amount in the PDB remains in the reserve pending adoption of legal basis. The total amount thus proposed over two years would reflect the General Affairs Council's conclusion in 2005 to allocate EUR 259 million over the period 2004-

2006.

Heading 8 - Compensation

28. The PDB proposes to budget the whole amounts resulting from the accession agreements. This leads to an overall reduction of EUR - 231 million (- 17,7%) resulting in a total of EUR 1.073 billion for this heading.

14.9.2005

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 – 2005/2001(BUD))

Section III – Commission

Draftsperson: Véronique De Keyser

SUGGESTIONS

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

The Draft Budget

1. Regrets the lack of constructive political dialogue with the Council on the resources and priorities for the EU external policy;
2. Is therefore frustrated by the Council's routine across-the-board cut in external relations expenditure which does not correspond to any meaningful analysis of the Union's political priorities for the years to come;
3. Deems it unacceptable that, whilst the Council's draft budget after first reading provides for a 0.39% overall cut in commitments as compared to the PDB, the reduction of expenditure falling under heading 4 (external action) amounts to 3.16% of the allocations proposed by the Commission; this is totally unacceptable given the fact that the external policy of the European Union, including the pre-accession process, has produced unparalleled results, and must be able to continue to provide the necessary incentives and assistance to achieve its priorities;
4. Reminds the Council that a legitimate response to unforeseen disasters, such as that caused by the tsunami, and prolonged crises, such as the situation in Iraq, should not be to the detriment of the Community's assistance to other equally strategically important regions;
5. Takes the view that the ceiling of heading 4 (External policies) is wholly inadequate to

cover such new challenges; requests therefore either a revision of the Financial Perspective or, alternatively, greater recourse to the flexibility instrument than suggested by the Commission in order to cover new operations without undermining existing ones;

6. Reminds the Council that no policy area, including the CFSP budget, enjoys a privileged status;

The CFSP

7. Calls on the Commission to improve the quality of information provided on CFSP expenditure, particularly with regard to actions financed under each item, their implementation rates, transfers of appropriations between budget items and the reasons for such transfers, and auditing of the EU actions;
8. Reminds the Council that Parliament expects to be consulted before the Council adopts joint actions with considerable budgetary impact; voices concern about the rapid growth in the number of EU Special Representatives (EUSR) which has resulted in a steep increase in EUSR-related expenditure since 2004;
9. Recalls that EUSRs (and the joint actions they are called upon to implement) often touch upon areas which also fall under Community competence (e.g. the rule of law and democracy, anti-personnel mines); invites the Council to consider carefully whether the same new tasks could not be accomplished by the Commission delegations before deciding in favour of the creation of a EUSR; is of the opinion that the Council should adopt clear guidelines, based on objective and verifiable criteria, for assessing the need to create EUSR posts;
10. Decides, pending the provision by the Council to its competent committee of an overall assessment of the role and tasks of the EUSRs, to cut the relevant budget item by EUR 1.5 million, an amount corresponding to the additional cost of the two new EUSRs planned for 2006;

The broader Middle East

11. Recalls Parliament's recommendation to the Council of 24 September 2003 on the situation in Iraq¹ and its resolution of 6 July 2005 on "The European Union and Iraq – A Framework for Engagement"² which request that EC funds for reconstruction in Iraq be managed by the UN; criticises the Commission for accepting that a considerable share of the Community contribution be managed by the World Bank; notes that appropriations granted under the 2004 and 2005 budgets have only marginally been absorbed by the Bank and on this basis takes the view that no further funding will be required by the Bank during 2006; reminds the Commission that the World Bank relies on the Iraqi authorities for the implementation of its programmes; points out in this respect the weak administrative structure and repeated instances of corruption in Iraq; requests therefore that no further funding be channelled to the World Bank and that other European intermediaries be considered for the disbursement of these funds; calls on the

¹ OJ C 77 E, 26.3.2004, p. 226.

² *Texts Adopted*, P6_TA(2005)0228.

Commission to carry out during 2006 an independent audit on the use of EC funds by the UN and the World Bank;

12. Calls on the Commission to ensure, within the framework of the MEDA and EIDHR programmes, that sufficient resources are allocated to consolidate democratic institutions in Lebanon and to support Lebanon's efforts towards restoring its territorial integrity, full sovereignty and political independence;

Central Asia

13. Emphasises the Union's continuing political and financial support for the establishment of a peaceful, democratic and economically viable state in Afghanistan; urges the Commission to play a mediating role between the Afghan authorities and the non-governmental organisations with a view to facilitating cooperation between the two sides in managing reconstruction efforts;

Latin America

14. Takes note of the fact that reconstruction aid for damage caused by Hurricane Mitch expires at the end of 2005; is nevertheless of the opinion that the conclusion of association agreements with Chile and Mexico and the stepping up of political contacts between the EU and Latin American countries, as witnessed by the recent Interparliamentary Conference in Lima, plead in favour of a sustained financial commitment towards this region; therefore restores to the level of the 2005 budget the appropriations earmarked for cooperation with Latin American countries.

Human Rights and Democracy Promotion

15. Condemns the unacceptable cut in the resources allocated to the European Initiative for Democracy and Human Rights (chapter 19 04); deplores the attempt, based on unconvincing technical arguments, to wind down the programme with a view to its mainstreaming into the four new instruments for financial assistance in the external policy area;
16. Confirms its determination to maintain a separate legislative instrument in the area of democracy and human rights, with global coverage, managed independently of national authorities, in close association with local NGOs, democracy foundations and civil society at large; recalls Parliament's request, supported by NGOs and other human rights and democracy actors, to be fully involved and to provide political steering for the work of the Commission in this area;

Pre-accession and accession countries

17. Insists on greater budgetary transparency in relation to EC assistance to candidate or pre-candidate countries; recalls that this is crucial in view of the entry into force of the new pre-accession instrument, which will consolidate into one single act a variety of geographical and thematic programmes;

18. Deplores the fact that several budget lines are too general in scope or couple regions and activities that are very different in nature without providing an appropriate breakdown of allocations, thus rendering budgetary planning and parliamentary scrutiny meaningless or impossible;
19. Regrets the Council's continuing delay in adopting the Community's aid package to the Turkish Cypriot community; recalls that the pilot project on de-mining activities in Cyprus (22 02 09) was discontinued after only one year in the expectation that such activities would be pursued under the new aid package; recalls that EUR 1.5 million were recently transferred in order to ensure that de-mining continues throughout 2005, thus allowing the gradual opening of new checkpoints between the two parts of the island; takes the view that these activities should continue until the aid package is finally approved; decides therefore to turn the pilot project into a preparatory action on de-mining activities in Cyprus with an allocation of EUR 1.5 million.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	AFET 0.0.0000
Enhanced cooperation	No
Draftsperson Date appointed	Véronique De Keyser 4.4.2005
Discussed in committee	29.8.2005 13.9.2005
Date suggestions adopted	13.9.2005
Result of final vote	for: 42 against: 0 abstentions: 6
Members present for the final vote	Angelika Beer, Panagiotis Beglitis, Monika Beňová, Elmar Brok, Simon Coveney, Véronique De Keyser, Giorgos Dimitrakopoulos, Camiel Eurlings, Anna Elzbieta Fotyga, Richard Howitt, Anna Ibrisagic, Toomas Hendrik Ilves, Jelko Kacin, Georgios Karatzaferis, Helmut Kuhne, Joost Lagendijk, Vytautas Landsbergis, Cecilia Malmström, Willy Meyer Pleite, Pasqualina Napoletano, Annemie Neyts-Uyttebroeck, Cem Özdemir, Justas Vincas Paleckis, Alojz Peterle, Mirosław Mariusz Piotrowski, Raúl Romeva i Rueda, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, György Schöpflin, Gitte Seeberg, Marek Maciej Siwiec, Hannes Swoboda, István Szent-Iványi, Charles Tannock, Paavo Väyrynen, Inese Vaidere, Geoffrey Van Orden, Jan Marinus Wiersma, Josef Zieleniec
Substitutes present for the final vote	Laima Liucija Andriekienė, Alexandra Dobolyi, Árpád Duka-Zólyomi, Anneli Jäätteenmäki, Alexander Lambsdorff, Yiannakis Matsis, Janusz Onyszkiewicz, Aloyzas Sakalas, Alexander Stubb
Substitutes under Rule 178(2) present for the final vote	

6.10.2005

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Nirj Deva

SUGGESTIONS

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

1. Endorses the European Union's efforts to support the achievement of the Millennium Development Goals (MDGs) by providing significant amounts for "Quick Win" actions in the sector of basic education (ending school fees for primary education) and food security (distribution of free school meals, free or subsidised distribution of chemical fertilisers for smallholder farmers on nutrient-depleted soils in hunger hotspots, support for agro-forestry);
2. Urges the Council and the Commission to work together with Parliament in order to implement the Parliamentary "Quick Win" initiative by mobilising the flexibility instrument for an amount of EUR 150 million, bearing in mind that this initiative will be the first concrete donor action following the analysis of serious backlogs towards the achievement of the MDGs and the appeal of the UN Millennium Project for targeted fast-track measures;
3. Reminds the Commission, the Member States and the other donors to honour their commitments to meet the target of 0.7% of GNP to be set aside for Official Development Assistance (ODA), in order to reach the MDGs;
4. Reiterates its position that new actions in the external field should be financed by additional resources; recalls that the ceilings for the current financial perspective were agreed in 1999, when the substantial additional needs for the support of the reconstruction

of Afghanistan and Iraq could not have been foreseen; deplores the fact that the appropriations provided for these two countries have reduced the possibilities of financing development actions with a view to the achievement of the MDGs; recalls that the appropriations for rehabilitation and reconstruction in the countries most affected by the tsunami, which could not have been foreseen in 1999 either, are also additional to the ceilings of the financial perspective and must be financed by new resources provided by the Member States;

5. Reiterates that the Commission should make every effort to reach the benchmarks set by Parliament within the total annual commitments for development cooperation of 35% for social infrastructure and 20% for basic health and basic education; enters a share of 20% of a number of geographical lines in reserve to urge the Commission to take the necessary steps to reach the 20% benchmark for basic health and basic education;
6. Stresses that children's access to education is not negotiable and that education is crucial for development;
7. Supports an increase in the lending activities of the European Investment Bank (EIB) in developing countries in favour of the SME sector and the introduction of a pilot project to provide appropriations for adding a grant element to EIB loans in order to reduce the burden of interest for beneficiaries in Latin American and Asian developing countries;
8. Stresses the importance of the micro-credit systems in assisting the income-generating activities of local communities in developing countries;
9. Underlines the need for those departments and delegations in the Commission which manage development cooperation to be provided with sufficient human resources and to be able to provide their personnel with the necessary training, particularly in the areas of gender mainstreaming, conflict prevention, environment and human rights;
10. Underscores the challenges for the African Union in the field of peace and security and the need to increase support for its administrative and operational capacities, for the development of the legislative, budgetary and control powers of the Pan-African Parliament and for Parliaments in new democracies;
11. Underlines the need to improve assistance to the international criminal tribunals and to the International Criminal Court;
12. Insists that it be regularly informed about the implementation of humanitarian aid and assistance for reconstruction and rehabilitation in the countries most affected by the tsunami; stresses that the quality of the information provided in this field and in other areas is of utmost importance for Parliament;
13. Notes that hundreds of millions of poor people are extremely vulnerable to hazards such as earthquakes, tropical storms, flooding, tsunamis or severe droughts; underlines the importance of integrating the risks of major disasters in development strategies and suggests that a certain percentage - in the range of 10% - of disaster relief funds should be allocated in support of disaster prevention and preparedness programmes;

14. Believes that internet technology should be used so that individual and institutional donors can see the amounts of money donated and the purposes for which they are being spent; asks the Commission to rapidly set up a system to allow the public to follow the implementation of EU development aid;
15. Is concerned that an unacceptably high proportion of aid is misappropriated, wasted, or spent on expatriate personnel and their offices, accommodation and transport, and considers that the Commission should put forward proposals for dealing with this issue including the use of available local personnel or the training of such personnel;
16. Decides to continue the funding for the prevention of poverty diseases (including the neglected diseases); invites the Council to increase by 10% the envelope provided for the fight against HIV/AIDS, malaria and tuberculosis.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	DEVE
Enhanced cooperation	
Drafts(wo)man Date appointed	Nirj Deva 2.12.2004
Discussed in committee	5.10.2005 5.9.2005
Date suggestions adopted	5.10.2005
Result of final vote	for: 24 against: 1 abstentions 0
Members present for the final vote	Alessandro Battilocchio, Thierry Cornillet, Fernando Fernández Martín, Michael Gahler, Héléne Goudin, Filip Andrzej Kacmarek, Glenys Kinnock, Ģirts Valdis Kristovskis, Maria Martens, Miguel Angel Martínez Martínez, Gay Mitchell, Toomas Savi, Frithjof Schmidt, Pierre Schapira, Jürgen Schröder, Margrietus van den Berg, María Elena Valenciano Martínez-Orozco, Paul Verges, Jan Zahradil, Mauro Zani
Substitutes present for the final vote	Milan Gaľa, Alain Hutchinson, Linda McAvan, Manolis Mavrommatis, Karin Scheele, Anders Wijkman,
Substitutes under Rule 178(2) present for the final vote	

12.9.2005

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005- 2005/2001(BUD))

Section III - Commission

Draftsman: David Martin

SHORT JUSTIFICATION

The rationale behind the proposal of a new budget line: "Aid for Trade"

Trade and trade liberalisation are not ends in themselves. Opening up trade between developed and developing countries can be a powerful driver of economic growth, which is indispensable for reducing poverty. If Africa, for instance, could gain an additional 1% of global trade, such increase would deliver seven times more income every year than the continent currently receives in aid.

In other words, trade liberalisation is a necessary condition but not a sufficient one.

Many developing countries are ill-equipped to take advantage of their new export potential. Trade requires accompanying measures, even more so as it enters the new areas of services, investment and IPR.

Trade-related assistance (TRA) aims precisely at bridging that gap.

The proposed line has been largely defined according to the criteria included in the Doha Development Agenda Trade Capacity Database (TCBDB) and the Guidelines for European Commission Trade Related Assistance. It is intended to support 4 categories of actions:

- 1) Assistance for trade policy, participation in negotiations and implementation of trade agreements;
- 2) Assistance for trade development, that is, actions aiming at relieving supply side

constraints which impact directly on developing countries' ability to exploit their international trading potential;

3) Assistance for Trade Adjustment, that is, actions designed to help developing countries' ability to mitigate the adjustment costs of trade liberalisation, and;

4) Assistance to support trade-related infrastructure

But why a new budget line and why now?

First and foremost, because the current Budget of the European Communities is itself ill-equipped to address properly the growing importance of trade-related aid. The EU can do more and, most importantly, can do better.

In its current form, trade-related assistance is hardly visible, not transparent and difficult to mobilise.

The EU is the main provider of trade-related assistance for developing countries. Before the launch of the Doha Round, the EU allocated around €700 million of assistance over five years (1996-2000). Since 2001, these figures have increased considerably. In Gleneagles, before the opening of the 2005 G8 Summit, José Manuel Durão Barroso, President of the European Commission, pledged 1 billion Euro per year to support the trading capacity of developing countries.

And yet, although substantial quantities are allocated to TRA, there is not budget line/s to rationalise the budgetary shape of such expenditure. According to the results of the most recent data-gathering exercise undertaken by AIDCO in June 2004, 126 trade related projects were committed in 2003. The financing for this kind of projects comes from a very large variety of lines and it is indeed difficult to get a clear picture of the activities and quantities involved. Most of the expenditure is linked to regional programs or country-specific lines. In national strategy papers, however, specific trade-related actions are not always easy to identify.

Furthermore, and despite the fact that the EC is the largest TRA provider, the EC is constrained by heavy procedures whereas TRA requires sometimes quick reaction.

The current budget is also ill-equipped for the financing of global programmes and initiatives on trade-related assistance, integration and adjustment carried out by multilateral organisations. So far, the EC has had difficulty in mobilising funding for, i.e, the Integrated Framework or the Doha Trust Fund, given that the development co-operation budget is broken down into strict geographical allocations. Last year an independent evaluation of EC's TRA concluded that: "The Commission should develop instruments for TRA interventions that can be rapidly mobilised and adapted to changing situations."

In short, the new budget line would be crucial in:

1) Bringing more transparency, and thereby more democratic control, to the budget in a crucial area for the external activities of the EC and INTA Committee;

2) Providing aid for trade with more visibility;

3) Facilitating due flexibility in mobilising funds quickly and through multilateral initiatives as appropriate;

Such new budget line would also send the right message to developing countries about the seriousness of the EC's purpose in promoting a trade liberalization that works for development. This is particularly relevant in the current context of DDA negotiations.

Why now?

The Doha Round faces a critical juncture. TRA is more important than ever. The EC needs to make clear that it is planning to do more than simple promotion of liberalization. Furthermore, we witness increasing international momentum and support for more and better "aid for trade".

The following are just a few of the recent developments in this direction:

1) The UN Millennium Report has argued for significantly stepped-up funding for trade-related aid.

2) The President of the European Commission has pledged 300 more millions which add up to a total 1 billion Euro per year to support the trading capacity of developing countries.

3) EU Commissioner for Trade, Peter Mandelson, has included a "more effective aid for trade" among his four principles of progressive liberalization.

4) The Commission should propose a single thematic programme for trade integration and adjustment, in support of the multilateral trading system within the framework of the ongoing reform of the financial instruments of external assistance.

It is important to underline that this line does not aim at changing current programming and implementation practices. In order to maintain the support of domestic efforts to mainstream trade into national plans for economic development and strategies for poverty reduction, most of the actions covered by this line would be implemented, as appropriate, within the framework of the EU Country Strategy papers (CSPs) and Regional Strategy Papers (RSPs).

A small proportion of the actions covered by this line would be implemented through multilateral initiatives.

SUGGESTIONS

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

1. Considers that the Council has made across-the-board cuts in administrative expenditure related to, among others, staff and management in DG Trade. Such cuts are not justifiable and the Preliminary Draft Budget figures should be reinstated. The actual increase of staff provided for by DG Trade, for instance, amounts to only 12 officials, which is a moderate figure given the challenges DG Trade must tackle over the coming year;
2. Emphasises that the cuts in DG Trade's operational budget (i.e. line 20 02 01) are particularly regrettable since they would entail a net reduction of 3% compared with the 2005 budget;
3. Considers that the current Budget of the European Union does not adequately address the growing importance of trade-related aid, and stresses that, in its current form, trade-related assistance is hardly visible, not transparent and difficult to mobilise;
4. Considers that a new "Aid for Trade" budget line, which corresponds to trade-related assistance, is needed in order to rationalise expenditure aimed at supporting developing countries to participate effectively in the multilateral trading system and to improve their trade performance, notably through:
 - (i) assistance for trade policy, participation in negotiations and implementation of trade agreements,
 - (ii) assistance for trade development,
 - (iii) assistance for Trade Adjustment,
 - (iv) assistance to support trade-related infrastructure;
5. Believes that the new "aid for trade" budget line is necessary in order to: (i) improve transparency and thereby democratic control over a large budget (i.e. EUR 700 million per annum); (ii) provide trade-related assistance with more visibility, and; (iii) facilitate more flexibility in mobilising funds quickly and through multilateral initiatives as appropriate.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	INTA
Enhanced cooperation	No
Draftsman Date appointed	David Martin 14.3.2005
Discussed in committee	12.7.2005 30.8.2005
Date suggestions adopted	12.9.2005
Result of final vote	for: 26 against: 0 abstentions: 1
Members present for the final vote	Kader Arif, Enrique Barón Crespo, Jean-Louis Bourlanges, Daniel Caspary, Françoise Castex, Giulietto Chiesa, Glyn Ford, Béla Glattfelder, Jacky Henin, Erika Mann, Helmuth Markov, David Martin, Javier Moreno Sánchez, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Johan Van Hecke, Zbigniew Zaleski
Substitutes present for the final vote	Margrietus van den Berg, Reimer Böge, Jorgo Chatzimarkakis, Elisa Ferreira, Filip Andrzej Kaczmarek, Zuzana Roithová, Antolín Sánchez Presedo
Substitutes under Rule 178(2) present for the final vote	Marie Anne Isler Béguin, Gérard Onesta

4.10.2005

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 – 2005/2001(BUD))

Section III - Commission

Draftsman: Christopher Heaton-Harris

SHORT JUSTIFICATION

In this report, the aim of your draftsman has been to ensure that the budget respects the rules and follows the policies adopted by Parliament in the field of financial management and the fight against fraud. The points raised below stem from an examination of the implementation of the budget, the discharge conclusions adopted by Parliament, reports on budgetary management by the European Court of Auditors, and Parliament conclusions on the fight against fraud.

Earmarking

1. Grants awarded under budget lines 15040103 (subsidy for cultural organisations advancing the idea of Europe) and 15060103 (grants to organisations advancing the idea of Europe) have in the past been earmarked. However from 2006 onwards earmarking is ruled out by the Financial Regulation, and access to these grants is instead decided on the basis of a call for proposals. Late publication of calls for proposals could restrict the range of eligible organisations able to apply. The Commission should ensure that the call for proposals is on track, open, fair and timely.

European Anti-Fraud Office (OLAF)

2. OLAF has asked for 25 new staff and an increase in its budget of 10% in 2006. The Bösch report of 7 June 2005 on the protection of the financial interests of the Communities and fight against fraud posits the idea of setting up OLAF branch offices to

monitor key smuggling centres¹. While OLAF should receive sufficient resources to deal with its workload and resolve cases more quickly, your draftsman feels that a satisfactory justification for this increase is needed, particularly given the findings of the Court of Auditors that OLAF already has sufficient resources², and assurances concerning the supervision and control of the Office's activities.

¹ P6_TA-2005-0218, paragraph 38.

² European Court of Auditors' Special Report No 1/2005 concerning the management of the European Anti-Fraud Office, paragraph 19.

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:

1. Calls on the Commission to ensure that the call for proposals for grants awarded under budget lines 15040103 (subsidy for cultural organisations advancing the idea of Europe) and 15060103 (grants to organisations advancing the idea of Europe) is on track, open, fair and timely.
2. (a) Grants the request by the European Anti-Fraud Office (OLAF) for additional resources on the basis of a satisfactory justification;
(b) asks for assurances concerning the supervision and control of OLAF's activities.

PROCEDURE

Title	Draft general budget of the European Union for the financial year 2006 - Section III Commission
References	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	CONT 16.03.2005
Enhanced cooperation	No
Drafts(wo)man Date appointed	Christopher Heaton-Harris 16.03.2005
Discussed in committee	12.09.2005
Date amendments adopted	03.10.2005
Result of final vote	for: 11 against: 0 abstentions: 1
Members present for the final vote	Simon Busuttil, Szabolcs Fazakas, Ingeborg Gräßle, Umberto Guidoni, Bart Staes, Margarita Starkevičiūtė, Alexander Stubb, Jeffrey Titford, Kyösti Tapio Virrankoski, Terence Wynn
Substitutes present for the final vote	Edit Herczog, Esko Seppänen

15.9.2005

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftswoman: Catherine Guy-Quint

SHORT JUSTIFICATION

The Commission published preliminary draft budget (PDB) for the 2006 financial year on 29 April 2005. However, as far as the procedure on first reading is concerned, this draft opinion takes as its point of departure the 2006 draft budget (DB) which was adopted by the Council on 15 July 2005 so that the Committee on Economic and Monetary Affairs (ECON) can work with the latest figures as adopted by the Council. Specific remarks relating to the various aspects of the PDB and the DB are set out below but your draftswoman wishes first of all to make a general remark about the lack of political ambition in this budget as far as the Lisbon Strategy is concerned: she believes that the objectives of this Strategy have not been sufficiently taken into account in the budgetary resources that have been allocated, particularly where the role of small and medium-sized enterprises is concerned.

1. Administrative expenditure of economic and financial affairs policy area (budget heading 01 01 01)

Your draftswoman notes with satisfaction in the PDB a 13% increase over 2005 in the appropriations set aside for expenditure on active staff, while regretting the fact that the increase in question falls short of the figures recorded in other policy areas such as the communication on economic and monetary union (EMU). She deplores the fact that the Council has reduced this figure by 4.2%, which means an increase of only 7.5% over 2005. This reduction was carried out across the board in the Commission departments by the Council in its draft budget. However, your draftswoman believes it is essential that the Commission services have available adequate resources to discharge the tasks entrusted to them in this area. She accordingly suggests by way of compromise an increase of at least 10% in the appropriations for 2006.

2. Coordination and surveillance of economic and monetary union (budget heading 01 02 02)

Your draftswoman welcomes the increase (7%) under this budget heading which was proposed by the Commission and accepted by the Council. It is essential that political decision-makers and public opinion have available high-quality analyses in order to be able to monitor effectively developments in the European economy. This is all the more important after the accession of ten new Member States in 2004 with the need for economic analyses for a European Union of 25 and no longer just 15.

3. Prince - communication on economic and monetary union, including the euro (budget heading 01 02 04)

Your draftswoman cannot accept the drastic reduction (20%) made by the Council to this budget heading and wonders about the real reasons for this cut. She therefore suggests an amendment which would seek to reinstate the payment and commitment appropriations for 2006 at the level initially foreseen by the Commission (25% compared with 2005). This increase is necessary because the Prince programme and its information campaigns about EMU and the euro are a vital instrument for the euro zone. New campaigns are necessary in the new Member States, some of which are at an advanced stage of preparation with a view to their entry into the euro zone. Parliament recently supported this policy in the Maaten report on the communication strategy for the euro.

4. Programme for enterprises: improvement of the financial environment for SMEs (budget heading 01 04 05)

Your draftswoman categorically refuses the drastic reduction (29%) in commitment appropriations for 2006 when compared with 2005 in view of the fact that aid for SMEs, including microenterprises, reflects a genuine political will on the part of the European Parliament expressed on several occasions in recent budgetary procedures. Your draftswoman will therefore be proposing an amendment seeking to set the commitment appropriations at the same level as in 2005, while signifying her agreement to the level of payment appropriations proposed by the Commission. It is essential to encourage all efforts to facilitate access by SMEs in difficulties to reasonable financing. These measures should also promote ethical financing instruments based on solidarity in order to encourage human, social and environmental development.

5. Administrative expenditure in the competition policy area (budget heading 03 01 01) and expenditure in the area of mergers and liberalisation (budget heading 03 03 01)

The 14% increase in the PDB over 2005 in the appropriations allocated to expenditure on staff in active employment in the competition policy area was subsequently reduced by the Council. However, your draftswoman feels it is essential that the Commission services have available adequate resources to discharge the tasks entrusted to them in this area. Accordingly, by way of compromise, she proposes an increase in appropriations for 2006 of at least 10%. As regards the budgetary resources for the accompanying measures for the reform of the system of mergers, your draftswoman welcomes the fact that the amounts for 2005 have been maintained.

6. Completion of Fiscalis programme (budget heading 14 05 01) and Fiscalis 2007 (budget heading 14 05 03)

In view of the completion of the Fiscalis programme, your draftswoman agrees that the 2006 budget should not contain any commitment or payment appropriations for this item. At the same time, it is important to allocate the necessary budgetary resources to the new Fiscalis 2007 programme. Your draftswoman welcomes the planned increase in commitment appropriations for this programme which is mainly intended for the training of officials. Nevertheless, according to in-house figures produced by the Commission, it appears that the payment appropriations are not sufficient for 2006. Your draftswoman will therefore be tabling an amendment seeking to increase the payment appropriations by 20% in order to guarantee better availability of the necessary resources attached to this programme.

7. Prince - role of the European Union in the world (budget heading 19 11 03)

Against the background of globalisation in which the role of the European Union as a player on the world stage is becoming ever more pronounced, it is essential to ensure that the governments and citizens of the world are properly informed not only about developments within the European Union but also about its priorities and values. Your draftswoman welcomes the increase in commitment and payment appropriations proposed by the Commission but will be tabling an amendment seeking to reinstate the amount of payments which was reduced by 11% by the Council.

SUGGESTIONS

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

1. Reiterates its support for the allocation of appropriate resources in order to guarantee the availability of high-quality, consistent economic analyses for the European Union, which will help guarantee effective surveillance of developments in the European economy; asks explicitly that the appropriations set aside for staff expenditure in this area be increased;
2. Reiterates its support, in principle, for the Prince programme relating to the communication programmes about economic and monetary union and the euro; underlines the need to have available sufficient resources to cope with a possible 'second wave' of accessions to the euro zone starting in 2007; reiterates its support for those aspects of the Prince programme which seek to promote the role of the European Union in the world; decides that commitment appropriations should be increased to the level of the PDB (that is, to EUR 5 000 000);
3. Points to Parliament's continued support for SMEs as potential sources of employment and growth; rejects categorically the sharp cut in appropriations for this item and asks explicitly for the measures conducted in this area to benefit from additional funding in

order to promote both a viable financial environment for the smallest businesses and ethical financing instruments;

4. Asks explicitly for the appropriations to be set aside for staff expenditure in the area of competition policy be increased in order to guarantee effective surveillance of markets in the European Union;
5. Reiterates its support for the Fiscalis 2007 programme, aimed at improving the operation of taxation systems in the European Union and training national officials in the areas of both direct and indirect taxation; approves, moreover, the increase in payment appropriations set aside for Fiscalis 2007 to the level of the PDB (that is, an increase of EUR 448 000, bringing the amount allocated to the programme to EUR 15 000 000), in order to guarantee better availability of the necessary resources attached to this programme and proper implementation of the budget.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission		
Procedure number	2005/2001(BUD)		
Committee responsible	BUDG		
Committee asked for its opinion Date announced in plenary	ECON 0.0.0000		
Enhanced cooperation	no		
Draftswoman Date appointed	Catherine Guy-Quint 7.3.2005		
Discussed in committee	20.6.2005	12.7.2005	13.9.2005
Date suggestions adopted	13.9.2005		
Result of final vote	for:	46	
	against:	2	
	abstentions:	1	
Members present for the final vote	Zsolt László Becsey, Pervenche Berès, Pier Luigi Bersani, Sharon Margaret Bowles, Ieke van den Burg, David Casa, Jonathan Evans, Elisa Ferreira, Jean-Paul Gauzès, Sophia in 't Veld, Benoît Hamon, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Othmar Karas, Wolf Klinz, Christoph Konrad, Guntars Krasts, Kurt Joachim Lauk, Astrid Lulling, Hans-Peter Martin, Gay Mitchell, Cristobal Montoro Romero, John Purvis, Alexander Radwan, Bernhard Rapkay, Dariusz Rosati, Eoin Ryan, Antolín Sánchez Presedo, Manuel António dos Santos, Peter Skinner, Margarita Starkevičiūtė, Ivo Strejček, Sahra Wagenknecht, Graham Watson, John Whittaker, Lars Wohlin..		
Substitutes present for the final vote	Katerina Batzeli, Harald Ettl, Catherine Guy-Quint, Satu Hassi, Werner Langen, Thomas Mann, Diamanto Manolakou, Corien Wortmann-Kool		
Substitutes under Rule 178(2) present for the final vote	Alfonso Andria, Bernadette Bourzai, Fiona Hall, Pierre Jonckheer, Karin Jöns		

14.9.2005

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III – Commission

Draftswoman: Jamila Madeira

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. Notes that there is a tension in the budgetary procedure for 2006 between high aspirations (a new college of Commissioners, the mid-term review of the Lisbon strategy) and the fact that this will be the last year of the 2000 - 2006 Financial Perspective and the final year of many multi-annual programmes, such as the European Social Fund, the labour incentive measures programme, the anti-discrimination programme, and the social inclusion action programme;
2. Believes that despite these difficulties it is important to reaffirm the Union's commitment to the fundamental aims of the Lisbon strategy for a more social and competitive Europe and regrets the Commission's lack of ambition in this regard;
3. Considers that the overall priority for the budget should be to promote employment;
4. Welcomes the Commission's decision to anticipate the European Year of Workers' Mobility with the two aspects of mobility: geographical and occupational mobility; points out that the improved mobility of workers should make a substantial contribution to employment and the competitiveness of the European economy and expects that major legislative proposals will be presented this year *which take into account the needs of jobseekers and local and regional labour market conditions*; stresses that all applicable funding programmes should recognise and meet the access needs of disabled people to ensure their full participation;

5. Expects that the Commission will work closely with the European Parliament in the design of the European Year of Workers' Mobility;
6. Expects that the amounts set aside for the European Year of Workers' Mobility will be spent on decentralised campaigns close to the citizens and that the visibility and the services of existing tools, such as EURES and EUROPASS, will be extended, and their coverage increased to include migrants from third countries, since, given the ageing population, more sustained immigration flows will increasingly be required to meet the needs of the EU labour market;
7. Considers that EURES should become an important European labour market communication platform - a one-stop shop for workers' geographic and occupational mobility; aiming at removing existing obstacles (especially in work-related social security questions), furthering the EURES advisor network in terms of both quality and quantity, as this measure reaches out to the citizens of Europe; extending the job vacancies services not only to public employment agencies but also to private ones, through certification of non-formal qualifications and through operational links with the relevant activities in the Commission's DGs for Education and Culture, and for Justice, Freedom and Security;
8. Points out that the development of a single European labour market remains a clear objective and thus deplores the fact that the commitment credits requested in the preliminary draft budget for EURES are conservative and represent a decrease in relation to the amounts requested and obtained by the Parliament last year; considers that, taking into account the additional activities connected with the European Year of Workers' Mobility, funding cannot remain static and therefore suggests a significant increase in the budget allocation for EURES;
9. Stresses that LEONARDO and EUROPASS are important instruments for achieving the Lisbon goals and proposes that their allocations in the preliminary draft budget be significantly increased;
10. Acknowledges that the preliminary draft budget proposes an increase for the social dialogue budget lines in line with the position taken by Parliament last year and is looking forward to the evaluation report on these financial instruments that will be published in 2005;
11. Deplores the fact that the European Agency for Safety and Health at Work is the only agency within the remit of the Committee on Employment and Social Affairs with no budget increase at all; no inflationary adjustment is proposed nor is there any extra financial allocation for the planned Risk Observatory, despite the fact that the plans to establish the Risk Observatory were adopted by the Agency's Administrative Board as part of its work programme and supported by the Commission.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006: - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	EMPL
Enhanced cooperation	
Drafts(wo)man Date appointed	Jamila Madeira 31.3.2005
Discussed in committee	12.7.2005 14.9.2005
Date suggestions adopted	14.9.2005
Result of final vote	for.: 33 against: 3 abstentions: 1
Members present for the final vote	Jan Andersson, Iles Braghetto, Philip Bushill-Matthews, Milan Cabrnock, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Luigi Cocilovo, Proinsias De Rossa, Harlem Désir, Richard Falbr, Carlo Fatuzzo, Ilda Figueiredo, Stephen Hughes, Ona Juknevičienė, Jan Jerzy Kułakowski, Sepp Kusstatscher, Jean Lambert, Raymond Langendries, Bernard Lehideux, Elizabeth Lynne, Ana Mato Adrover, Ria Oomen-Ruijten, Marie Panayotopoulos-Cassiotou, José Albino Silva Peneda, Anne Van Lancker
Substitutes present for the final vote	Mihael Brejc, Gintaras Didžiokas, Jamila Madeira, Leopold Józef Rutowicz, Elisabeth Schroedter, Marc Tarabella, Patrizia Toia, Georgios Toussas, Anja Weisgerber, Tadeusz Zwiefka
Substitutes under Rule 178(2) present for the final vote	Jan Tadeusz Masiel

15.9.2005

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftswoman: Jutta D. Haug

SHORT JUSTIFICATION

General background

The Commission adopted the Preliminary Draft Budget (PDB) for 2006 on 27 April 2005 - the last budget under the current Financial Perspectives. The proposed appropriations total € 121.27bn in commitments (+4% to 2005) and € 112.6 billion in payments (+6% to 2005). Payments represent 1.02% of Community GNI and thus leave a considerable margin (6.7bn) under the ceiling of the Financial Perspective.

The PDB allocates resources to the implementation of the Lisbon agenda (such as research, education, TENs), enhancing security (such as fight against terrorism, combating drug trafficking, maintaining food safety), strengthening solidarity (such as encouraging economic and social cohesion, environmental protection) and integrating the ten most recent Member States into key policy areas, namely the common agricultural policy and the structural and cohesion funds. More resources will be made available also for the external dimension of the key priorities.

Situation in the individual categories of expenditure

Figures for individual categories are the following (commitments):

			EUR million
	2005 Budget	2006 PDB (Commission) (1)	2006 DB (Council)(2)

<i>Agriculture</i>	49.676	51.412 (+3.5%)	57.262
Structural actions	42.423	44.555 (+5.0%)	44.555
Internal policies	9.052	9.218 (+1.8%)	9.175
External actions	5.317	5.393 (+1.4%)	5.227
Administrative expenditure	6.293	6.683 (+6.2%)	6.578
Reserves and provisions	0.446	0.458 (+2.7%)	0.458
Pre-accession strategy	2.081	2.481 (+19.2)	2.481
Compensation	1.305	1.074 (-17.7%)	1.074
TOTAL	116.594	121.273 (+4.0%)	120.810

(1) Change from 2005 budget

(2) Council amendments to 2006 PDB

Environment policy and public health

The budget proposal for **environment** for 2006 shows a very small increase. The commitment credits total €253.150m, which is €1.613m and less than 1% more than a year before. The total appropriations for environmental programmes will slightly increase, following the increases in 'Forest Focus', the NGO programme and the marine pollution programme. No major changes are proposed for the last year of the LIFE programme and for the civil protection programme.

The Commission proposes a decrease of €3.0m for the implementation of environment policy ('Awareness-raising and other general actions based on the Community action programmes in the field of environment'). The amount is partly recovered by an increase proposed for the development of new policy initiatives (+€1.1m). The shift reflects the priorities set out by the Commission in the Annual Policy Strategy.

Expenditure on **public health** is divided between the current Public Health Programme (total € 59.2m), the Community tobacco fund (€14.6m), the European Centre for Disease Prevention and Control (see below), the preparatory action regarding public health preparedness and response and (€2.0m) and the Community contribution to the WHO Framework Convention on Tobacco Control (FCTC; €0.2m). FCTC is the first treaty under the auspices of WHO and the European Community is due to ratify it this year.

The appropriations for the Public Health Programme cover the operational expenditure, (€51.5m), the administrative and support expenditure (€1.9m) and the running of the Executive Agency (€5.8m), responsible for the practical implementation of the programme. The appropriations remain at the same level as in 2005.

The preparatory action regarding public health preparedness and crisis management will be established through the development of health emergency infrastructure. It is designed to contribute also to a new strand of the health programme, which foresees to improve preparedness and rapid intervention capacity. The resources available will be used to encourage the development of cooperation between Member States in drawing up, implementing, testing and evaluating interoperability of public health emergency plans for both unexpected health threats (e.g. SARS) and expected contingencies (e.g. pandemic influenza).

The agencies: EEA, EMEA, EFSA and ECDC

The proposed subsidy for the European Environment Agency (EEA) totals €27.650m, which is €0.750m more than in 2005. There is a small shift between administrative expenditure and operational expenditure, due to the entry into force of the new Staff Regulations.

The Commission proposes a considerable increase to the overall budget of the European Medicines Agency (+17.3%). The increase is due to the new pharmaceutical legislation, which will be fully in force in 2006. It gives the Agency a wide range of new tasks. There is also a small increase (€0.3m) for the subsidy for fee waivers for orphan drugs. The total amount proposed for this purpose is €4.0m.

In 2006, the European Food Safety Authority (EFSA) will be fully located and operational in its permanent seat in Parma. The Commission is proposing a budget of €46.6m, of which €14.6 would be for operational expenditure and €32m for administrative expenditure. The proposed budget corresponds to the original financial plans that accompanied the regulation establishing the Authority. It also covers the new tasks given to EFSA after the adoption of that regulation.

The European Centre for Disease Prevention and Control (ECDPC) has started to operate in May 2005 and it is now in a 'building-up' phase. The total appropriations for the ECDC are €15.3m, of which €7.0m will be reserved for administrative expenditure and €8.3m for operational expenditure. Following the higher salary costs in Stockholm and the higher travelling costs than initially foreseen, the Commission proposes an increase of €1m compared to the original financial statement of the establishing regulation.

Chemicals

The responsibility for the preparatory work for REACH has been given to DG ENTR. A budget line has been created (02 04 04, p.m.). The credits for the transitional phase and the preparatory work needed are on budget line 02 04 01 ("Operation and development of the Internal Market").

SUGGESTIONS

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

1. Draws attention to the role of EU environmental policy in the attainment of the Lisbon and Gothenburg goals and the global objective of sustainable development; calls for more resources to be made available for the implementation and further development of EU environmental policy;
2. Points out that agricultural and structural policies have a huge impact on the environment; stresses that after enlargement the 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 is even more urgent than before;
3. Calls for standard use of environmental criteria in procurement procedures involving Community appropriations, such as invitations to tender and awarding contracts;
4. Is concerned about the low number of officials in DG Environment dealing with infringement procedures, in particular as infringement cases related to the environment consistently represent almost half of all pending infringement cases in the EU, and calls upon the Commission to increase significantly the number of officials in this sector, in line with the priority given to sustainable growth and in accordance with its role as the guardian of the Treaties, and thus responsible for the correct implementation of EU environmental Regulations and Directives;
5. Urges the Commission to dedicate adequate staff resources so that environmental programmes and policies can be implemented in both the old and the new Member States;
6. Points out that the EU plays a leading role in many international environmental agreements, such as the UN Climate Change Convention, the UN Biodiversity and Biosafety Convention and the Aarhus Convention on public participation and access to justice in environmental matters; points out that the pursuit of sustainable development and addressing numerous environmental problems require enhanced global cooperation; calls for more resources to be provided for international environmental activities so that the EU can maintain its lead in international environment policy and in setting the agenda for international cooperation;
7. Is convinced that public health should be considered as an essential part of the Lisbon agenda, as it contributes directly to the economic performance of Member States and the competitiveness of the EU as a whole; considers it therefore vital to allocate more resources to the public health policy area;
8. Considers that it is extremely important to anticipate potential health threats in a coordinated manner in the EU and agree on joint risk management measures; welcomes

therefore the preparatory action related to public health designed to enhance preparedness in relation to various health threats, such as influenza pandemic, SARS and bio-terrorism; calls for adequate funding for the preparatory action in 2006 so that a solid basis for further work within the new Public Health Programme can be established as quickly as possible;

9. Urges the Commission and the Council to initiate a procedure to review the weightings used to reconcile the differences in cost of living in Member States, in particular for Sweden, and to adjust them if appropriate to local conditions.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	ENVI
Enhanced cooperation	No
Draftswoman Date appointed	Jutta Haug 20.4.2005
Discussed in committee	12.7.2005 14.9.2005
Date suggestions adopted	14.9.2005
Result of final vote	for: 38 against: 1 abstentions: 3
Members present for the final vote	Georgs Andrejevs, Liam Aylward, Irena Belohorská, Johannes Blokland, John Bowis, Frederika Brepoels, Martin Callanan, Dorette Corbey, Mojca Drčar Murko, Edite Estrela, Anne Ferreira, Françoise Grossetête, Satu Hassi, Caroline Jackson, Dan Jørgensen, Eija-Riitta Korhola, Urszula Krupa, Aldis Kušķis, Peter Liese, Linda McAvan, Marios Matsakis, Roberto Musacchio, Riitta Myller, Péter Olajos, Dagmar Roth-Behrendt, Guido Sacconi, Horst Schnellhardt, Richard Seeber, Jonas Sjöstedt, María Sornosa Martínez, Antonios Trakatellis, Thomas Ulmer, Anja Weisgerber, Åsa Westlund
Substitutes present for the final vote	Alfonso Andria, Margrete Auken, María del Pilar Ayuso González, Christofer Fjellner, Jutta D. Haug, Caroline Lucas, Miroslav Mikolášik, Renate Sommer
Substitutes under Rule 178(2) present for the final vote	

14.9.2005

OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005- 2005/2001(BUD))

Section III - Commission

Draftsman: Umberto Guidoni

SHORT JUSTIFICATION

General comments

The Provisional Draft Budget (PDB) for 2006, adopted on 27 April is the first budget proposal from the new Commission:

- commitments amount to € 121,3 billion (representing 1.09% of EU GNI, an increase of 4% compared to 2005),
- payments amount to €112,6 billion (1, 02% of EU GNI, an increase of 6% compared to 2005).

The PDB for 2006 is the last budget under the present Financial Perspectives that expire at the end of that year. Since the 2006 budget is a transitional one, the proposal has got two objectives:

- to guarantee financing for political and economic actions within the present Financial Perspectives for 2000-2006,
- to prepare and develop the priorities defined in the strategic objectives for the next 7 years (2007-2013): prosperity, solidarity, security, enlargement and an enhanced role for the Union.

Reinvigorating the Lisbon strategy in order to foster economic growth and employment

Financing of the Lisbon strategy foresees some € 40 billion [Commitments € 39,138 billion (+7.1%), Payments € 33,417 billion (+8.9%)].

As the European Parliament stated in its resolution of 6 July 2005, '*the Commission's PDB insufficiently reflects in budgetary terms the agreed political ambitions, especially as concerns the Lisbon strategy and taking into account the importance of strengthening the position of small and medium-sized enterprises*'. The European Council, the Council and the Commission have constantly declared that the Lisbon strategy for employment and growth is their top priority. It is therefore unacceptable that both the Commission and the Council now propose to cut the relevant budget lines for 2006.

In its resolution of 6 July 2005 Parliament also proposed to use the provisions of point 33 (concerning multiannual programmes) of the Interinstitutional Agreement of 6 May 1999. This seems justified given the great success of the existing multiannual programmes which function well, have a remarkable impact and meet high demand from stakeholders.

However, the budget allocated for the Lisbon strategy is too focused on traditional policies like Rural Development and Structural Actions while we need to pay more attention to research and innovation.

The EP have to put more emphasis on financing sectors such as health, energy, transport and ICT where there is a clear European added value. There is a need to give a strong signal on these themes in order to reverse the tendency in the present discussions on the Financial Perspectives towards a cut in research spending.

To support this strategy, your draftsman proposes to use, to the maximum, available funds within the budget ceiling (Commitments € 167 million for internal policies, Payments € 6700 million for the entire PDB), being aware of the very limited amounts set aside for commitments as opposed to payments.

There are six policy areas within the budgetary remit of ITRE:

- Title 01 Economic and Financial affairs
- Title 02 Enterprise
- Title 06 Transport and Energy
- Title 08 Research
- Title 09 Information society
- Title 10 Direct Research

Title 01 Economic and Financial affairs

Commitments = € 56 million, Payments = € 71,8 million

Commitments have been reduced by almost 30% compared to 2005, however payments have increased by 13 % compared to the same year.

Title 02 Enterprise

Commitments = € 396,4 million, Payments = € 423,6 million

Encourage competitiveness; facilitate access to R&D, preparation of “innovation networks”

for SMEs (MAP – Multi Annual Programme)

The strategy for 2006 mirrors the priorities of the Commission and builds on the policy in previous years: to create the conditions in Europe for dynamic and sustainable growth in order to create new and better employment.

In this respect, there are no major changes compared to 2005, however there is a decrease compared to 2005 on innovation competitiveness, especially in respect of SMEs.

No commitment credits are requested for 2006 for the action “Cooperation and re-grouping of SMEs”.

The credits requested for the MAP and Innovation Programmes correspond to the residual budget of these programmes.

<i>Title Chapter</i>	<i>Heading</i>	<i>FP</i>	<i>Outturn 2004</i>		<i>Budget 2005</i>		<i>PDB 2006</i>		<i>% Change 2006/2005</i>	
<i>Article Item</i>			<i>Comm.</i>	<i>Paym.</i>	<i>CA</i>	<i>PA</i>	<i>CA</i>	<i>PA</i>	<i>CA</i>	<i>PA</i>
	sub-total chapter 02 02		113,535	97,046	152,150	167,700	127,100	159,200	-16,5 %	-5,1 %

Title 06 Energy and Transport

Commitments = € 579,8 million, Payments = € 488 million

Decrease when adjusted for inflation (+ 0,9%) for the programme on intelligent energy

Decrease in R&D spending on:

- 06 06 02 01 Sustainable energy systems (-7,6%) due to 2006 being the last year under FP6 (a 77% increase in payments),
- 06 06 02 02 Sustainable surface transport (-40,4%) due to 2006 being the last year under FP6 (an 84% increase in payments).

<i>Title Chapter</i>	<i>Heading</i>	<i>F P</i>	<i>Outturn 2004</i>		<i>Budget 2005</i>		<i>PDB 2006</i>		<i>% Change 2006/2005</i>	
06 06 02 01	Sustainable energy systems	3	113,793	18,784	132,400	37,300	122,373	66,000	-7,6 %	76,9 %
06 06 02 02	Sustainable surface transport	3	47,435	4,825	54,900	16,300	32,700	30,000	-40,4 %	84,0 %

Title 08 Research

Commitments = € 3308,4 million (+ 6,3%), Payments = € 3011 million

An increase in commitments of €194 million (+6,2%) compared to 2005, partly linked to the end of FP6.

Being the last year of FP6, commitments made during 2006 and previous years will have a payment impact on the budget for the coming 4-5 years. Payments are still being made for commitments under FP5.

In view of the increased budget for FP7, there is a need to prepare the ground for new areas such as Space where a boost in investments is expected due to its increased role in conjunction with Security research.

As far as Health is concerned, the decrease in commitments dedicated to the fight against diseases should be corrected. However, payments for this sector have increased.

<i>Title Chapter</i>				<i>Heading</i>	<i>F P</i>	<i>Outturn 2004</i>		<i>Budget 2005</i>		<i>PDB 2006</i>		<i>% Change 2006/2005</i>	
<i>Article Item</i>						<i>Comm.</i>	<i>Paym.</i>	<i>CA</i>	<i>PA</i>	<i>CA</i>	<i>PA</i>	<i>CA</i>	<i>PA</i>
08	02	01	02	Combating major diseases	3	321,285	129,547	322,502	110,000	287,812	235,000	-10,8 %	113,6 %

Title 09 Information society

Commitments = € 1328,7 million (+ 3.9%), Payments = € 1318 million

The chapter for electronic communication policy has increased by 25%.

A slight reduction of expenditure for research staff (- € 1,5 million).

Themes such "Open Source Software" have to be addressed.

Title 10 Direct Research

Commitments = € 330,2 million (- 9.9%), Payments = € 350,8 million

Reduced commitment for JRC (from € 67 million in 2005 to € 19 million in 2006) for decommissioning of nuclear plants (-71,6%)

Moderate increase of 0,8 % (a decrease when adjusted for inflation) for research on environment and sustainable development.

Relaunch of the JRC as an instrument for the Commission to evaluate risks to the citizens particularly in cases where an impartial opinion is requested such as in the case of environmental hazards, food safety (GMOs), and energy impact assessment.

PROCEDURE

Title	Draft general budget of the European Union for the financial year 2006 - Section III - Commission			
Procedure number	2005/2001 (BUD)			
Committee responsible	BUDG			
Committee asked for its opinion Date announced in plenary	ITRE			
Enhanced cooperation	No			
Drafts(wo)man Date appointed	Umberto Guidoni 25.1.2005			
Discussed in committee	24.5.2005	15.6.2005	21.6.2005	13.9.2005
Date suggestions adopted	13.9.2005			
Result of final vote	for:	37		
	against:	1		
	abstentions:	0		
Members present for the final vote	Šarūnas Birutis, Jan Březina, Jerzy Buzek, Joan Calabuig Rull, Pilar del Castillo Vera, Jorgo Chatzimarkakis, Giles Chichester, Den Dover, Lena Ek, Nicole Fontaine, Adam Gierek, Umberto Guidoni, András Gyürk, Fiona Hall, Rebecca Harms, Ján Hudacký, Romana Jordan Cizelj, Werner Langen, Anne Laperrouze, Vincenzo Lavarra, Nils Lundgren, Angelika Niebler, Reino Paasilinna, Vladimír Remek, Herbert Reul, Mechtild Rothe, Andres Tarand, Britta Thomsen, Patrizia Toia, Claude Turmes, Nikolaos Vakalis, Alejo Vidal-Quadras Roca			
Substitutes present for the final vote	Satu Hassi, Edit Herczog, Erika Mann, John Purvis, Bernhard Rapkay, Peter Skinner			
Substitutes under Rule 178(2) present for the final vote				

13.10.2005

OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Joseph Muscat

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SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

This Committee is looking within heading 3 'Internal Policies' at title 12 'Internal Market', at title 14 'Taxation and custom union' as far as it concerns customs aspects and at title 17 'Health and Consumer Protection' focusing on consumer protection.

This opinion is drafted considering that the year 2006 is the last budgetary year within the present financial framework 2000 - 2006. Therefore the suggestions hereafter made have to take into account on the one hand the existing Budget structure and policy priorities for the final year of this financial period. On the other hand, the ongoing discussions about the orientations of the next Financial Perspectives for the years 2007-2013 have an influence on the suggestions this committee is putting forward.

Since the EU Budget derives from revenues generated in the Member States, the overall realities of budgetary policies in the Member States have their effects on the financial environment of EU expenditure. Generally, public expenditure at national level has seen reductions to the effect that many programs are limited to the absolute essential.

Bearing in mind the importance of the policy areas within the remit of this committee, such savings may not always be indicated for these areas.

The responsibilities of this committee cover the operation and development of the Internal

Market including administrative and personnel costs, actions in the customs field such as the Customs 2007 Programme and certain measures within health and consumer protection.

1. Internal Market

The Internal Market being a backbone of the EU economic policy deserves sufficient resources allowing proper functioning and further developments, where appropriate. The recent enlargement of the Union to now 25 Member States created the biggest integrated market around the world. Challenges resulting from this development need to be taken into account in analysing the proposed financial envelop for this policy area. The Commission's preliminary draft budgets for heading 3 relating to the policy areas this Committee looks after sees an increase of 1,8% or EUR 166 400 000 to a total of EUR 9 129 000 000 for commitment appropriations.

In contrast to the importance of the Internal Market as briefly set out above, Title 12 concerning the internal market is cut down by a third, precisely by 33% or EUR 3 300 000 , from EUR 10 million in 2005 to EUR 6 700 000 in 2006 for commitment appropriations.

These appropriations are available for expert opinions, conferences, the SOLVIT system, Public Relations and expenditure on business impact studies and most importantly on implementation and preparatory studies prior to proposing new legislation.

The proposed reductions seem to be contrary to the political priorities as expressed in the Commission's annual policy strategy document that identified Internal Market actions as deliverables linked to the Lisbon Strategy. Furthermore the above mentioned enlargement and the yet to be completed Internal Market requires continuing efforts.

In particular budget line 12.0201 for implementation and development of the internal market has seen a dramatic reduction shrinking to a level which is even below the 2004 one. The success, especially of the SOLVIT system, whose real effect is only now measurable, underpins the fact that this reduction is questionable, to say the least.

Even though a part of the funds has been transferred to DG Enterprise, it is assumed that action to sensitise business and citizen awareness actions should be reinforced.

Therefore, the following amendment is proposed:

1) Budget line 12.0201 should be increased from EUR 6 700 000 as proposed to EUR 7 500 000, which would still be below the average of the 2004 commitment appropriations as compared to the 2005 commitment appropriations, given that in 2005 the more immediate effects of the 2004 enlargement probably need to be covered. It would be premature to assume that the transition period after enlargement will be completed by 31 December 2005.

2. Customs Union

Commitment appropriations for the policy area taxation and customs union under subheading 14 is proposed to increase by 5,9% or EUR 3 410 000 to EUR 61 620 000. Budget line 14.02.01 concerning the implementation and development receives EUR 600 000 more in

comparison with the budget figures for the year 2005 while the customs 2007 programme sees a decrease of EUR 490 000 in commitment appropriations.

Considering that the Community could achieve that all 10 new Member States were fully equipped upon accession with the necessary tools, especially IT installations, the functioning and security of the supply chain as well as the protection of own resources could be secured at an early point in time.

Therefore, the budgetary provisions are considered to respect the needs in this policy area as it would allow catching up with the actual execution of commitments for which contracts have been concluded but respective programme requests are still to be formalised.

Therefore, the following amendment is proposed:

1) Budget line 14.0201 should remain at the level as initially proposed of EUR 3 500 000 for commitment appropriations. The reduction proposed by Council cannot be accepted.

3. Consumer Protection

For title 17 (health and consumer protection), the preliminary draft budget foresees an 18,9 % increase in commitment appropriations (EUR 22 747 000 000), whereas both budget lines in relation to consumer protection (17.01.04.03 and 17.02.01) are not granted any increase.

Referring to the statements about the size and importance of the EU's Internal Market, Consumer Protection is one of the most positive and visible aspects of the EU and close to its citizens. Therefore, this sector should be strengthened in view of the yet underdeveloped structures for effective consumer protection in the new Member States.

Although noting that the negotiations on the financial perspectives are yet to be concluded, it is worth mentioning the foreseen doubling of the funds available for this policy area as of 2007. It is a known phenomenon that new programmes take off with some delay in terms of effective execution of available funds.

Agreeing with the envisaged increase for this policy area as of 2007, it seems counterproductive to keep the 2006 envelope at the same level as in 2005 just the year before this envelope shall be increased by 100%. In addition that would take effect in the transition period following the 2004 enlargement.

Another important element is linked to the experience after the introduction of the Euro in 12 of the 15 Member States as at the time of the introduction. The positive effects of this very important integration step were somewhat partly offset by the actual and perceived price increases. Even though the statistical effect was minimal, European citizens experienced most price increases in everyday goods and services. Lessons should be learnt from this experience. Already now preparatory actions need to be undertaken in the new Member States to observe and accompany the transition phase towards introduction of the Euro in the coming years.

Therefore, the committee suggests the following amendments:

1) Budget line 17.02.01 shall be set at EUR 21 million instead of the proposed EUR 19 080 000 to allow some frontloading in view of the much enlarged financial envelope as of 2007.

The increased funds should partly be earmarked for actions that would foster consumer confidence in the 10 Member States that joined the Union in 2004, including preparatory actions in relation to the introduction of the Euro in those Member States.

Another part of the funds should be used to promote ethical standards for professional organisations that provide support to consumers.

4. Budget tables

Internal Market (figures in EUR million)

Budget line	2005 CA	2005 PA	2006 CA	2006 PA	Draft budget figures 2006 ¹	Difference 2006 / 2005 for CA	Difference 2006 / 2005 for PA
12.02.01	10,00	9,40	6,70	9,40	as proposed	-3.30	0,00
12.01.04	2,10	2,10	0,96	0,96	as proposed	-1,14	-1,14

Customs Union (figures in M €)

Budget line	2005 CA	2005 PA	2006 CA	2006 PA	Draft budget figures 2006 ¹	Difference 2006 / 2005 for CA	Difference 2006 / 2005 for PA
14.02.01	2,90	3,45	3,50	3,00	<i>CA reduced by 0,40 to 3,10</i>	0,60	-0,45
14.04.02	35,06	29,61	34,57	30,00	as proposed	-0,49	0,39

¹ Figures as yet indicative; to be adopted by Council on 15 July 2005.

Consumer Protection

Budget line	2005 CA	2005 PA	2006 CA	2006 PA	Draft budget figures 2006 ¹	Difference 2006 / 2005 for CA	Difference 2006 / 2005 for PA
17.01.04.03	1.122.222	1.122.222	1.122.220	1.122.220	as proposed	-2	-2
17.02.01	19.077.778	20.000.000	19.077.780	18.500.00	as proposed	2	-1.500.000

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission				
Procedure number	2005/2001(BUD)				
Committee responsible	BUDG				
Committee asked for its opinion Date announced in plenary	IMCO				
Enhanced cooperation	No				
Drafts(wo)man Date appointed	Joseph Muscat 15.3.2005				
Discussed in committee	18.4.2005	24.5.2005	15.6.2005	13.7.2005	13.9.2005
Date suggestions adopted	13.9.2005				
Result of final vote	for:	33			
	against:	1			
	abstentions:	0			
Members present for the final vote	Charlotte Cederschiöld, Mia De Vits, Bert Doorn, Janelly Fourtou, Evelyne Gebhardt, Małgorzata Handzlik, Malcolm Harbour, Christopher Heaton-Harris, Anna Hedh, Edit Herczog, Anneli Jäätteenmäki, Henrik Dam Kristensen, Alexander Lambsdorff, Kurt Lechner, Arlene McCarthy, Manuel Medina Ortega, Bill Newton Dunn, Béatrice Patrie, Zita Pleštinská, Guido Podestà, Marco Rizzo, Zuzana Roithová, Luisa Fernanda Rudi Ubeda, Heide Rühle, Leopold Józef Rutowicz, Andreas Schwab, Eva-Britt Svensson, József Szájer, Marianne Thyssen, Jacques Toubon, Bernadette Vergnaud, Phillip Whitehead, Joachim Wuermeling				
Substitutes present for the final vote	Gisela Kallenbach, Cecilia Malmström, Maria Matsouka, Joseph Muscat, Alexander Stubb				
Substitutes under Rule 178(2) present for the final vote					

12.9.2005

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Bogusław Liberadzki

SHORT JUSTIFICATION

Introduction

The 2006 Budget is the final budget within the frame of the current Financial Perspective. At the time of writing your draftsman has examined the Preliminary Draft Budget (PDB) as adopted by the Commission on 27 April 2005. The Draft Budget to which Parliament will propose amendments will be adopted by Council on 15 July. As in previous years your draftsman reserves the right to revisit the matter of amendments to be adopted by the Transport and Tourism Committee once the Council's Draft Budget is available.

The 2006 Preliminary Draft Budget shows an increase in commitment appropriations of 4% and in payment appropriations of 6%. It proposes to draw upon 1.09% of EU Gross National Income (GNI) in commitment appropriations, significantly below the figure initially proposed by the Commission in the context of the Financial Perspective for 2007-2013. The PDB has 121.3 € billion in commitment appropriations and 112.6 € billion in payment appropriations.

Transport in the Preliminary Draft Budget

The table attached shows for each transport line the commitment and payment appropriations proposed in the PDB for 2006 with the equivalent figures for 2005 and the difference between them. It also shows utilisation rates for 2004. In overall terms the increase in appropriations for transport, at 3.8% and 5.7 % for commitments and payments respectively is a little below the overall percentage increase in the PDB. For all transport lines 896.3 € million is proposed in commitments and 837.6 € million in payments. Certain lines give rise to particular

observations.

6.7 € million is proposed for a new executive agency to manage the preparation of Trans European Transport (TEN-T) projects which will begin to come on stream in 2007, the first year of the proposed new Financial Perspective. There is a shift in expenditure on the European Aviation Safety Agency from staff and administrative expenditure to operational expenditure. For the European Maritime Safety Agency there is a 63% increase in appropriations for anti-pollution measures, partly because of front-loading in the programme. There would be a 17% increase in operational expenditure for the European Railway Agency. The Galileo Supervisory Authority would also receive substantially increased funding as it begins to become operational. Transport Safety and Passengers' Rights also benefit from considerable proposed increases in expenditure, in part reflecting a new legislative landscape in the latter case. Commitment and payment appropriations for the Marco Polo programme are also increased to 34.6 € million and 15.4 € million respectively.

There are also reductions. The funding of measures to promote sustainable mobility is reduced to 9 € million in commitment appropriations, a reduction of 20%. However implementation rates for this line are low. Commitment appropriations for sustainable surface transport are reduced by 40% to 32.7 € million, a very big decrease in resources for developing environmentally friendly and efficient transport modes and rebalancing between modes. This is difficult to accept at face value as the commitments implementation rate for the last full budget year, 2004, was 98%.

The biggest single transport item is of course TEN-T., which accounts for 80% of transport specific budget lines expenditure. For 2006 the Commission proposes 692 € million in commitments and 670 € million in payments. This represents a very modest increase in commitments of 3% and no increase whatsoever in payments. In proposing the 2006 budget for TEN-T the Commission has sought to stay within the envelope established for the multi-annual programme. Your draftsman would point out that nevertheless there are good TEN-T projects which will not be supported to a degree to ensure they are undertaken in 2006 if funding is limited to the amounts proposed in the PDB and that there exists a margin of 166 € million under the relevant Heading 3. Moreover it seems incongruous that projects are held back in this way and that very much higher levels of funding are proposed for 2007 in the Commission's proposals for the 2007-2013 Financial Perspective. A modest increase over the amount in the PDB for 2006 would narrow the very wide gap in the amounts proposed for 2006 and 2007.

Tourism in the Preliminary Draft Budget

Once again a specific line for tourism appears in the Preliminary Draft Budget but with no appropriations on it. The Commission claims that it acts to develop European tourism but no resources are available specifically for this activity. Tourism is a major European industry with a deep impact on Europe's economy, quality of life and environment. It is also a competitive domain with Europe facing challenges from other destinations in Asia, and South and North America. In view in particular of the evidence presented during the Transport and Tourism's recent hearing on tourism and the report of our colleague Mr Quiero, your draftsman considers that the time has come to put appropriations on this line.

Research on Transport

Although not directly within the remit of the Transport and Tourism Committee your draftsman notes with concern the substantial reduction proposed in financial support for research on transport. The reduction is of the order of 7.5%

Draftsman's proposals and amendments

The Preliminary Draft Budget as it effects transport and tourism has welcome and less welcome aspects. Reinforced funding for passengers' rights, maritime environmental protection and transport safety are particularly welcome. However funding levels proposed for some other areas appear to be inadequate.

In view of the foregoing your draftsman would propose reinforcing TEN-T expenditure, both commitments and payments, by an additional 120 € million above the amount proposed in the PDB. He would also propose restoring commitment appropriations for sustainable surface transport to a figure approaching its 1995 level. Your draftsman is of opinion of necessity of increase by 19 € million amounts devoted to transport research in 2006. Finally he believes a modest sum of 0.1 € million in both commitment and payment appropriations should be included to support studies which will help formulate a coherent, pro-active EU policy on tourism. Naturally your draftsman reserves the right to propose further amendments in the light of the Draft Budget for 2006 when this is adopted by Council and specifically to seek to restore amounts to transport lines in that budget if they are subject to unreasoned reductions.

There is a major difference between the European Aviation Safety Agency and the European Railway Agency for Safety and Interoperability in the proportions between subsidies under Titles 1 and 2 and subsidies under Title 3. The Aviation Agency plans to spend 12,28 € million and 9,72 € million, while the Railway Agency plans to spend 11,055 € million and 3,4 € million respectively. The ratios are approximately 4:3 for the Aviation Agency and 3:1 for the Railway Agency. The Commission should explain this.

Budget line	Title	2005 Budget		2006 Preliminary Draft Budget		Difference		2004 implementation rate in %	
		Commitments	Payments	Commitments	Payments	Commitments	Payments	Comm.	Payments
06 01 04 01	Marco Polo programme - Expenditure on administrative management	100.000	100.000	100.000	100.000				
06 01 04 02	Transport Safety - Expenditure on administrative management	700.000	700.000	800.000	800.000	100.000	100.000	61	3
06 01 04 03	Sustainable mobility policy - Expenditure on administrative management	600.000	600.000	500.000	500.000	-100.000	-100.000	60	20
06 01 04 04	Financial support for projects of common interest in the trans-European transport network - Expenditure on administrative management	3.600.000	3.600.000	3.600.000	3.600.000			59	9
06 01 04 13	Transport security - Expenditure on administrative management	450.000	450.000	300.000	300.000	-150.000	-150.000		
06 01 04 31	Trans-european transport networks - Executive agency			6.715.000	6.715.000	6.715.000	6.715.000		
06 02 01 01	European Aviation Safety Agency - Subsidy under Titles 1 and 2	18.930.000	18.930.000	12.280.000	12.280.000	-6.650.000	-6.650.000	100	100
06 02 01 02	European Aviation Safety Agency - Subsidy under Title 3	p.m.	600.000	9.720.000	9.720.000	9.720.000	9.120.000	100	88
06 02 02 01	European Maritime Safety Agency - Subsidy under Titles 1 and 2	14.000.000	14.000.000	16.300.000	16.300.000	2.300.000	2.300.000	98	98
06 02 02 02	European Maritime Safety Agency - Subsidy under Title 3	3.500.000	3.500.000	4.530.000	4.530.000	1.030.000	1.030.000	98	96
06 02 02 03	European Maritime Safety Agency - Anti pollution measures	17.800.000	17.800.000	29.000.000	29.000.000	11.200.000	11.200.000	100	29
06 02 03	Transport safety	15.943.000	14.643.000	18.000.000	17.000.000	2.057.000	2.357.000		

06 02 04 01	Internal market and optimisation of transport systems	11.300.000	8.700.000	9.000.000	7.400.000	-2.300.000	-1.300.000	58	62
06 02 04 02	Passenger rights	250.000 790.000	250.000 550.000	1.800.000	1.000.000	760.000	750.000	7	11
06 02 07	Marco Polo programme	29.900.000	11.000.000	34.900.000	15.400.000	5.000.000	4.400.000	100	36
06 02 08 01	European Railway Agency for Safety and Interoperability - Subsidy under Titles 1 and 2	10.770.000	10.770.000	11.055.000	11.055.000	285.000	285.000	82	
06 02 08 02	European Railway Agency for Safety and Interoperability - Subsidy under Title 3	2.900.000	2.900.000	3.400.000	3.400.000	500.000	500.000		
06 02 09 01	Galileo Supervisory Authority - Subsidy under Titles 1 and 2	1.157.000	1.157.000	2.500.000	2.500.000	1.343.000	1.343.000		
06 02 09 02	Galileo Supervisory Authority - Subsidy under Title 3	500.000	500.000	2.500.000	2.500.000	2.000.000	2.000.000		
06 03 01	Financial support for projects on common interest in the trans-European transport network	671.400.000	670.000.000	692.085.000	670.000.000	20.685.000		75	96
06 06 02 02	Sustainable surface transport	54.900.000	16.300.000	32.700.000	30.000.000	-22.200.000	13.700.000	98	14
06 07 01	Transport safety	4.100.000	3.700.000	4.500.000	3.500.000	400.000	-200.000		
06 49 04 01	Transport safety - Expenditure on administrative management	-	p.m.	-					93
06 49 04 02	Sustainable mobility policy - Expenditure on administrative management	-	p.m.	-	p.m.				33
06 49 04 03	Financial support for projects of common interest in the trans-European transport network- Expenditure on administrative management	-	1.002.800	-	p.m.		-1.002.800		62

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission	
Procedure number	2005/2001(BUD)	
Committee responsible	BUDG	
Committee asked for its opinion Date announced in plenary	TRAN	
Enhanced cooperation		
Drafts(wo)man Date appointed	Bogusław Liberadzki 5.4.2005	
Discussed in committee	23.5.2005	13.6.2005
Date suggestions adopted	29.8.2005	
Result of final vote	for:	40
	against:	1
	abstentions:	3
Members present for the final vote	Inés Ayala Sender, Etelka Barsi-Pataky, Philip Bradbourn, Michael Cramer, Arūnas Degutis, Christine De Veyrac, Petr Duchoň, Saïd El Khadraoui, Robert Evans, Emanuel Jardim Fernandes, Luis de Grandes Pascual, Mathieu Grosch, Ewa Hedkvist Petersen, Jeanine Hennis-Plasschaert, Stanisław Jałowiecki, Georg Jarzembowski, Dieter-Lebrecht Koch, Rodi Kratsa-Tsagaropoulou, Jörg Leichtfried, Bogusław Liberadzki, Evelin Lichtenberger, Patrick Louis, Erik Meijer, Robert Navarro, Josu Ortuondo Larrea, Willi Piecyk, Luís Queiró, Reinhard Rack, Luca Romagnoli, Gilles Savary, Renate Sommer, Dirk Sterckx, Gary Titley, Georgios Toussas, Marta Vincenzi, Corien Wortmann-Kool, Roberts Zīle	
Substitutes present for the final vote	Zsolt László Becsey, Johannes Blokland, Nathalie Griesbeck, Zita Gurmai, Elisabeth Jeggle, Sepp Kusstatscher, Zita Pleštinská	
Substitutes under Rule 178(2) present for the final vote		

14.9.2005

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftswoman: Constanze Angela Krehl

SHORT JUSTIFICATION

➤ INTRODUCTION

The preliminary draft budget 2006 is the last under the current Financial Perspective that expires at the end of next year 2006 and will be the second full year of budgetary expenditure of EU 25. To meet the needs of an enlarged Europe facing the challenges of the re-launched Lisbon and Gothenburg objectives, the Commission proposes an overall increase in the budgetary provisions for 2006 of 6%, amounting to 1.02% of the Union's GNI.

It should be recalled that under the current Financial Perspective the ceiling for commitment appropriations¹ is EUR 123.5 billion or 1.12% of GNI and that for payment appropriations it is EUR 119.1 billion or 1.08% GNI. The proposed 2006 budget, based as it is on a realistic estimates of needs, amounts to approximately 1.02% of GNI in payment appropriations and is therefore well within the imposed ceiling.

The priorities of the Union are clearly established and condition the 2006 budget accordingly. Thus, in order to achieve the aims of the Lisbon Strategy, the accent is on strengthening efforts in Research, Education and Training, Mobility, Small and Medium sized Enterprises (SMEs) the TENs and Regional Policy. Of course Regional Policy itself is central to the achievement of the Lisbon and Gothenburg objectives for it is within the regions that actions to promote education, job and gender equality, and assistance to SMEs are effectively put into practice.

¹ Commitment appropriations cover the total cost of legal commitments entered into during a given financial year and/or previous financial years.

➤ **REGIONAL DEVELOPMENT FUND**

In 2006 payment appropriations rise by 9.2% to meet outstanding commitments made earlier during the programming period 2000 - 2006.¹ This reflects an expectation that payment needs for EU 15 in 2006 will be higher than in 2005.

As can be expected, Regional Policy resources are heavily concentrated on the least prosperous regions, where growth potential is highest but public funds may be lacking. Appropriations for these regions are in accordance with the Copenhagen Agreement and the increase in 2006 is 8.6%.

The overall increase in the Structural Funds budget is 3% compared with 2005. About 66% of the increase is accounted for by new structural commitments arising as payments are phased in for the 10 Member States that joined the Union in 2004. For EU 15, payment appropriations correspond to 95% of average year's commitments for objectives 1 and 2 and 90% for Community initiatives. These rates are the same as those of the 2005 PDB. Comparable rates of execution for mainstream projects in 2003 and 2004 were 78% and 88 % respectively whilst for initiatives they were 31% and 79%.

➤ **THE COHESION FUND**

The Cohesion Fund will see a significant increase in commitment funds of approximately 35% for the New Member States when compared with 2005.² Other cohesion countries however, see a slight reduction in commitment appropriations. This is partly accounted for by Ireland's loss of eligibility in 2004.

➤ **NORTHERN IRELAND PEACE PROGRAMME³**

At the time of agreement on the 2005 Budget it was agreed that EUR 16 million would be re-allocated from the technical assistance and innovative actions envelope to the PEACE programme. The 2006 PDB proposes to allocate EUR 28 million to PEACE, the additional EUR 12 million coming from the technical assistance envelope.⁴

➤ **RAL⁵,**

It should perhaps be emphasised that RAL is a normal consequence of multi-annual programmes. A comparison of the RAL as at 31/12/2003 and 31/12/2004 shows a correlation between the increase in objective 1 and cohesion RAL⁶ and the increase for new Member

¹ see IP/05 27 April 2005

² The increase derives from the Copenhagen Agreement.

³ Northern Ireland

⁴ Source: DG Budget EC.

⁵ RAL = All outstanding commitments which remain to be paid, once the conditions for payment have been fulfilled.

⁶ 6.8% and 42.2% respectively

States¹. During the same period the RAL of the pre-2000 programmes was reduced from EUR 9.2 billion to EUR 3.3 billion.

In 2006, if execution is in line with proposed payments, the outstanding RAL is expected to increase by 10% or approximately EUR 6 billion. This reflects the fact that proposed payments are less than 100% of 2006 commitments for EU 15 and are around 50% of 2006 commitments for the New Members States.

The Commission's request for increases in the PDB 2006 is based on estimates of commitments and payments calculated on the one hand by reference to the Copenhagen Council figures and on the other by reference to 95% of average year's commitments. These objective criteria should ensure optimal management of resources. It is therefore your draftswoman's opinion that these figures should be maintained and any arbitrary reduction by Council be rejected. Your draftswoman therefore reserves the right to introduce any amendments to the draft budget when adopted by Council as may be required to ensure that sufficient resources are available for the full implementation of EU Structural Policy.

Creation of a new budget line in the 2006 budget to assist in financing the creation of a network of organisations of Small and Medium Sized enterprises.

The European Union recognises the unique role of SMEs in achieving the objectives of the Lisbon Strategy.

The ongoing enlargement of the EU is unique in attempting to successfully integrate into the European and global economy economies which for the major part of the 20th century were the victims of a failed economic and social experiment.

EU 25 will in all probability expand further over the period 2007 - 2013. The collapse of the Soviet empire and the adoption by the majority of its Members of a free market economy has led to an awareness of the need to invest in improving cross-border co-operation, not only within the Union but also with its direct neighbours. It is in recognition of this that the European Commission has proposed the creation of the EGCC .

Whilst the countries concerned, including candidate countries, have shown their ability to quickly adapt to the constraints and benefits of an ever changing free market economy, the newly formed SMEs which form the backbone of their economies can undoubtedly benefit from exchanging knowledge and experiences with well-established companies in EU 15.

At present, SMEs do not possess the infrastructure necessary to easily promote such exchanges and best practice. It is for this reason that your rapporteur has proposed the creation of a new budget line (130315) in the 2006 budget to assist in financing the creation of a network of organisations of small and medium sized organisations.

Your rapporteur contends that the relatively small financial resources required for this budget line, which would be limited in an initial period to EUR 500,000 in commitment appropriations and EUR 250,000 in payment appropriations, could be found from the technical assistance envelope in the same way as extra funding has been found for the Northern Ireland Peace initiative.

¹ Working Document Part III, PDB 2006, p. 243

In summary, your draftsman would recommend that the committee supports her proposal to maintain the appropriations proposed and justified by the Commission in the PDB as well as the creation of the new budget line (130315) in the 2006 budget to assist in financing the creation of an organisation of SMEs to improve networking skills.

SUGGESTIONS

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

1. Stresses the significance of the financial year 2006 for regional policy and points out that should there be no agreement on the 2007-2013 financial perspective: the 2006 budget will serve as the basis for the 2007 budget;
2. Regrets that on an accounting basis only, and without taking account of political priorities, the Council has adopted an across-the-board reduction of EUR 150 million in regional policy expenditure;
3. Takes the view that the Council conducted no serious analysis before making this reduction and that the rationale behind it is difficult to understand given that 2005 expenditure is high and that it will most probably be necessary to amend the 2005 budget to meet needs;
4. Takes the view that the amounts entered in the preliminary draft budget (PDB) for regional policy represent the bare minimum and therefore calls for all PDB lines to be restored.

Title Chapter Article Item	Heading	FP	Appropriations 2006		Appropriations 2005		Outturn 2004	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
13 03	European Regional Development Fund and other regional interventions							
13 03 01	European Regional Development Fund (ERDF) – Objective 1	2.1	17 517 005 689	14 446 709 721	16 878 716 322	12 726 961 549	15 793 919 824,—	12 594 258 722,94
	Article 13 03 01 — Subtotal		17 517 005 689	14 446 709 721	16 878 716 322	12 726 961 549	15 793 919 824,—	12 594 258 722,94
13 03 02	Special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland	2.1	17 080 000	72 796 901	30 500 000	51 672 096	71 198 968,—	59 533 947,92
	Article 13 03 02 — Subtotal		17 080 000	72 796 901	30 500 000	51 672 096	71 198 968,—	59 533 947,92
13 03 03	Completion of earlier programmes — Objective 1	2.1	p.m.	27 150 888	p.m.	72 000 000	0,—	1 007 126 784,06
	Article 13 03 03 — Subtotal		p.m.	27 150 888	p.m.	72 000 000	0,—	1 007 126 784,06
13 03 04	European Regional Development Fund (ERDF) — Objective 2	2.1	3 039 945 977	2 802 509 908	3 145 689 964	3 435 789 185	3 265 987 540,21	3 475 818 480,72
	Article 13 03 04 — Subtotal		3 039 945 977	2 802 509 908	3 145 689 964	3 435 789 185	3 265 987 540,21	3 475 818 480,72
13 03 05	Completion of earlier programmes — Objective 2	2.1	p.m.	11 373 257	p.m.	18 000 000	0,—	213 422 052,28
	Article 13 03 05 — Subtotal		p.m.	11 373 257	p.m.	18 000 000	0,—	213 422 052,28
13 03 06	Urban	2.1	134 267 691	85 322 361	131 887 810	63 328 096	128 975 916,—	89 051 974,03
	Article 13 03 06 — Subtotal		134 267 691	85 322 361	131 887 810	63 328 096	128 975 916,—	89 051 974,03
13 03 07	Completion of earlier programmes — Community initiatives	2.1	p.m.	15 763 812	p.m.	30 000 000	0,—	467 425 577,81
	Article 13 03 07 — Subtotal		p.m.	15 763 812	p.m.	30 000 000	0,—	467 425 577,81
13 03 08	European Regional Development Fund (ERDF) — Technical assistance and innovative measures	2.1	45 613 067	100 000 000	53 511 147	124 000 000	38 388 494,82	49 057 335,11
	Article 13 03 08 — Subtotal		45 613 067	100 000 000	53 511 147	124 000 000	38 388 494,82	49 057 335,11

13 03 09	Completion of earlier programmes — Technical assistance and innovation measures	2.1	p.m.	479 982		p.m.	p.m.	0,—	9 878 901,82
	Article 13 03 09 — Subtotal		p.m.	479 982		p.m.	p.m.	0,—	9 878 901,82
13 03 10	Completion of other regional measures	3	—	—		—	—	0,—	4 342,29
	Article 13 03 10 — Subtotal		—	—		—	—	0,—	4 342,29
13 03 11	Programme for the modernisation of the textile and clothing industry in Portugal	3	—	—		—	—	0,—	2 084 589,98
	Article 13 03 11 — Subtotal		—	—		—	—	0,—	2 084 589,98
13 03 12	Community contribution to the International Fund for Ireland	3	15 000 000	15 000 000	15 000 000	15 000 000	15 000 000,—	15 000 000,—	15 000 000,—
	Article 13 03 12 — Subtotal		15 000 000	15 000 000	15 000 000	15 000 000	15 000 000,—	15 000 000,—	15 000 000,—
13 03 13	Interreg III Community initiative	2.1	1 156 863 141	819 527 006	1 109 963 603	581 274 945	1 069 779 081,—	538 279 896,31	
	Article 13 03 13 — Subtotal		1 156 863 141	819 527 006	1 109 963 603	581 274 945	1 069 779 081,—	538 279 896,31	
13 03 14	Support for regions bordering candidate countries	2.1	—	p.m.	p.m.	17 784 252	0,—	4 601 750,11	
	Article 13 03 14 — Subtotal		—	p.m.	p.m.	17 784 252	0,—	4 601 750,11	
Chapter 13 03 — Total			21 925 775 565	18 396 633 836	21 365 268 846	17 135 810 123	20 383 249 824,03	18 525 544 355,38	
13 04	Cohesion Fund								
13 04 01	Cohesion Fund	2.2	6 026 582 110	3 500 000 000	5 126 432 989	3 000 000 000	5 628 109 995,96	2 642 101 717,53	
	Article 13 04 01 — Subtotal		6 026 582 110	3 500 000 000	5 126 432 989	3 000 000 000	5 628 109 995,96	2 642 101 717,53	
Chapter 13 04 — Total			6 026 582 110	3 500 000 000	5 126 432 989	3 000 000 000	5 628 109 995,96	2 642 101 717,53	

13 05	Preaccession interventions related to the structural policies								
13 05 01	Instrument for structural policies for preaccession								
13 05 01 01	Instrument for structural policies for preaccession	7.2	580 000 000	275 000 000	521 950 000	200 000 000	450 949 918,—	132 184 195,—	
13 05 01 02	Instrument for structural policies for preaccession — Closure of preaccession assistance, relating to eight applicant countries	7.2	p.m.	575 000 000	p.m.	500 000 000	0,—	433 640 804,70	
	Article 13 05 01 — Subtotal		580 000 000	850 000 000	521 950 000	700 000 000	450 949 918,—	565 824 999,70	
Chapter 13 05 — Total			580 000 000	850 000 000	521 950 000	700 000 000	450 949 918,—	565 824 999,70	
13 06	Solidarity Fund — Management								
13 06 01	European Union Solidarity Fund — Member States	3	p.m.	p.m.	p.m.	p.m.	20 955 775,—	77 205 775,—	
	Article 13 06 01 — Subtotal		p.m.	p.m.	p.m.	p.m.	20 955 775,—	77 205 775,—	
13 06 02	European Union Solidarity Fund — Countries negotiating for accession	7.5	p.m.	p.m.	p.m.	p.m.	961 220,—	961 220,—	
	Article 13 06 02 — Subtotal		p.m.	p.m.	p.m.	p.m.	961 220,—	961 220,—	
Chapter 13 06 — Total			p.m.	p.m.	p.m.	p.m.	21 916 995,—	78 166 995,—	

13 49	Expenditure on administrative management of programmes committed in accordance with the former Financial Regulation								
13 49 04	Support expenditure for operations of Regional policy policy area								
13 49 04 01	European Regional Development Fund (ERDF) — Expenditure on administrative management	2.1	—	p.m.	—	p.m.	0,—		421 108,62
13 49 04 02	Instrument for structural policies for preaccession (ISPA) — Expenditure on administrative management	7.2	—	p.m.	—	p.m.	0,—		152 636,09
	Article 13 49 04 — Subtotal		—	p.m.	—	p.m.	0,—		573 744,71
	Chapter 13 49 — Total		—	p.m.	—	p.m.	0,—		573 744,71
	Title 13 — Total		28 629 428 109	22 843 704 270	27 103 805 946	20 925 964 234	26 558 980 242,83		21 886 965 322,16

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	REGI
Enhanced cooperation	
Drafts(wo)man Date appointed	Constanze Angela Krehl 14.3.2005
Discussed in committee	11.7.2005
Date suggestions adopted	13.9.2005
Result of final vote	for: 46 against: 0 abstentions: 1
Members present for the final vote	Stavros Arnautakis, Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Graham Booth, Bernadette Bourzai, Bairbre de Brún, Giovanni Claudio Fava, Gerardo Galeote Quecedo, Iratxe García Pérez, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Zita Gurmai, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Jim Higgins, Alain Hutchinson, Mieczysław Edmund Janowski, Gisela Kallenbach, Tunne Kelam, Miloš Koterec, Constanze Angela Krehl, Jamila Madeira, Yiannakis Matsis, Miroslav Mikolášik, Francesco Musotto, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Elisabeth Schroedter, Alyn Smith, Grażyna Staniszevska, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný
Substitutes present for the final vote	Mojca Drčar Murko, Emanuel Jardim Fernandes, Riitta Myller, Mirosław Mariusz Piotrowski, Toomas Savi, László Surján, Thomas Ulmer, Paavo Väyrynen, Nikolaos Vakalis
Substitutes under Rule 178(2) present for the final vote	

14.9.2005

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006: Section III – Commission
(C6-0299/2005 - 2005/2001(BUD))

Draftswoman: Katerina Batzeli

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 up the significance of the financial year 2006 for agriculture, since, for the first time, there will be expenditure on the single-payment and regional-payment schemes and the modulation mechanism; furthermore, should there be no agreement on the 2007-2013 financial perspective, the 2006 budget will serve as the basis for the 2007 budget;
2. Stresses that, in connection with the differences in implementation of the CAP reform in the Member States, problems may arise with claims for payments, and in this context calls for European budget funds to be paid only to farmers whose business is based within the European Union;
3. Regrets that on an accounting basis only, and without taking account of any political priority, the Council has adopted an across-the-board reduction of 0.56 % in all market and income support spending above EUR 50 m, with the exception of three CAP reform lines (single-payment and regional-payment schemes, single area payment scheme and additional amounts of aid); notes that that will result in a reduction of EUR 150 m, including more than EUR 100 m in direct aids alone, to which should be added the reduction of more than EUR 75 m in agricultural spending (such as on Leader and Sapard, etc.) coming under other headings;
4. Takes the view that the Council conducted no serious analysis before making these reductions; what is purely an accounting exercise has brought about absurd reductions in funding in some cases;

5. Regrets the reduction against funding for SAPARD when the programme's implementation rate is high, which may well lead, in 2006, to the same situation as in 2005, i.e. the need to make use of other budget lines, during the year, in order to provide the necessary appropriations;
6. Takes the view that the Commission's proposed margin of EUR 1.21 bn below the financial perspective ceiling is already ample to cope with any market-related crises or potential dollar fluctuations and that, consequently, the Council's reduction and the resulting EUR 1.35 bn margin present a misleading picture of the resources needed for the conduct of agricultural policy;
7. Takes the view that the amounts entered in the PDB for agriculture represent the bare minimum and therefore calls for all PDB lines to be restored, which is all the more vital given that the Commission's forecasts, on which the PDB figures are based, very often turn out to be optimistic by comparison with actual market developments;
8. Welcomes the fact that the Council has made no reduction in amounts for rural development;
9. Endorses the Council's decision on revision of the financial perspective, thus making it possible to transfer EUR 655 m in direct-aid modulation appropriations from heading 1a to heading 1b, but regrets the fact that the decision was taken so late, thus posing major programming problems;
10. Takes the view that, for greater clarity, the budget lines between which modulation amounts have been distributed should be identified, and calls for modulation amounts, rather than being spread thinly between the majority of rural development measures, to be concentrated on a limited number of priorities such as the setting-up of young farmers, training or less-favoured areas;
11. Takes the view that amounts freed up if some Member States are unable to use rural development funding in its entirety should be reallocated for rural development;
12. Takes the view that heading 1a appropriations unused by the end of the financial year should not simply be returned to Member States, but, rather, should be earmarked for an agriculture-related purpose;
13. Proposes that there should be an increase in funding for improved promotion of quality products and for promotion of regional marketing and regional labels and in funding for provision of information on the common agricultural policy;
14. Considers that, in order to teach sound dietary habits and combat obesity in young children, schools should likewise be able to take advantage of the free distribution of fruit and vegetables;
15. At a time when the search for alternatives to oil should be a priority, the reduction in appropriations for aid for energy crops is totally illogical;

16. Calls for additional appropriations to be allocated for aid for setting up young farmers and for training, these being two key areas for ensuring that the countryside remains alive;
17. Calls for particular attention for innovation and renewal within the CAP, as this is of vital importance in the reformed agricultural policy, and calls for attention to be devoted to innovation particularly with reference to the establishment of young farmers and to training activities;
18. Calls, within the field of forestry – particularly planting and maintenance – for special attention to be devoted to preventing and combating forest fires as well as combating plant diseases brought on by drought;
19. Calls for veterinary expenditure and funding of research into, and prevention of, animal diseases to be increased, too.

PROCEDURE

Title	Draft general budget of the European Union for the financial year 2006 - Section III – Commission		
Procedure number	2005/2001(BUD)		
Committee responsible	BUDG		
Committee asked for its opinion Date announced in plenary	AGRI		
Enhanced cooperation	no		
Drafts(wo)man Date appointed	Katerina Batzeli 20.1.2005		
Discussed in committee	23.5.2005	13.7.2005	13.9.2005
Date suggestions adopted	13.9.2005		
Result of final vote	for:	29	
	against:		
	abstentions:	-	
Members present for the final vote	Katerina Batzeli, Sergio Berlato, Thijs Berman, Niels Busk, Luis Manuel Capoulas Santos, Albert Deß, Gintaras Didžiokas, Carmen Fraga Estévez, Duarte Freitas, Jean-Claude Fruteau, Ioannis Gklavakis, Lutz Goepel, Bogdan Golik, Friedrich-Wilhelm Graefe zu Baringdorf, María Esther Herranz García, Elisabeth Jeggle, Heinz Kindermann, Diamanto Manolakou, Jean-Claude Martinez, María Isabel Salinas García, Agnes Schierhuber, Czesław Adam Siekierski, Marc Tarabella, Janusz Wojciechowski		
Substitutes present for the final vote	Christa Klaß, Wiesław Stefan Kuc, Astrid Lulling, Markus Pieper, Karin Resetarits		
Substitutes under Rule 178(2) present for the final vote			

15.9.2005

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Jan Mulder

Introduction

The Commission opts for a cautious approach when drawing up the proposal for the Preliminary Draft Budget 2006.

The Preliminary draft budget registers an amount in commitment appropriations and in payment appropriations which is increasing, respectively, to € 121 billion and € 112,5 billion.

Before summarising the distribution of expenditure among the different areas of the fisheries sector it is necessary to stress that the European fisheries industry is extremely dependent on the European budget: of the total amount of € 1.1 billion provided by the European Union and national and regional authorities, about € 900 million come from EU budget.

The Preliminary Draft Budget presented by the Commission allocates € 1.08 billion to fisheries, registering an increase of 2.7% in comparison with the previous budget.

In general terms the proposal follows the trend of the previous one, particularly as regards the implementation of the CFP as reformed in 2002.

The Commission sets up:

- an increase in the number of Regional Advisory Councils (RAC); in line with the objectives of the CFP reform.

Regarding the maritime area, the Commission proposes two initiatives whose implementation

requires an increase of the total amount

- extension of the competence to maritime affairs. An additional amount of money will be necessary to cover the elaboration of a "Green Paper" on the European Union Future Maritime Policy and the organisation of a conference on the Green Paper;
- the expenditure in the area of the Law of the Sea; which comes under Chapter 11 Fisheries and an amount for the contribution to the United Nations of € 200.000 has been foreseen.

As regards the headings; the draft budget allocates € 33.200.000 in commitment appropriations under **Heading I** (Agriculture). The total amount is unchanged from the one tabled by the Commission in 2005. On the other hand **Heading II** (Structural Operations) registers an increase in terms of allocation in commitment appropriations, the amount going up from € 680.500 in 2005 to about € 696.800. For the actions under **Heading III** (Internal Policies) the amount goes up from about € 106.000.000 allocated in 2005 to about € 108.000.000 in commitment appropriations, registering an increase of 2.1%. For **Heading IV** (External Action), which includes international agreements covered by the conciliation procedure, the draft report assigns about € 202.100.000 in commitment appropriations, registering an increase of € 5,9 million (3% more than in the previous budget).

The budget for 2006, as regards the fisheries sector, has been drawn up in a spirit of continuity with the past. Whereas, in general terms, the proposal is well structured, it is necessary to underline that the Commission should take into account the consequences of the last and the next European Enlargement, whose impact produces socio-economic effects on activities related to fisheries.

SUGGESTIONS

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

1. Stresses the need for providing further support in the fisheries sector to face the challenge of a European Union of 27 Member States in 2007. Several actions should be established:
 - a) to support the rebuilding of the fishing industry in the new Member States;
 - b) to further strengthen the European position of the new Member States in the fisheries sector;
2. Believes that it is a priority to invest in environmentally-friendly fishing, both for the adoption of new and more highly developed technical methods; focussing on the reduction of by catch and the elimination of discards in the fishery sector;
3. Feels that economic aid is important to compensate the socio-economic consequences for people whose live depends on fishing activity falling within the scope of measures reducing fishery effort;
4. Believes, in addition, that the budget should take greater account of remote regions, in particular the outermost regions, and should also include a larger amount for the implementation of control instruments which are necessary to guarantee the respect of financial rules;
5. Underlines that the budget should support the development of Regional Advisory Councils which represent the main forum of discussion for scientists and fishermen in order to achieve a sustainable Common Fisheries Policy;
6. Strongly believes that better control methods should be implemented in the budget to ensure their transparency and to diminish irregular and fraudulent spending of EU-funds;
7. Stresses the need to promote research through a more consistent allocation of appropriations.

PROCEDURE

Title	draft general budget of the European Union for the financial year 2006 - Section III - Commission		
References	2005/2001(BUD)		
Committee responsible	BUDG		
Committee asked for an opinion Date announced in plenary	PECH		
Reinforced cooperation			
Draftsman Date appointed	Jan Mulder 30.3.2005		
Discussed in committee	24.5.2005	11.7.2005	29.8.2005
Date adopted	14.9.05		
Result of final vote	For:	25	
	Against:	0	
	Abstentions:	0	
Members present for the final vote	Stavros Arnautakis, Elspeth Attwooll, Marie-Hélène Aubert, Iles Braghetto, Luis Manuel Capoulas Santos, David Casa, Paulo Casaca, Carmen Fraga Estévez, Ioannis Gklavakis, Alfred Gomolka, Pedro Guerreiro, Heinz Kindermann, Henrik Dam Kristensen, Albert Jan Maat, Rosa Miguélez Ramos, Seán Ó Neachtain, Willi Piecyk, Bernard Poignant, Struan Stevenson, Margie Sudre, Daniel Varela Suanzes-Carpegna		
Substitute(s) present for the final vote	Duarte Freitas, Jan Mulder, María Isabel Salinas García, Helga Trüpel		
Substitute(s) under Rule 178(2) present for the final vote			

14.9.2005

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Helga Trüpel

SHORT JUSTIFICATION

THE PRELIMINARY DRAFT BUDGET (PDB)

1. The European Community budget for 2006 will be the last annual budget under the current Financial Perspective¹, which has been the framework for annual budgetary procedures since 2000.

2. The Preliminary Draft Budget adopted by the Commission on 27 April 2005 proposes commitment appropriations of EUR 121,3 billion (4% more than in 2005) and payment appropriations of EUR 112,6 billion (5,9% more than in 2005). As in previous years, it is foreseen that, taken together, agriculture and rural development (42%), and the structural and cohesion funds (37%), will take up almost four-fifths of the Commission budget in 2006.

3. The budget lines for which this Committee is responsible are spread over a number of policy areas in the PDB

- 9 (Information Society)
- 15 (Education and Culture)
- 16 (Press and Communication)
- 26 (Administration)

Appropriations for these policy areas are entered under two headings in the Financial Perspective: Heading 3 (Internal Policies) covers appropriations for operational expenditure and Heading 5 (Administration) covers the administrative expenditure related to the policy areas. The PDB proposes EUR 9,2 billion (an increase of 1,8%) in commitment

¹ Inter-institutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure, OJ C 172, 18.6.1999, p.1.

appropriations for Heading 3 (which is made up of about two dozen policy areas), including a small unallocated margin of EUR 167 million. The PDB proposes an increase of 6,2% in appropriations for Heading 5 compared with budget 2005, largely to pay for the recruitment of additional staff following enlargement.

4. Policy area 9 (Information Society): The PDB proposes that budget lines for the Media programme, for other measures in the audiovisual sector and for the i2i initiative, be transferred from policy area 15 (Article 15 05 01 in budget 2005) to policy area 9, reflecting the reallocation of responsibilities between individual Commissioners.

5. Policy area 15 (Education and Culture): The following are noteworthy:

- 15 01 04 30: a significant increase in funding for the Executive Agency for Education, Audiovisual and Culture established in late 2004
- 15 02 02 05: a substantial increase in appropriations for Erasmus Mundus as the programme builds up
- 15 05 04: the running-down of appropriations for the European Year of Education through Sport 2004, as the year ends and payments for activities undertaken in connection with it fall;
- a substantial increase in funding for the European University Institute in Florence (15 02 01 03), but significant cuts in appropriations proposed for town-twinning partnerships (15 06 01 07) and for grants to cultural organisations advancing the idea of Europe (15 04 01 03)
- in the final year of the Financial Perspective, appropriations for the multi-annual programmes (Socrates, Youth, Media Plus, Culture) are on target to commit Community money up to the ceilings agreed in co-decision, although the draftsman notes that in the case of the Youth programme this has resulted in a reduction in commitment appropriations compared with budget 2005
- cuts in appropriations as the following preparatory actions and pilot projects run down:
 - 15 04 02 03: Preparatory actions for cooperation on cultural matters
 - 15 04 03 01: Preparatory measures for promotion of the linguistic diversity of the Community in the information society
 - 15 05 02: Pilot projects for participation of young people
 - 15 05 03: Sport: preparatory measures for a Community policy in the field of sport

6. Policy area 16 (Press and Communication): There is no separate and distinct legal base for expenditure on information and communication actions, but the Inter-institutional Group on Information which is co-chaired by the Parliament, Council and Commission, lays down common guidelines for the development of a communication and information policy strategy for the EU. The most striking features of proposals for this policy area in the PDB are:

- the high proportion of total appropriations which are devoted to administrative expenditure (63% in budget 2005, 64 % in PDB 2006)

- reduced appropriations for Actions in the field of communication (16 03 02), PRINCE - debate on the future of the EU (16 03 04), Tools for information to the citizens (16 04 02), Communication Tools (16 04 03), and Information Outlets (16 05 01)
- slightly higher appropriations for Direct Communication - Media (16 02 03) and Public opinion analysis and proximity actions (16 03 01).
- a substantial increase in appropriations for Citizens' information via the media (16 02 02).

7. Other information actions: The PRINCE programme was broken down into five separate actions in 2004. In PDB 2006, the following lines are relevant:

- 01 02 04 (Economic and financial affairs) PRINCE - Communication on economic and monetary union, including the Euro: ECON is the responsible committee.
- 16 03 04 PRINCE - Debate on the future of the European Union: AFCO is the responsible committee.
- 18 08 01 (Justice and home affairs) PRINCE - Area of freedom, security & justice: LIBE is the responsible committee.
- 19 11 03 (External Relations) PRINCE - Role of the European Union in the world. - AFET is the responsible committee
- 22 04 01 (Enlargement) PRINCE - Information and communication strategy: AFET is the responsible committee.

The PDB proposes the following appropriations:

(EUR millions):	Budget 2005		PDB 2006	
	CA	PA	CA	PA
01 02 04	4,0	2,0	5,0	5,0
16 03 04	9,0	7,185	3,5	4,8
18 08 01	5,0	5,0	3,2	3,25
19 11 03	2,8 1,2	1,75 0,75	4,0	3,5
22 04 01	5,6 2,4	11,05 3,9	7,0	13,5

8. European Schools In policy area 26 (Commission's administration), there is a separate budget line for each school and for the Board of Governors.

THE DRAFT BUDGET (DB)

9. The Council completed its first reading and adopted the Draft Budget on 15 July. It has amended the PDB in four important ways:

- Payment appropriations for operational expenditure have been cut throughout Heading 3. The Council says that it has followed the principle of limited and controlled growth of payment appropriations in comparison with 2005, taking into account the implementation rate in previous years.

- Administrative expenditure has been cut throughout Heading 5. The Council says that it has applied a reduction of 2% on current expenditure, taking into account efficiency gains and the impact of inter-institutional co-operation.
- Three information lines (16.02.02, 16.02.03 and 16.03.01) have been cut. As in previous years, the Council points to the fact that expenditure on these lines is not based on a multi-annual programme.
- The Council has adopted essentially the same approach to pilot projects and preparatory actions, and cut appropriations for the 'pilot project in favour of citizenship' (15.06.01.09).

10. The appropriations entered in the Draft Budget for the European Schools reflect the budget for the schools agreed by the Board of Governors at its meeting on 25-27 April. These take account of the most up-to-date information available about foreseeable revenue and expenditure, on a school-by-school basis.

DRAFTSMAN'S REMARKS

11. The budgetary procedure for 2006 unfolds against a bleak backdrop. The Lisbon process has stalled, the draft constitution has been rejected in France and Holland, and no agreement has been reached on a new Financial Perspective. Together, these developments have precipitated a crisis of belief in the European Union. We should therefore pay particular attention to programmes where 'European added-value' is uncontested (such as Erasmus) and to initiatives (such as town-twinning partnerships) which are concrete examples of European cooperation and which take place at a level which is close to citizens.

Policy area 9

12. In principle, the transfer of the audiovisual and media policy budget lines from policy area 15 to policy area 9 is unobjectionable. However, given the dispersal of the budget lines for which it is responsible across a number of policy areas, the Committee must make a special effort to ensure that it continues to be able to monitor expenditure (e.g. for the Media programme) for which it has particular responsibility.

13. The i2i initiative (budget line 09 05 05 - formerly line 15 05 01 05) which ran as a preparatory measure for three years, was established to help audiovisual companies to gain access to funding by subsidising part of the cost of the bank guarantees required by banks and other financial institutions. This initiative has now been integrated in the Media Plus Programme (although no additional funding has been provided).

Policy area 15

14. The Committee has special responsibility for a number of co-decided programmes: Socrates, Youth, Culture, Erasmus Mundus, e-Learning, and the three action programmes supporting European organisations in the fields of culture, youth, and education and training. Normally, there would be little scope to alter the multi-annual budgets agreed for these programmes by Parliament and Council. However, given the exceptional circumstances in which the budgetary procedure takes place, the draftsman proposes to exploit Article 33 of the Inter-institutional Agreement of May 1999 to press for a revision of the multi-annual budget of two co-decided programmes.

15. Socrates: This is the Community's programme in the field of education: it provides an instrument for spreading innovation and good practice in education that would otherwise have remained locked within national borders. Consisting of well-established actions, the programme has a very high rate of budget implementation. Within Socrates, the Erasmus action - and in particular the student mobility sub-action - is one of the most well-known and successful of all the Community's measures across the whole policy spectrum. The Parliament's support for the successor programme proposed by the Commission was recently demonstrated by its decision to press for an increase of EUR 670 million (2004 prices) above the figure proposed by the Commission.

16. Erasmus student mobility grants have been in existence for more than a decade and more than one million students have benefited from these. But during this period the average level of the grant has not risen above its 1993 level of EUR 150 per month: indeed, the most recent figures suggest that it has now fallen to EUR 124. This represents a cut of about 40% in the real value of a grant which, in any case, does not cover the additional costs borne by students who choose to study abroad; and there is some evidence that an inadequate mobility grant is hampering the participation of students from poorer backgrounds. Even if the Financial Perspective which is eventually agreed results in a smaller budget than that foreseen in the Commission proposal, it is almost certain that this will be at least double the current level of expenditure. 2006 thus constitutes something of a transitional year. Bearing in mind the precedent set by the revision of the earlier generation of the Socrates and Youth programmes during their final year (1999), the draftsman will press for a revision of the basic act so as to permit substantially higher expenditure on Erasmus mobility grants in 2006.

17. Cultural organisations advancing the idea of Europe: There is widespread agreement within the Parliament about the importance of the work of European cultural organisations as 'cultural ambassadors' for the EU. Support for such organisations is foreseen in the Commission proposal for the next generation of the Culture programme (Culture 2007). At present, these organisations are supported by grants under an action programme adopted in 2004 and covering the period 2004-2006. The multi-annual budget agreed is, however, inadequate: in 2005, the appropriations available for grants to cultural organisations were only 81% of those available in budget 2004; and, in PDB 2006, this figure falls further to 65%. These cuts in support were not intended by the legislator and arise in part because of the inflexibility of the action programme as a whole. An additional cut in 2006 is particularly unfortunate since this will be the first year in which new organisations, not included in the list of organisations appended to the Decision establishing the programme, may apply for support. The draftsman will press for a revision of the Decision establishing the action programme, so as to permit an increase of EUR 2,06 in appropriations on line 15 04 01 03. These appropriations restore expenditure in real terms on this line to 2004 levels.

18. Town-twinning: In recent years, the Committee (and, indeed, the Parliament) has consistently shown its support for town-twinning partnerships by increasing the relevant appropriations. Support for town-twinning now forms part of the Community action programme to promote active European citizenship (2004-2006), which was adopted under the consultation procedure: the multi-annual programme budget of EUR 72 million has been inadequate to maintain expenditure at 2004 levels in 2005 and 2006. Once again, the successor programme proposed by the Commission (which will be adopted under co-decision) foresees a substantial increase in the scale of activities and correspondingly higher

expenditure. The draftsman will propose an increase to EUR 12,5 millions on budget line 15 06 01 07, to restore the level of funding available under budget 2005.

19. Part of the appropriations proposed for the new pilot project on citizenship (line 15 06 01 09) will be devoted to testing changes in arrangements for town-twinning (such as multi-annual partnership agreements) to be introduced from 2007 onwards. Of the EUR 1,5 million proposed for this line, EUR 0,8 million is set aside for town-twinning and other initiatives to promote active citizenship: the draftsman will increase this sum by EUR 0,4 million, amending the budgetary remarks accordingly.

Policy area 16

20. The draftsman notes that the proposals in the PDB fit into a broader pattern of under-implementation by the Commission of the budget for information lines: in practice, in recent years the Commission has implemented the PDB rather than the budget. She looks forward to the Commission's presentation of its new communication strategy: she hopes that, in the interim, the Inter-Institutional Working Group on information and communication, and the Committees on Budgets and on Budgetary Control, will consider the most appropriate means of encouraging the Commission to improve implementation of the budget in this policy area.

21. PRINCE: The draftsman is puzzled by the Commission's proposals for two of the PRINCE lines. Will there really be less need in 2006 than in 2005 for information about Europe as an area of freedom, security and justice (Article 18 08 01)? And a cut of two-thirds in appropriations for Article 25 03 02 (Debate on the future of the European Union) now seems particularly ill-judged.

22. Other information actions: The PDB also proposes reductions compared with budget 2005 in appropriations for lines 16 03 02 (Actions in the field of communication), 16 04 02 (Tools for information to the citizens) 16 04 03 (Communication tools) and 16 05 01 (Information outlets).

23. Rather than adopting a horizontal approach to this policy area, the draftsman believes that the proposals in the PDB must be considered line by line. The Commission must provide more information about the reasons for its under-implementation of these lines in the recent past; it must explain the reasoning behind its proposals in PDB 2006; and it must offer at least some indication of how the actions supported by these lines will fit together in its new information and communication strategy.

Policy area 26

24. The existence of the European Schools is necessary for the proper functioning of the European institutions: provision of a mother-tongue education for the children of officials plays an essential role in the recruitment and retention of suitably qualified staff to work in the European public service. The Community contributes about 57% of the total budget of the schools; the Member States, which pay the salaries of seconded teachers and provide and maintain the schools' buildings free of charge, contribute about 22%; other income sources, including parents' contributions (about one tenth of the total budget), a contribution from the European Patent Office and contributions from other parties to agreements with the schools, make up the balance.

25. Changes in the budget of the individual schools, and consequently in the Community's contribution to these, are explained essentially by inflation, increases in teachers' salaries, normal fluctuations in pupil numbers from one year to another, the enrolment of the children of officials from the new Member States, and fluctuations in fee and other revenue.

SUGGESTIONS

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

1. Recalls the central place accorded in the Lisbon process to education, vocational training and lifelong learning and the application of new information and communication technologies thereto;
2. Notes that, while Erasmus is one of the most successful and best-known of Community initiatives across the policy spectrum, the average Erasmus student mobility grant has remained unchanged since 1993 at EUR 150 per month; expresses its disquiet at evidence that the failure of the average mobility grant to meet the real additional costs of mobility may be discouraging students from poorer backgrounds from studying abroad; is determined to seek a revision of the multi-annual budget provided for in Decision No 253/2000/EC of the European Parliament and of the Council of 24 January 2000 establishing the second phase of the Community action programme in the field of education 'Socrates'¹, so as to increase the average Erasmus mobility grant;
3. Underlines the importance of town-twinning partnerships as concrete examples of European cooperation which operate at a level close to citizens; expresses its determination to ensure that support for such partnerships is no lower in 2006 than it has been in 2005;
4. Reasserts its belief in the importance of European cultural organisations as 'cultural ambassadors' for the European Union; calls for a revision of Decision No 792/2004/EC of the European Parliament and of the Council of 21 April 2004 establishing a Community action programme to promote bodies active at European level in the field of culture² so as to ensure that cultural organisations may continue to receive an appropriate level of support;
5. Recalls that successive surveys have revealed that a high proportion of European citizens know little about the European Union, its institutions and policies; underlines the importance of effective and adequately funded information measures in helping European citizens to understand the institutions which exist to serve them and the policies which the European Union pursues; urges the Commission to present its White Paper on its information and communication strategy as soon as practicable; emphasises its determination to ensure that, in its implementation of the budget, the Commission fully

¹ OJ L 28, 3.2.2000, p. 1.

² OJ L 138, 30.4.2004, p. 40.

respects the wishes of the budgetary authority.

* * *

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission			
Procedure number	2005/2001(BUD)			
Committee responsible	BUDG			
Committee asked for its opinion Date announced in plenary	CULT			
Enhanced cooperation				
Draftswoman Date appointed	Helga Trüpel 14.3.2005			
Discussed in committee	15.6.2005	11-12.7.2005	30.8.2005	12.9.2005
Date amendments adopted	12.9.2005			
Result of final vote	for:	29	against: abstentions:	
Members present for the final vote	María Badía i Cutchet, Christopher Beazley, Guy Bono, Marie-Marielle De Sarnez, Hélène Descamps, Věra Flasarová, Milan Gaľa, Claire Gibault, Vasco Graça Moura, Lissy Gröner, Luis Herrero-Tejedor, Ruth Hieronymi, Manolis Mavrommatis, Marianne Mikko, Ljudmila Novak, Doris Pack, Zdzisław Zbigniew Podkański, Christa Prets, Karin Resetarits, Pál Schmitt, Nikolaos Sifunakis, Hannu Takkula, Helga Trüpel, Tomáš Zatloukal.			
Substitutes present for the final vote	Emine Bozkurt, Philip Claeys, Ignasi Guardans Cambó, Gyula Hegyi, Åsa Westlund.			
Substitutes under Rule 178(2) present for the final vote				

16.9.2005

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftsman: Gérard Deprez

SUGGESTIONS

The Committee on Civil Liberties, 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:

1. Considers the integrated management of the EU's external borders to be one of the most important objectives to be further developed; requests to that end that the appropriations to be provided for the European Agency for the Management of Operational Cooperation at the External Borders be increased; calls on the Polish Government to step up its efforts, as host country for this new, strategically important, body, to set up the agency and provide it with a stable seat and appropriate practical and financial support; confirms the appropriations proposed by the Commission for the Schengen Information System II, the Visa Information System and Eurodac; recalls that it has requested a report on the implementation of the Schengen and Kaliningrad facilities from the Commission by 1 July 2005;
2. Wishes to further develop the initiatives launched in previous years to fight terrorism and organised crime; to this end, requests a substantial increase of appropriations for Eurojust to allow it to contribute in the most efficient way possible to the fight against organised crime and terrorism; repeats its call upon the Dutch authorities to increase considerably logistical support for Eurojust; furthermore, proposes to increase the appropriations for the pilot project "victims of terrorist acts" and to reinforce, in particular, effective access

to legal support and advice for victims and their families;

3. Requests that the Member States in the framework of the Europol Convention increase considerably Europol's financial resources for the fight against the counterfeiting of the Euro;
4. Underlines its support for all measures aiming to protect and to promote fundamental rights; proposes to increase the appropriations allocated for the preparatory action "Integration of Nationals of non-member countries"; deplores the Commission's decision to base its proposal for the creation of the Human Rights Agency solely on a legal basis providing for the consultation procedure; requests the European Council of Refugees and Exiles (ECRE) to fully implement the budget remark concerning the acknowledgement of funding;
5. Requests further support for measures aimed at protecting personal data; proposes that a pilot project aimed at setting up a European Union Forum on data protection in the third pillar (police and judicial co-operation in criminal matters) - Group 92 - be launched in the 2006 financial year in order to put an end to the absence of adequate data-protection advice at European level in this field; puts in reserve once again part of the credits allocated for "passenger rights" until the "push-system" for the transmission of passenger name records (PNRs) to the United States is fully in place.

PROCÉDURE

Title	Draft general budget of the European Union for the financial year 2006 - Section III - Commission			
Procedure number	2005/2001(BUD)			
Committee responsible	BUDG			
Committee asked for its opinion Date announced in plenary	LIBE 0.0.0000			
Enhanced cooperation				
Drafts(wo)man Date appointed	Gérard Deprez 6.6.2005			
Discussed in committee	13.9.2005	14.9.2005	21.6.2005	12.7.2005
Date suggestions adopted	14.9.2005			
Result of final vote	for:	33		
	against:	0		
	abstentions:	0		
Members present for the final vote	Alexander Nuno Alvaro, Alfredo Antoniozzi, Edit Bauer, Mihael Brejc, Kathalijne Maria Buitenweg, Giusto Catania, Carlos Coelho, Fausto Correia, E. De Groen-Kouwenhoven, Agustín Díaz de Mera García Consuegra, Rosa Díez González, Antoine Duquesne, Kinga Gál, Adeline Hazan, Livia Járóka, Ewa Klamt, Magda Kósáné Kovács, Wolfgang Kreissl-Dörfler, Barbara Kudrycka, Stavros Lambrinidis, Henrik Lax, Jaime Mayor Oreja, Athanasios Pafilis, Martine Roure, Inger Segelström, Ioannis Varvitsiotis, Stefano Zappalà, Tatjana Ždanoka			
Substitutes present for the final vote	Gérard Deprez, Marie-Line Reynaud, Agnes Schierhuber, Antonio Tajani, Rainer Wieland			
Substitutes under Rule 178(2) present for the final vote				

15.9.2005

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 – 2005/2001(BUD))

Section III - Commission

Draftsman: Alexander Stubb

SUGGESTIONS

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

- A. whereas the negative outcomes of referendums on the Treaty establishing a Constitution for Europe in two founding Member States demonstrate the continued need for political debate and educational information in the constitutional field,
- B. whereas the European Parliament as the most open and the only directly elected European institution now carries a particular responsibility for the continuation of the process of ratification of that Treaty and for the objective presentation of the quality of the compromises prepared, among others, by its own members in the Convention on the Future of Europe, agreed by the Brussels Intergovernmental Conference of June 2004 and signed by the heads of state or government of all Member States in Rome in October 2004,
- C. whereas the phase of reflection should be used to search for options to safeguard the political development of a strong European Union sharing the same objectives and to explore also the possibilities for new ways of involving and informing the European citizens,
- D. whereas Parliament has stressed in its previous resolution, of 13 April 2005 on the 2006 budget and the Commission's Annual Policy Strategy report, that the 2006 budget plays an essential role in "guaranteeing the continuity of actions and in serving as the bridging instrument for the multiannual programme after 2006"¹,

¹ *Texts Adopted* of that date, P6_TA-PROV(2005)0126, recital D.

1. Intends to strengthen its own means, as well as other financial instruments, to improve media coverage of European affairs, taking due account of cost-effectiveness and the likely number of interested citizens and including not only the constitutional debate but also other issues of immediate interest for citizens which are to be decided at the European level; undertakes to improve audio-visual accessibility to its own activities beyond part-sessions to include committees and hearings;
2. Continues its support for academic bodies and think tanks working in the European constitutional field; asks the Commission, in addition, to focus more on activities aimed directly at non-specialists and opinion leaders;
3. Backs the Commission's programmes and information campaigns in the framework of the debate on the future of Europe and stresses that the financial means spent on such programmes are minute in comparison to many other EU activities; hence, the amounts proposed for some of these programmes are insufficient to inform effectively 450 million European citizens of the stakes involved in the constitutional evolution of the Union;
4. Stresses that the mostly small educational and cultural centres working in fields of European interest constitute a valuable resource for the European institutions as well as for the broader public; assures them of its clear intention to maintain the current level of spending and to consider an increase in funds in cases presenting an exceptional interest for the future of the Europe.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	AFCO
Enhanced cooperation	
Drafts(wo)man Date appointed	Alexander Stubb 20.4.2005
Discussed in committee	13.7.2005 14.9.2005
Date suggestions adopted	14.9.2005
Result of final vote	for: 11 against: 2 abstentions: 0
Members present for the final vote	James Hugh Allister, Jens-Peter Bonde, Carlos Carnero González, Richard Corbett, Jean-Luc Dehaene, Andrew Duff, Maria da Assunção Esteves, Bronisław Geremek, Jo Leinen, Rihards Pīks, Alexander Stubb
Substitutes present for the final vote	Raimon Obiols i Germà, György Schöpflin
Substitutes under Rule 178(2) present for the final vote	

13.9.2005

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on Budgets

on the draft general budget of the European Union for the financial year 2006
(C6-0299/2005 - 2005/2001(BUD))

Section III - Commission

Draftswoman: Katerina Batzeli

SUGGESTIONS

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

General observations

1. Notes that 2006 is the last year of the 2000 - 2006 Financial Perspective and the last year of several long-term programmes which should be implemented quickly but which should also indirectly contribute to the formulation of the new political guidelines for the 2007 - 2013 Financial Perspective;
2. Believes that in spite of current difficulties in the budgetary procedure for 2006, it is important to maintain the EU's responsibility for a more social and competitive Europe, and regrets the Commission's lack of ambition in this regard;
3. Observes with regret that the practice of gender budgeting has still not been implemented; notes that, in accordance with the principles set out in the Amsterdam Treaty, its Committee on Women's Rights and Gender Equality has examined a range of Community policies and measures from the point of view of equal opportunities and the protection of women's rights; in this connection, notes that gender mainstreaming should not only apply to specific measures designed to promote equal opportunities, but should also extend to the defence of the position of women and women's rights in the context of all budget items;
4. Stresses that under Article 3(2) of the EC Treaty, the promotion of gender equality is a fundamental objective of the Community and should be respected in all Community

activities; stresses further that the Commission must ensure that gender equality is taken into account in the implementation of the budget and that any action should be evaluated from the perspective of the difference of its impact as between men and women;

5. Stresses that the Commission should develop a monitoring and evaluation system that shows the effects on men and women of various budget lines in implementing the principle of gender equality, i.e. demonstrates both how budget expenditure has taken into account gender equality and what projects have been financed to achieve this objective and which budget items make particular provision for expenditure for the promotion of gender equality and the protection of women's rights, especially in the fields of self-employment and social protection;
6. Points out that in view of the similar objectives already implemented in budget lines in previous years, as proposed by its Committee on Women's Rights and Gender Equality, the proposals for the 2006 budget aim mainly at attaining those objectives;
7. Acknowledges the fact that the preliminary draft budget proposes an increase for some of the budget lines concerning gender equality and the protection of women's rights along the lines of the position taken last year, and is looking forward to the evaluation report on these financial instruments that will be published in 2005;
8. Regrets the approach of the Commission in merging programmes, as currently proposed; rejects the idea of bringing the gender equality programme under the PROGRESS umbrella and the integration of the specific programme "Fight against violence (Daphne) and drugs prevention and information" into the general programme "Fundamental rights and justice" (COM(2005)0122), and urges the Commission to modify its proposal to allow Daphne to remain a stand-alone programme; is of the opinion that to include the more specific programmes as part of broader programmes risks marginalising both the impact and the visibility of the gender equality and women's rights policies; meanwhile requests that the budget allocated for the implementation of specific programmes and directives not be decreased;

Specific areas

9. Proposes increasing the financing of the second action programme aimed at combating violence against children, adolescents and women, Daphne II (item 18 04 01 02), in view of the accession of the new Member States; notes that the Daphne programme has proved to be an effective and important tool in combating violence, but in many cases possible partners from new Member States face difficulties and would benefit from additional support; is of the opinion therefore that additional funding is needed to provide information and assistance for potential partners in such new Member States;
10. Stresses the importance of further developing successful measures aimed at achieving equality between men and women, with particular reference to the following measures: in relation to the European Women's Lobby (item 04 05 01), believes that present funding levels are not adequate considering the new tasks the organisation faces in the enlarged Union of 25 Member States; in relation to Women's Organisations (item 04 05 03), believes that present levels of funding are not adequate considering the increased number of potential partners in the enlarged Union and their specific needs; believes further that funding in relation to these initiatives should be increased;

11. Stresses the necessity of taking preparatory steps for the setting up of the European Institute for Gender Equality, as demanded by the Conclusions of the Limerick Ministerial meeting of 7 May 2004 and the Conclusions of the Employment, Social Policy, Health and Consumer Affairs Council of 1-2 June 2004, and reaffirmed by the Conclusions of the Employment, Social Policy, Health and Consumer Affairs Council of 2-3 June 2005; proposes the creation of a new budget line for that purpose (04 05 04 "p.m.");
12. Points out that while pre-accession assistance for Turkey (Article 22 02 04 01) keeps increasing, it is crucial to support Turkey's efforts to further improve protection of human rights, and especially that of women's rights, and to demand the fulfilment of the Copenhagen Criteria; notes that the Commission's 2004 Regular Report on Turkey's progress towards accession (COM(2004)0656) maintains that the protection of women's rights in Turkey is insufficient and that there is little progress in combating violence against women; suggests earmarking a certain percentage of funds for actions and programmes based on sufficient levels of financing and aimed at improving gender equality and protection of women's rights, especially those undertaken in common with women's organisations in the Member States;
13. Considers that, as is highlighted in the conclusions of the Thessaloniki European Council, women have an active role to play in establishing and maintaining peace and in securing democracy; believes that European aid to countries and regions devastated by armed conflict and war, such as Afghanistan and Iraq, should be specifically linked to promoting that role and to the reinsertion and participation of women in social, economic and political life; considers that funding for reconstruction in Afghanistan and Iraq should be completely transparent and that specific budget lines should be established to that effect;
14. Stresses that the budget should reflect the strategies as set out in the Beijing Platform for Action and the Lisbon Strategy, so as to achieve a balanced representation of women among social partners, increased involvement on the part of women in economic decision-making and increased access for women both to education and also to actions and programmes relating to research and technology; is of the opinion that funding levels for relevant programmes should be increased and a specific amount set aside to be allocated exclusively to actions aimed at improving gender equality in these areas;
15. Points out that to ensure the participation of women in the information society, it is essential to implement the principle of gender equality in this particular area of Community policy; is of the opinion that this objective should be complemented by specific expenditure aimed at improving the dissemination of information to citizens in this regard.

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2006 - Section III - Commission
Procedure number	2005/2001(BUD)
Committee responsible	BUDG
Committee asked for its opinion Date announced in plenary	FEMM
Enhanced cooperation	No
Draftsperson Date appointed	Katerina Batzeli 13.4.2005
Discussed in committee	13.7.2005
Date suggestions adopted	13.9.2005
Result of final vote	for: 18 against: 2 abstentions: 0
Members present for the final vote	Emine Bozkurt, Hiltrud Breyer, Edite Estrela, Ilda Figueiredo, Věra Flasarová, Lissy Gröner, Anneli Jäätteenmäki, Lívia Járóka, Urszula Krupa, Astrid Lulling, Doris Pack, Christa Prets, Raül Romeva i Rueda, Amalia Sartori
Substitutes present for the final vote	Iratxe García Pérez, Anna Hedh, Mary Honeyball, Elisabeth Jeggle,
Substitutes under Rule 178(2) present for the final vote	Árpád Duka-Zólyomi, Zita Pleštinská

PROCEDURE

Title	Draft general budget of the European Union for the financial year 2006, Section III – Commission		
References	C6-0299/2005 – 2005/2001(BUD)		
Legal basis	Articles 272 EC and 177 Euratom		
Basis in Rules of Procedure	Rule 69 and Annex IV		
Committee responsible Date of referral	BUDG 29.9.2005		
Committee(s) asked for opinion(s) Date of referral	All 0.0.0000		
Rapporteur Date appointed	Giovanni Pittella 6.12.2004		
Previous rapporteur			
Preliminary draft general budget Date presented by Commission	COM(2005)0300 15.6.2005		
Date draft general budget established by the Council	15.7.2005		
Date draft general budget forwarded by the Council			
Letter(s) of amendment			
Discussed in committee	29.9.2005	4.10.2005	13.10.2005
Date adopted	13.10.2005		
Result of final vote	for: 34 against: 1 abstentions: 1		
Members present for the final vote	Laima Liucija Andrikiienė, Richard James Ashworth, Reimer Böge, Simon Busuttil, Paulo Casaca, Gérard Deprez, Valdis Dombrovskis, Brigitte Douay, James Elles, Neena Gill, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Jutta D. Haug, Anne E. Jensen, Wiesław Stefan Kuc, Zbigniew Krzysztof Kuźmiuk, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Gérard Onesta, Giovanni Pittella, Wojciech Roszkowski, Antonis Samaras, Esko Seppänen, Nina Škottová, László Surján, Helga Trüpel, Ralf Walte		
Substitutes present for the final vote	Hans-Peter Martin, José Javier Pomés Ruiz, Paul Rübig, José Albino Silva Peneda, Peter Šťastný		
Substitutes under Rule 178(2) present for the final vote			
Date tabled – A6	18.10.2005	A6-0309/2005	
Comments	...		