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MOTION FOR A RESOLUTION

pursuant to Annex IV(6) to the Rules of Procedure

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rejecting the draft general budget for the financial year 2005

European Parliament resolution rejecting the draft general budget for the financial year 2005

The European Parliament,

- having regard to the draft budget for 2005 tabled by the Council, and to its second reading,
 - having regard to its first reading of the budget for 2005,
 - having regard to the global compromise reached at the Conciliation of 25 November 2004,
 - having regard to Annex IV(6) to the Rules of Procedure,
- A. whereas 2005 is the first full year of an enlarged EU and a key year for the discussion on the financial perspectives for the period 2007-2013,
- B. having regard to the additional cohesion needs arising from the accession of the ten new Member States, with a per capita income of about 40-50% of Community income and high levels of unemployment, poverty, social exclusion and income inequality, which will increase the current economic and social disparities in the EU,
- C. whereas the signatories of the so-called ‘Letter of the Six’ want to restrict the debate on the future financial perspectives by proposing a budget of a maximum of 1% of the Community GNI for the next financial framework,
- D. whereas the compromise reached at the Conciliation of 25 November 2004 states that the ‘total amount for payment appropriations decided at the end of the 2005 budgetary procedure in December shall not exceed EUR 106.3 billion’, that is 1.004% of Community GNI, which is below its level at first reading (1.05% or €111 billion), the Commission’s Preliminary Draft Budget (1,035% or €109 billion) and the ceilings of the financial perspectives (1.08% or €114 billion),
- E. whereas this agreement is in accordance with the proposal of the signatories of the so-called ‘Letter of the Six’ and with the Council’s Draft Budget (0,99% or €105 Bn), which was confirmed at its second reading,
- F. whereas the budget for 2004 was already the lowest in relative terms since 1987, remaining below 1% of Community GNI, and whereas these consecutive budgets do not respond to the needs of social and economic cohesion of an enlarged EU or to public concerns regarding the social, economic and environmental challenges facing the EU, and will deepen the difficulties for budget implementation, in particular regarding the Structural Funds,
- G. whereas this agreement does not constitute sound budgetary procedure and will contribute to increasing the gap between commitments and payments, and with it the RAL, as well as

creating the risk of decommitments with the generalisation of the N+2 rule, notwithstanding the possibility of a supplementary and amending budget stated in the agreement,

- H. whereas Supplementary and Amending Budget (SAB) No 10/2004 (ex-11) shows the need for extra payments in connection with the Structural Funds as we are approaching the end of the period of the current financial perspectives,
- I. whereas, since 1997, the trend is to have lower budgets each year in relative terms, which reduces Parliament's margin for manoeuvre between employing the maximum rate of increase or denouncing the IIA,
- J. whereas there is a clear connection between this trend and the need to accommodate the cost of enlargement with the same financial resources, as well to respond to the constraints of the Stability and Growth Pact,
- K. whereas the problem is not just the payments but also the (low) level of commitments,
- L. whereas, since 2000, the flexibility instrument has already been used five times to cover extra budgetary needs, particularly under Heading 4, External Policy, which shows the need to revise the ceilings of some headings in the financial perspective, in particular Heading 4, which are clearly underfinanced,
- M. whereas Heading 4 has been the heading that suffers most under a policy of constant redeployments and cuts in appropriations to face new priorities, namely reconstruction after the wars in Former Yugoslavia, Afghanistan and Iraq, reducing the amount available for Parliament's traditional priorities of assisting the less developed and developing countries worldwide,
- N. whereas the global agreement reached for 2005 in terms of the use of the flexibility instrument for decentralised agencies and Iraq is below the amounts voted in its first reading (€100 million for Iraq instead €190 million and €40 million for decentralised agencies instead of €54 million), which will imply further cuts and redeployments relative to its first reading vote in Headings 3 (Internal Policies) and 4, where some cuts had already been made in comparison with the 2004 budget,
- O. whereas the financing problems remain for the 2006 budget in the case of both Heading 3 and Heading 4, in particular because of the simultaneous occurrence of the pre-agreed codecision programmes, the increasing cost of agencies and the Common Foreign and Security Policy,
- P. whereas attention should be drawn to the increasing lack of transparency of the budget procedure in each succeeding year, the 2004 budget being a good example in that the political decision taken in December is not being respected at the end of the year because of the number of cuts, redeployments and transfers between chapters and headings (for 2004, there were already 10 SABs and more than 70 budget transfers, including a global transfer of €753 million),
- Q. whereas this generates a policy whereby some lines will not be implemented from the start

because it is a known fact that the money will be needed elsewhere,

- R. whereas the 2005 budget identifies as the major priorities the most liberal aspects of the Lisbon Agenda, the security issues (fight against terrorism and migration control) and the information campaigns, which is an example of the continuing shift in budget priorities year by year towards the so-called main axes of the European Constitution, enshrined in the Commission proposal for the political and financial framework for 2007-2013,
- S. whereas essential priorities regarding economic growth, employment and social issues, sustainable development and environmental protection, and cooperation with third countries have been clearly underfinanced and lack the budgetary instruments they need to be promoted,
1. Rejects the Draft Budget for 2005 and asks the Council to forward a budget that responds to the extra Cohesion needs of an enlarged EU and the citizens' concerns regarding the social, economic and environmental challenges facing the EU, including economic recovery and the fight against unemployment;
 2. Opposes the strategy of the signatories of the 'Letter of the Six' of restricting the debate on the budget and on the future financial perspectives by proposing a budget of a maximum of 1% of Community GNI for the upcoming period;
 3. Considers it regrettable that the Council should support this strategy;
 4. Recalls its willingness to use the full extent of its budgetary powers if a reasonable budget for 2005 cannot be achieved; recalls, in this context, its commitment to sound budgetary management;
 5. Recalls that the budget is not the only instrument for achieving economic and social cohesion, full employment and sustainable development; a rupture should be made with the current economic, monetary and employment policies and the structures that support it at EU level.