

P5_TA(2003)0332

2004 budget conciliation procedure

European Parliament resolution on the 2004 budget in view of the conciliation procedure before the Council's first reading (2003/2027(BUD))

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
 - 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 procedure¹ and in particular Annex III thereof,
 - having regard to the preliminary draft budget of the Commission for 2004,
 - having regard to its resolution of 11 March 2003 on the guidelines for the 2004 budget procedure, Section III, Commission²,
 - having regard to Article 92 and Annex IV of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Agriculture and Rural Development, and the Committee on Fisheries (A5-0240/2003),
- A. whereas the objective of the first reading conciliation between Parliament and Council is to evaluate the needs assessed by the Commission in the Preliminary Draft Budget (PDB) and to secure an agreement on the level of expenditure for agriculture, international fisheries agreements and the common foreign and security policy, but it is also an opportunity to prepare an agreement on Parliament's priorities, including the pilot projects and preparatory actions, and an appropriate level of payments,
- B. whereas the 2004 budget is essential for the successful integration of 10 new Member States in the financial system of the European Union and should thus contribute to the political aim of uniting Europe, and whereas it should promote economic, social and territorial cohesion, sustainable development, entrepreneurship and competitiveness and help improve the business climate and conditions for the creation of long term employment opportunities and sustainable economic growth, and strengthen the link between education and entrepreneurship,
- C. whereas in Decision 2003/429/EC of the European Parliament and of the Council of 19 May 2003 on the adjustment of the financial perspective for enlargement³, the financial perspective has been revised and adjusted in order to cater for the accession of 10 new Member States,

¹ OJ C 172, 18.6.1999, p. 1.

² P5_TA(2003)0079.

³ OJ L 147, 14.6.2003, p. 25.

- D. whereas the Commission has presented the preliminary draft budget as a budget for 25 Member States, thus following Parliament's position,
- E. whereas the 2004 PDB amounts to EUR 112.2 billion in appropriations for commitments and EUR 100.7 billion in appropriations for payments, which represents an increase of 12.6% in commitments and 3.3% in payments compared to the 2003 budget, which was adopted for an EU of 15 Member States, and whereas the increase for non-compulsory expenditure is 16.8% in commitments and only 0.8% in payments, while the increase for compulsory expenditure is 6.6% in commitments and 6.5% in payments,
- F. whereas the projected figures for the 15 current Member States in the 2004 PDB are EUR 100.4 billion in commitments and EUR 95.6 billion in payments, representing an increase of 0.7% in commitments and a reduction of 2.0% in payments, which are significantly lower than even the deflator of 1.7% used by the Commission for the annual technical adjustment of the financial perspective for the 2004 financial year, and whereas for EU-15 non-compulsory expenditure is reduced by 0.5% in commitments and by as much as 5.1% in payments, while the appropriations for compulsory expenditure increase by 2.4% in commitments and 2.3% in payments,
- G. whereas appropriations for payments represent 0.99% of the Gross National Income (GNI) of the 25 Member States compared to 1.04% of GNI for the 2003 budget for 15 Member States, and representing the lowest share since 1987 (0.96% of GNP),
- H. whereas the maximum rate of increase (MRI) for non-compulsory expenditure, established on the basis of Article 272(9) of the EC Treaty, is 8.0%, which combines an MRI of 3.9% for the current Member States and 4.7% due to the increase in EU GNI as a result of the accession of 10 new Member States in 2004,

General framework

1. Welcomes the fact that the Commission has presented the PDB for 25 Member States in accordance with the budgetary principles deriving from the Treaty, in particular the principle of unity as stated by Article 4 of the Financial Regulation, which provides that the budget must forecast and authorise all revenue and expenditure necessary for the European Union; underlines the fact that no discrimination must exist in the budget between the current 15 Member States and the 10 states that will accede to the European Union on 1 May 2004;
2. Considers that the 15 current Member States between January and April 2004 must only transfer the own resources to the EU budget which correspond to a budget for 15 Member States; intends to reach a political agreement with the Council in December 2003 on a budget for 25 Member States which respects the budgetary principles of unity, annuality and transparency, although the President of Parliament may only sign a budget for 15 Member States to respect the legal situation on 1 January 2004; notes that the Accession Treaty provides for the presentation of an Amending Budget before 1 May 2004 in order to adjust the budget to cope with 25 Member States; insists that the procedure be complemented by a firm commitment by the two arms of the budgetary authority to respect the figures for 25 Member States decided in the 2004 budgetary procedure;

3. Stresses that, in parallel with the budgetary procedure, the multi-annual financial frameworks of the codecision programmes under heading 3 must be revised in order to include the needs of the new Member States from 1 May 2004 onwards, as agreed in the Declaration on Article 32 and Annex XV of the Accession Treaty of April 2003; stresses that it will undertake all efforts to reach an agreement with Council in the July conciliation;
4. Welcomes the introduction of Activity-Based Budgeting (ABB) in the 2004 budget nomenclature, in line with the entry into force of the new Financial Regulation; regrets that the Commission did not enter the human resources under each policy area and that the administrative costs entered in the PDB do not reflect the real costs by policy area; intends to evaluate, on the basis of ABB, the costs of the different policy areas in line with its political priorities;
5. Will examine the ratio between administrative and operational expenditure, and reaffirms its position that 'expenditure on administrative management' (former BA lines) has to be limited as far as possible in order to maintain the level of operational expenditure in the budget, without, however, neglecting the level of RAL;
6. Intends to further examine the level of payments, given that there is a significant imbalance between increases in commitments and in payments for EU-25, while payments for non-compulsory expenditure for EU-15 are reduced by EUR 2.9 billion compared to the 2003 budget;
7. Notes that the margin for payment appropriations left by the 2004 PDB amounts to EUR 10.9 billion;

Agriculture

8. Notes that the total amount of heading 1 for EU-25 (EUR 47.9 billion) increases by 6.9% compared to the 2003 budget, corresponding to an increase of 39.1%, or EUR 1.8 billion, for heading 1b (Rural development), and only 3.1% (EUR 1.3 billion) for heading 1a (Common agricultural policy, not including rural development), because direct income payments will not have an impact on the budget until 2005;
9. Notes that the margin for heading 1a in the 2004 PDB is EUR 1.4 billion, while no margin is left under heading 1b, and that the estimated agricultural budget is based on a euro exchange rate of 1.07 to the US dollar;
10. Notes that the compulsory part of the common agricultural policy's total expenditure is cut from 40.2% in the 2003 budget to 36.8% in the 2004 PDB for EU-25 and that the share of non-compulsory expenditure is increased from 4.7% in 2003 to 5.8% in 2004;
11. Seeks clarification on the inclusion of the Commission proposal for the mid-term review in the PDB, given that no decision has yet been taken by the Council, and asks the Commission to detail and possibly adjust the budgetary impact in its Letter of Amendment, taking account of Parliament's position;
12. Welcomes the large increase of 31% for health and consumer protection included under heading 1a (Food safety, animal health, animal welfare and plant health, Articles 17 04 01 to 17 04 05, former Chapter B1-33), which should allow sufficient funding to be set

aside for the development of better vaccines and testing methods and for health checks to be carried out at the enlarged Union's borders;

13. Is considering creating a special item for insurance schemes for farmers in connection with emergencies and calamities such as foot-and-mouth disease, classical swine fever, avian influenza and other similar diseases;
14. Is considering providing extra resources for further development and implementation of environmental indicators and for the promotion of quality schemes in agriculture;
15. Expresses its concern about the 8.3% and 6.4% cuts in the 2004 PDB for promotion measures (05 08 05 01) and the audit of agriculture expenditure (Chapter 05 07) respectively;
16. Underlines the fact that the global increase of 29% in appropriations for rural development (as defined in the ABB, Chapter 05 04; heading 1b and EAGGF Guidance Section under heading 2) reflects one of the calls made in Parliament's guidelines for 2004; notes that the increase for heading 1b is basically due to the impact of enlargement while the increase for EU-15 for this chapter amounts to 8.8%;

Fisheries

17. Notes that the Commission has created under ABB nomenclature a policy area comprising all expenditure related to EU fisheries policy (Policy area 11: Fisheries), such as fishery markets (heading 1a), structural interventions for fisheries (heading 2), actions concerning control, conservation, data collection and research (heading 3), international fisheries agreements and organisations (heading 4), and - as in each policy area - administrative expenditure under heading 5 (internal and external staff, management support and buildings) and expenditure on administrative management (headings 2, 3 and 4);
18. Notes that, for the fisheries policy area in 2004, the Commission projects appropriations of EUR 972.1 million in commitments and EUR 983.3 million in payments, which is an increase of EUR 46.9 million (5.1%) in commitments and a reduction of EUR 15.2 million (1.5%) in payments, while of fisheries policy area appropriations EUR 73.0 million in commitments and EUR 34.7 million in payments are earmarked for the new Member States;
19. Intends to further examine the significant reductions made by the Commission for fisheries policy under heading 3, in particular in research and under the Structural Funds; considers that monitoring and control of the use of quotas must be improved and that better cooperation between the Commission's and Member States' activities is a priority in this respect;
20. Intends to examine the need for payment appropriations for the 'scrapping fund' (Article 11 06 10), given that the Council has not yet agreed on financing the fund under the 2003 budget; urges the Council to establish its position on the financing of the reform of the common fisheries policy;
21. Notes that the appropriations for international fisheries agreements (Article 11 03 01) have been slightly increased by EUR 1.6 million (0.9%) in commitments and EUR 1.9 million (1.0%) in payments; states that more detailed information is needed on the

ongoing negotiations for renewal of agreements and protocols before Parliament's first reading in order to allocate the necessary resources; invites the Council to agree with Parliament to make a distinction within this article between the part that is related to the development of the third country's fisheries industry (the so-called targeted measures) and the Community's financial compensation in exchange for fishing rights so as to enhance transparency and control over implementation of the EU budget;

22. Takes note that the Commission has not included appropriations in the 2004 PDB for new fisheries agreements which are under negotiation without a clear indication about their conclusion during 2003 or 2004;

Common foreign and security policy

23. Recalls the agreement reached during the 2003 budgetary procedure on the provision of information to, and consultation of, Parliament on the common foreign and security policy (CFSP), including European security and defence policy (ESDP); deplores the fact that the Council did not respect this agreement as regards financial information and consultation of Parliament on the ESDP action in FYROM ('Mission Concordia'); therefore urges the Council to deliver this information, and henceforth to respect the agreement;
24. Notes the proposal in the PDB to increase the appropriations for CFSP by a further EUR 4 million (8.4%) in commitments compared to the 2003 budget;
25. Expects further justification for the need to increase CFSP expenditure in 2004, following the increase by EUR 17.5 million (58.3%) in the 2003 budget, on the basis of political dialogue and immediate and detailed information on financing and implementation in order to identify the real needs for CFSP Joint Actions, given the restrictions on funding for external actions; will in the meantime abstain from taking a final decision on the 2004 CFSP expenditure;
26. Is aware that the EU Police Mission (EUPM) to Bosnia and Herzegovina appears to be operating efficiently despite its late start; nevertheless draws attention to delays in providing essential equipment;

External actions

27. Notes that the deepening of relations with the neighbours of the enlarged Union currently under discussion (Wider Europe/New Neighbours Initiative) will entail additional budgetary needs; points to the need to ensure that adequate funds will be available in the TACIS, CARDS and MEDA programmes and possibly also in a new Neighbourhood Instrument; asks the Commission to look into the possibilities of using resources in the external action heading, complemented with resources from the revised pre-accession strategy heading, if and when appropriate;
28. Asks for further clarification of the announcement on funding for South Eastern Europe for 2004-2006 made by the Commission at the 4th Stability Pact Parliamentary Conference held at the European Parliament on 21-22 May 2003;
29. Underlines its support, in the light of the projected cuts, for measures to prevent and resolve conflicts and for actions on anti-personnel mines;

Pilot projects and preparatory actions

30. Notes that the margin of EUR 82.5 million left by the Commission under heading 3 for an EU with 25 Member States is not significantly higher than the margin left in previous years for an EU with 15 Member States; underlines the fact that the increase in other actions, including the codecision programmes, should leave sufficient scope for new programmes, pilot projects and preparatory actions;
31. Confirms the need to consider the continuation of existing pilot projects and preparatory actions based on their implementation; reminds the Council and Commission at this stage of the procedure of its intention to examine the introduction of new actions in the field of agriculture in heading 1a on an insurance scheme for farmers, the implementation of environmental indicators, and a quality scheme for food production; asks the Council to take a position on this issue; will consider the introduction of new actions in other policy areas at its first reading;
32. Considers that, given the recent adjustment of the financial perspective and the imminent arrival of new Member States, the annual amount earmarked for pilot projects and preparatory actions should be increased;

Structural operations

33. Expresses concern about the fact that the payment appropriations for the Structural Funds for the current 15 Member States have been reduced by EUR 4.2 billion, or 13.9%, compared to the 2003 budget; stresses that their volume should be assessed on the basis of not just the Member States' forecasts, but also the level of outstanding commitments and payments for the current financial year, and that the closure of programmes from the previous period (1994-1999) does not in any way justify any cuts in appropriations; notes that the payment appropriations for the Structural Funds and the Cohesion Fund for the new Member States amount to EUR 1.8 billion compared to commitment appropriations of EUR 6.7 billion;
34. Calls on the Commission to submit an assessment of the implementation of the N+2 rule and its real impact and to include an analysis of the appropriations expected to be freed up and their impact over the year;
35. Asks the Commission to inform Parliament on Member States' forecasts for Structural Funds payments for 2004 in order to assess the appropriate level of payments;

Small and medium-sized enterprises

36. Stresses the importance of promoting SMEs at EU level, too; deplores the fact that, in spite of the priority given to promoting entrepreneurship and the challenges of enlargement, the commitment appropriations in the PDB for 2004 as regards some specific budget lines for SMEs either remain at the 2003 level (e.g. improving the financial environment for SMEs - Article 01 04 05) or even decrease (e.g. Chapter 02 02, Encouraging entrepreneurship, decreases by 21.7% compared to the 2003 budget); intends to make additional resources available for developing an ambitious SME assistance policy in an enlarged Europe; takes the view that greater emphasis should be placed on the social dimension, employment and vocational training;

Subsidies

37. Takes note of the Commission communication (COM(2003) 274) containing the different legal bases for the activities financed under former Chapter A-30 and for which a legal basis is now needed as a result of the ABB nomenclature; urges the Council to cooperate closely with Parliament to adopt the legal basis before the end of the 2004 budgetary procedure; recalls that Parliament had expressed its preference for a framework regulation in order to avoid the rigidity of specific requirements imposed by various legal bases, depending on the Treaty article concerned; reminds the Commission that the legal aspects should not undermine the principles agreed in Article 107 of the Financial Regulation concerning the implementation of Parliament's priorities; will ensure that none of the European Parliament's political priorities are lost after the change in the system of subsidies; intends to examine all proposals together so as to ensure a coherent legislative framework for all activities under former Chapter A-30 in accordance with the new Financial Regulation;

Agencies

38. Notes that the amount given over to the agencies in the PDB for 2004 is EUR 212 million, under heading 3, as a result of the significant increase for the newly created agencies following adoption of their respective legal bases, the establishment of two new agencies and, lastly, what is required by all of them for enlargement; believes that, particularly given the increasing trend towards decentralisation of EU activities, the rigour imposed on the institutions should, similarly, apply to the agencies; points out that, according to the joint statement agreed in the context of the revision of the regulations establishing the agencies, the competent bodies should endeavour to settle the question of the agencies' final locations as early as possible;

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39. Instructs its President to forward this resolution to the Council, the Commission, the Court of Auditors and the EU agencies.