

EUROPEAN PARLIAMENT HEARINGS

ANSWERS TO QUESTIONNAIRE FOR COMMISSIONER DESIGNATE

Ms Dalia GRYBAUSKAITĖ

(Financial Programming and Budget)

Part B – Specific questions

1. One of main challenges the Union will face in the immediate future is the negotiation of an agreement on a new Financial Perspective as from 2007. The outgoing Commission already adopted a Communication outlining its proposals for the new financial framework. Do you think that the new Commission is bound by these proposals? What is your personal opinion on the proposals on the table?

The main objective is to reach an agreement on a balanced financial framework by the end of 2005, thereby enabling the enlarged European Union to play its role fully and meet citizens' expectations. I believe that the Commission's proposals provide a sound basis for achieving this objective, although the incoming Commission is of course free to make modified proposals if it deems it necessary, notably in the light of ongoing discussions with the European Parliament and Council.

The Commission's proposals set out an ambitious political project backed up by a realistic assessment of the level of expenditure required for the Union to assume its responsibilities. The political objectives are well reflected in the proposed structure: growth, cohesion, citizenship in the area of freedom, security, and justice, and the EU as a global partner. The volume of expenditure proposed is consistent with the challenges in an enlarged Europe and a greater emphasis is rightly placed on actions with a strong European value-added. Furthermore, the approach proposed on administrative governance, notably the streamlining of management and the pursuit of an extensive simplification of instruments, is also a positive step forward.

2. The draft Constitution has just been adopted. It involves some changes to the financial provisions of the Treaties currently in force. The draft Constitution formalizes current inter-institutional cooperation practices. What is your opinion on the changes introduced by the draft Constitution? How do you see the role of the Commission in the new procedures foreseen by the draft Constitution?

The introduction of the 'multiannual financial framework' in the Constitution is a positive development for budgetary discipline and transparency and demonstrates the success of its predecessor. Obviously, the requirement for unanimity in the Council for its adoption is disappointing and could hamper progress towards ambitious agreements in the enlarged Union.

As far as the budgetary procedure is concerned, the changes bring positive developments towards simplification, such as the abolition of the distinction between compulsory and non-compulsory expenditure and the fact that the Commission presents the draft budget. Simplification would have been further enhanced if the Parliament had been designated to decide first and then submit the amended draft budget to the Council.

The main role of the Commission will continue to lie in its right of initiative, its role as a facilitator in the budgetary procedure and its role as the institution responsible for the execution of the budget.

3. What are your ideas for improving the Own Resources system? The outgoing Commission proposed a generalised correction system for addressing budgetary imbalances. Do you support this approach? The draft Constitution introduces a more flexible procedure for the implementing measures (EP consent procedure). What do you think these measures should cover?

As a former Minister of Finance, I strongly believe that the financing of the EU budget should be simple and sufficiently transparent to be understood beyond the small circle of practitioners. We therefore need an open discussion on the main challenges for the future development of the Union and the necessary means to achieve them, as identified by the Commission in its proposals for the next financial framework. The Commission proposal on own resources has launched the debate on how to ensure that we achieve this objective and it is a debate in which I intend to participate actively.

As regards excessive budgetary imbalances, it is generally recognised that the current system needs to be changed. The cost of enlargement needs to be fairly shared and the existence of excessive budgetary burdens in relation to the relative prosperity of any Member State risks undermining unity of purpose within the Union. I therefore support the objective of finding a solution to this situation, and intend to deploy, together with President Barroso, all the necessary efforts to reach a constructive solution.

Taking into account the fact that the Constitution has maintained a complex procedure for the adoption of the law on the system of Own Resources of the Union, I believe that it is in the interest of the Union that by that law the Council should allow as many measures as possible to be adopted by the more flexible procedure for the implementing measures introduced by

the Constitution. As this would doubtless be an important part of the negotiations on the future law on Own Resources, I think that it would be premature, and even possibly counterproductive, to speculate on the scope of these implementing measures.

4. The application of the Financial Regulation has led to decision and implementation problems due to the rigidity of certain rules and an approach of the administration which consists of not taking a decision. Arising from this evolution is the nominee Commissioner ready to present a formal proposal for a revision of the Financial Regulation before spring 2005 in order to revise the regulation in the context of the discussion of a possible new Financial Perspective?

The new Financial Regulation and its implementing rules were adopted after intense discussions with the European Parliament, the Council and the Court of Auditors. They set out a robust legal framework for a modern and accountable financial management, ensuring better protection of the financial interests of the Union.

I am aware that some adjustments may be needed to ensure coherence between the Financial Regulation and the new legal basis for the spending programmes resulting from the new Financial Perspective. At the same time, other improvements could be sought in the light of practical experience in the implementation of the new financial rules. However, any adjustments should maintain the rigour of the budgetary principles and preserve the main pillars of the financial reform.

Taking all of this into account, and given that the Financial Regulation itself provides for a triennial review, I can confirm my readiness to present a formal proposal for the revision of the Financial Regulation to the Commission to take account of the need for changes. Mid-2005 seems to me the appropriate timing to make that proposal and allow it to enter into force by 2007.

5. Is the nominee Commissioner ready and willing with the same commitment and speed to present legislative and budgetary proposals initiated by Parliament's initiatives as it does in relation to Council initiatives?

Concerning legislative proposals, the right of initiative of the Commission is one of the pillars of the EU institutional setting. At the same time, the European Parliament may request the Commission to submit any appropriate proposal under article 192 of the EC Treaty.

In accordance with the Interinstitutional Agreement on better lawmaking and the Framework Agreement on relations between the European Parliament and the Commission, I will examine thoroughly and rapidly any such requests that the European Parliament should address to the Commission.

As far as budgetary proposals are concerned, a legislative act must in any case first be adopted before committing expenditure, with the exceptions of pilot projects and preparatory actions. The negotiation on the new Interinstitutional Agreement proposed by the Commission for the financial perspectives 2007-2013 may be an opportunity to analyse the functioning of the present scheme, and I will naturally be in favour of any improvement in this context.