

EUROPEAN PARLIAMENT

2004



2009

Committee on Regional Development

2006/2018(BUD)

13.9.2006

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 2007
(C6-0000/2006 - 2006/2018(BUD))

Section III - Commission

Draftswoman: Marian Harkin

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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. Calls on the Commission to present the requisite texts and initiate procedures as soon as possible so as to enable the allocation of resources to budget line 13.03.12 - the International Fund for Ireland (IFI) - during the 2007 budgetary exercise; further calls on the Commission to clarify the legal basis for the Peace Programme and the European Union's contribution to the IFI;
2. 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 maintained or, where necessary, restored;
3. Wishes particular attention to be given in the draft budget for 2007 to small and medium-sized enterprises as well as micro-enterprises, bearing in mind their essential role in the development of the European regions;

SHORT JUSTIFICATION

2007 is the opening year of the new programming period with all this implies in terms of establishing and approving national programmes, financial planning for the years ahead. It is important to stress the fact that the European Union, and Parliament in particular, has underlined time and again the need to speedily arrive at a satisfactory conclusion to the negotiations on the Inter-institutional agreement and the Financial perspective, so that Member States' programming could be undertaken and approved within a reasonable timescale thus avoiding a repetition of the delays incurred and the losses suffered by all, in 1999¹

It is however far from certain that, in view of the protracted negotiations on the IIA which have now thankfully come to a close, such delays can be avoided. Should that be the case, it should be stressed at this stage that Parliament has cooperated with both Council and Commission in an exemplary fashion despite the initial disappointment engendered by the difficult conclusions of the December European Council.

2007 will be a difficult year for all, with the Union struggling to re-launch its economy whilst continuing to expand and, presumably, absorb two more countries whose regions' economic and social levels are far below those of the Union as it is today.

Parliament shares the view of the European Council² "... that the appropriations for 2007

¹ First year of the programming period 1999 - 2006.

² Draft Council conclusions on the Budget guidelines for 2007 6671/06 01 March 2006.

should reflect real and well-defined needs" In your draftswoman's opinion, the only institution that has access to all the criteria necessary to establish "real and well defined needs" is the European Commission. Neither Parliament nor the Council, nor the individual Member States have the information or the tools and overview required to evaluate those needs.

Consequently, in order to ensure that Council's desire which is shared by all three institutions, namely that "...the EU budget for 2007 should provide sufficient resources to implement the various policies of the EU effectively and efficiently"¹ I propose that the amounts put forward in the initial Commission proposal be maintained.

➤ **STRUCTURAL FUNDS:**

A comparison between the 2006 and 2007 commitments must bear in mind the changes that have occurred in the financial framework. In the new programming period the Structural funds only include the ERDF² and the ESF³ whereas in previous periods the term included the EAGGF Guidance and the FIFG which now form part of the new heading 2. However, the Commission tells us in its preliminary draft budget⁴ that total commitments for 2007 will reflect an increase of 14.8% compared with 2006⁵. This enhancement is accounted for by an increase in commitments for the new Member States and provisions for Bulgaria and Romania. Thus the new and candidate Member States now account for 70% of the cohesion Fund whilst for EU 15 there has been a substantial decline in cohesion Fund allocations⁶. The ongoing enlargement has then, had an effect on a number of regions and Member States which through the statistical effect find themselves disqualified from receiving the same level of assistance that they have been receiving during the last programming period. These so called "phasing out" regions will then in 2007 receive 80% of their previous entitlement⁷.

➤ **THE COHESION FUND:**

In the context of the reform of the regulations governing the functioning of the Structural Funds, the Cohesion Fund is subject to major changes aimed at simplifying programming, clarifying the respective roles of the Commission and Member States in terms of financial management and control. The General Regulation N°1086/2006 envisages that the Fund contributes to the convergence of the less developed Member States and regions through financial participation in the operational programmes of the convergence objective. Cohesion fund interventions are then integrated into the multi-annual programming of the structural funds, including major projects⁸.

An extension of the areas of intervention was necessary in the context of enlargement, for all ten of the new Member States are eligible for the Cohesion Fund and all require exceptional levels of assistance. Sustainable development related to energy efficiency, renewable energy or other environmentally friendly activities are of primary importance. As far as transport is concerned, the possibilities for the implementation of Community transport policy beyond the

¹ Draft Council conclusions on the Budget guidelines for 2007 6671/06 01 March 2006.

² European Regional Development Fund.

³ European Social Fund.

⁴ Volume 0.

⁵ Statement of estimates European Commission doc 1 multiannual financial framework headings.

⁶ 24%.

⁷ The amount being progressively phased out over the seven year period.

⁸ source COM(2004)094.

previous limits of the TENS, are now greatly enhanced. Thus actions encouraging inter-modal transport, the development of inland waterways, improved rail and road and air traffic management projects can all be financed via the Fund. All these extensions of the fields of intervention are in accordance with the priorities fixed in Lisbon and Gothenburg which of course remain as the priority objectives of the current programming period, and their budgetary implications are reflected in the substantial increase to be seen in the 2007 budget¹.

➤ **NORTHERN IRELAND PEACE PROGRAMME AND THE INTERNATIONAL FUND FOR IRELAND:**

Point 49 of the Conclusions of the European Council states "The European Council takes note of the current difficulties in the peace process in Northern Ireland and supports the efforts of the two governments in seeking to re-establish the devolved institutions. In order to support these efforts, the European Council calls on the Commission to examine the possibility of aligning interventions under the PEACE II programme and the International Fund for Ireland with those of the other programmes under the Structural Funds that come to an end in 2006, including the implications in financial terms.

Despite differing management authorities and procedures a considerable amount of synergy exists between actions financed under the IFI and those financed by the Peace Programme of the Union. It is particular importance for both organisations to avoid duplication of effort or double financing. In the absence of a legal base for allocating money to the IFI during the 2007 budgetary exercise, the Commission was unable to allocate budgetary resources in the PDB and has therefore the mention PM. It is however preparing the necessary texts and regulations to rectify the situation in the near future. Foreseen payments for 2007 amount to Euro 15 million, which is the amount which will be allocated annually over the whole period.

Budget line 13.03.02 "completion of the special programme for peace and reconciliation in N. Ireland" has no commitments in the 2007 budget but has the mention pm. Foreseen payments from that budget line are set at **Euro 50.000.000**

However, in accordance with the European Council decision of December 2005 allocating Euro 200 million to the Peace programme over the 7 year period. The 2007 budget share of this is to be found in commitments to budget line 13.03.17 (Peace) **Euro 30.244.428**. Foreseen payments in 2007 from this budget line are **Euro 4.496.913**

In summary: The combined IFI Peace 111 effort foresees for 2007 **Euro 50.000.000² + 4.496.913³ + 15.000.000** in payment credits (total Euro 69.496.913). Commitments to the Peace programme are at Euro 30.244.428. Euro 15.000.000 will be committed as the EU contribution to the IFI in 2007.

- **RAL:** The Commission tells us that "for sub-heading 1b the overall payments budget comprises 4 components – advance payments relating to the commitments under the new financial framework; reimbursements to clear RAL for the 2000-2006 Structural

¹ Including the allocation for Bulgaria and Romania.

² 2006 Budget

³ 2007 Budget

Fund programmes; a residual amount to clear remaining RAL for the pre-2000 programmes; and payments for the Cohesion Fund. In all cases RAL for EAGGF Guidance programmes and FIG programmes for the 2000-2006 period and earlier now fall under Heading 2"¹.

In conclusion your draftsman would recommend that the committee supports her proposal to maintain the appropriations proposed by the European Commission in the PDB and that the Committee on Budgets adopts the requisite amendments as proposed.

¹ Statement of Estimates of the Commission for 2007 (preparation of the 2007 preliminary draft budget) Document I.

13 03 12	Community contribution to the International Fund for Ireland	2006 Budget 15 000 000	15 000 000	2007 PDB p.m.	15 000 000	Difference - 15 000 000
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Budget Line and Title		2006 Budget		2007 PDB		Difference	
13 01 04 01	European Regional Development Fund (ERDF) — Expenditure on administrative management	13.100.000	13.100.000	13.100.000	13.100.000		
13 01 04 03	Cohesion Fund (CF) — Expenditure on administrative management	4.950.000	4.950.000	4.950.000	4.950.000		
13 03 01	Completion of European Regional Development Fund (ERDF) Objective 1 (2000 to 2006)	17.517.005.689	14.446.709.721	p.m.	12.726.229.309	-17.517.005.689	-1.720.480.412
13 03 02	Completion of the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland (2000 to 2006)	17.080.000	72.796.901	p.m.	50.000.000	-17.080.000	-22.796.901
13 03 03	Completion of European Regional Development Fund (ERDF) — Objective 1 (prior to 2000)	p.m.	27.150.888	p.m.	35.000.000		7.849.112
13 03 04	Completion of European Regional Development Fund (ERDF) — Objective 2 (2000 to 2006)	3.039.945.977	2.802.509.908	p.m.	3.620.643.555	-3.039.945.977	818.133.647
13 03 05	Completion of European Regional Development Fund (ERDF) — Objective 2 (prior to 2000)	p.m.	11.373.257	p.m.	6.000.000		-5.373.257
13 03 06	Completion of URBAN (2000 to 2006)	134.267.691	85.322.361	p.m.	131.241.283	-134.267.691	45.918.922
13 03 07	Completion of earlier programmes — Community initiatives (prior to 2000)	p.m.	15.763.812	p.m.	5.000.000		-10.763.812
13 03 08	Completion of European Regional Development Fund (ERDF) — Technical assistance and innovative measures (2000 to 2006)	45.113.067	99.750.000	p.m.	70.000.000	-45.113.067	-29.750.000
13 03 09	Completion of European Regional Development Fund (ERDF) — Technical assistance and innovation measures (prior to 2000)	p.m.	479.982	p.m.	500.000		20.018
13 03 10	Completion of other regional measures	-	-	-	-		
13 03 11	Completion of the programme for the modernisation of the textile and clothing industry in Portugal	-	-	-	-		

Budget Line and Title		2006 Budget		2007 PDB		Difference	
13 03 13	Completion of Interreg III Community Initiative (2000 to 2006)	1.156.863.141	819.527.006	p.m.	966.618.963	-1.156.863.141	147.091.977
13 03 14	Support for regions bordering candidate countries — Completion of earlier programmes (2000 to 2006)	-	p.m.	-	p.m.		
13 03 15	Financial assistance to create an SME organisation to improve networking skills	500.000	250.000	p.m.	p.m.	-500.000	-250.000
13 03 16	European Regional Development Fund (ERDF) — Convergence	0	0	20.713.696.132	3.048.644.731	20.713.696.132	3.048.644.731
13 03 17	European Regional Development Fund (ERDF) — PEACE	0	0	30.244.428	4.496.913	30.244.428	4.496.913
13 03 18	European Regional Development Fund (ERDF) — Regional Competitiveness	0	0	5.349.761.046	596.004.134	5.349.761.046	596.004.134
13 03 19	European Regional Development Fund (ERDF) — European Territorial Cooperation	0	0	1.110.410.848	170.883.799	1.110.410.848	170.883.799
13 03 20	European Regional Development Fund (ERDF) — Operational technical assistance	0	0	55.056.904	22.022.762	55.056.904	22.022.762
13 04 01	Cohesion Fund — Completion of previous projects (prior to 2007)	6.027.132.110	3.500.550.000	p.m.	3.250.000.000	-6.027.132.110	-250.550.000
13 04 02	Cohesion Fund	0	0	7.116.881.844	1.691.967.816	7.116.881.844	1.691.967.816
13 05 03 01	Cross-border cooperation (CBC) — Contribution from Heading 1-b	0	0	p.m.	p.m.		
19 08 02 02	Cross-border cooperation (CBC) contribution from Heading 1b (Regional Policy)	0	0	p.m.	p.m.		
Total Sub-Category 1.2:		39.617.755.634	31.732.440.496	45.486.558.504	37.790.265.808	5.868.802.870	6.057.825.312
... as % of total budget		32,19%	28,31%	35,87%	29,80%		
Total Category 1:		47.507.931.319	39.162.459.075	54.282.662.015	44.733.790.319	6.774.730.696	5.571.331.244
... as % of total budget		38,60%	34,94%	42,80%	35,27%		

PROCEDURE

Title	The draft general budget of the European Union for the financial year 2007 - Section III - Commission
Procedure number	2006/2018(BUD)
Committee responsible	BUDG
Opinion by Date announced in plenary	REGI
Enhanced cooperation – date announced in plenary	-
Drafts(wo)man Date appointed	Marian Harkin 2.5.2006
Previous drafts(wo)man	-
Discussed in committee	11.7.2006
Date adopted	11.9.2006
Result of final vote	+: 38 -: 1 0: 4
Members present for the final vote	Stavros Arnaoutakis, Elspeth Attwooll, Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Bernadette Bourzai, Bairbre de Brún, Gerardo Galeote Quecedo, Iratxe García Pérez, Ambroise Guellec, Pedro Guerreiro, Zita Gurmai, Gábor Harangozó, Marian Harkin, Konstantinos Hatzidakis, Mieczysław Edmund Janowski, Tunne Kelam, Constanze Angela Krehl, Jamila Madeira, Miroslav Mikolášik, Francesco Musotto, Lambert van Nistelrooij, Jan Olbrycht, Markus Pieper, Francisca Pleguezuelos Aguilar, Bernard Poignant, Elisabeth Schroedter, Grażyna Staniszewska, Margie Sudre, Oldřich Vlasák
Substitute(s) present for the final vote	Jan Březina, Ole Christensen, Brigitte Douay, Den Dover, Richard Falbr, Emanuel Jardim Fernandes, Louis Grech, Richard Seeber, László Surján, Paavo Väyrynen
Substitute(s) under Rule 178(2) present for the final vote	Joost Lagendijk, Bart Staes, Hannu Takkula, Thomas Wise
Comments (available in one language only)	