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on the draft general budget of the European Union for the financial year 2007
(C6-0299/2006 – 2006/2018(BUD))

and Letters of amendment Nos 0/0000 (00000/2006 - C6-0000/2006) and
0/0000 (00000/2006 - C6-0000/2006) to the draft general budget of the
European Union for the financial year 2007

Section III – Commission

Part 1: Motion for a resolution

Committee on Budgets

Rapporteur: James Elles

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the draft general budget of the European Union for the financial year 2007, Section III – Commission (C6-0299/2006 – 2006/2018(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 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management³,
- 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 procedure⁴,
- having regard to its resolution of 18 May 2006 on the Commission's Annual Policy Strategy report (APS)⁵,
- having regard to the preliminary draft general budget of the European Union for the financial year 2007, which the Commission presented on 3 May 2006 (SEC(2006)0531),
- having regard to the draft general budget of the European Union for the financial year 2007, which the Council established on 14 July 2006 (C6-0299/2006),
- having regard to Letters of amendment Nos 0/0000 (00000/2006 - C6-0000/2006) and 0/0000 (00000/2006 - C6-0000/2006) to the draft general budget of the European Union for the financial year 2007,
- having regard to the report of the Committee on Budgets of 11 July 2006 on the mandate for the 2007 draft budget conciliation procedure for the Council's first reading,
- having regard to Rule 69 and Annex IV of its Rules of Procedure,
- having regard to the report of the Committee on Budgets and the opinions of the other committees concerned (A6-0000/2006),

General considerations: setting priorities, value for money, preparing for the 2008/ 2009

¹ OJ L 253, 7.10.2000, p.42.

² OJ L 248, 16.9.2002, p.1

³ OJ C 139, 14.6.2006, p.1.

⁴ OJ C 172, 18.6.1999, p.1. Agreement as last amended by Decision 2005/708/EC of the European Parliament and of the Council (OJ L 269, 14.10.2005, p.24).

⁵ *Texts adopted* of that date, P6_TA_PROV(2006)0221.

review

1. Recalls that its political priorities for the 2007 budget were set out in its abovementioned APS resolution of 18 May 2006; notes that paragraph 5 of that resolution set out the three key elements of setting policy priorities, ensuring qualitative value for money, and preparing for the 2008/ 2009 review of the 2007-2013 multi-annual financial framework (MFF);
2. Notes that this strategy has been put into effect in preparing the Parliament's first reading on the 2007 budget with policy priorities set out in paragraph 6 of the APS resolution, and re-stated in paragraph 5 of the mandate report for the July 14 conciliation with the Council; notes that these priorities were central to Parliament's budget amendments on priority programmes;
3. Remarks that this is the first budget under the new Financial Framework, under a new Interinstitutional Agreement and with many new multiannual programmes; remarks further that a new Financial Regulation will apply for the implementation of the 2007 budget;
4. Highlights that, in line with the cost-benefit approach set out in paragraph 7 of the APS resolution, a qualitative value for money approach was achieved through policy hearings in the Committee on Budgets, cost-benefit studies being undertaken on a number of policy issues, and a thorough examination of the Activity Statements from the Commission, and from reports from the Court of Auditors on the quality of EU spending; notes that budget amendments were prepared on the basis of the information thus obtained; welcomes the fact that Council, Commission and Parliament all participate in a value-for-money trend;
5. Considers that the insufficient level of aggregate appropriations proposed by the Council in its draft budget, which fall well below the level needed for the EU to respond effectively to the challenges of globalisation, only serves to highlight the importance of the third strand of Parliament's strategy, preparing for the review of the MFF, which should deliver EU spending that is better focused on policy priorities; believes that by focusing commitments on priority programmes, under which funds are well spent, EU spending will better serve the interests of citizens;

Horizontal issues:

Focusing on priorities

6. In line with Parliament's priorities, considers that EU spending should be focused on priority areas and at a higher level than proposed in the draft budget of the Council in order to ensure effective delivery of priority programmes to citizens; therefore proposes to increase payments in the 2007 budget to a level of xxx% of EU GNI by increasing appropriations on budget lines linked to the Parliament's political priorities; notes that most of the specialised parliamentary committees have proposed to restore the amounts of the Preliminary Draft Budget (PDB), in line with the ongoing legislative procedures or legislative procedures starting in 2007;

Tackling the challenges of globalisation

7. Believes that the European Union must actively address and engage more effectively with the economic, political and development challenges presented by the ongoing process of globalisation; therefore presents amendments to the 2007 budget that aim at boosting the capacity of the EU economy to compete internationally, increasing the funds available to Community mechanisms for dealing with foreign policy challenges, and raising the amounts of development assistance available to regions such as Asia and Latin America;

Delivering value for money

8. Emphasises the need for improved value for money in the EU budget; proposes amendments to place x % of appropriations in reserve on a number (y) of budget lines until the Commission can reassure the Parliament that this money will be spent in a manner that delivers value for money to the European taxpayer;
9. Recalls that these budget lines were selected on the basis of a thorough examination of the special reports of the Court of Auditors, the Synthesis Reports on the Commission's management of funds, cost-benefit analyses carried out at the request of the Committee on Budgets and taking into account the activity statements prepared by the Commission services;
10. Reduces by 10% the appropriations for administrative management directly linked to programmes on a horizontal basis; takes note of the reductions in appropriations proposed by the Council in its first reading linked to Activity Statements; sees no contradiction for budget lines on which the Parliament both places amounts in reserve due to concerns about the quality of implementation and increases appropriations according to political priorities; reaffirms, in this connection, that it wishes to see qualitative value for money in all areas of EU spending;

Pilot projects and preparatory actions

11. As regards pilot projects and preparatory actions, notes the increased ceilings for new projects set out in the Interinstitutional Agreement (IIA) of 17 May 2006; proposes new projects aimed at building the EU's international competitiveness, including through more integrated research capacity, improving business and scientific links with China and India, and creating knowledge networks among EU opinion formers (*to update after PPs and APs from political groups are in and after simulation II*);

Agencies

12. As regards the new agencies (Chemicals Agency, Gender Institute, Fundamental Rights Agency), with a view to ensuring the application of Point 47 of the IIA of 17 May 2006, proposes to delete the appropriations entered in the draft budget in particular in light of the fact that no legal base yet exists for these agencies; for existing agencies proposes, as a general approach with a small number of specific exceptions, to restore appropriations in the PDB but placing increases above a reference amount in reserve, in order to limit excessive increases;

Specific approach per heading

Heading 1a - competitiveness for growth and employment

13. Confirms its conviction expressed in its APS resolution that knowledge, skills, research and development, innovation, information society technologies, transport and energy form the basis of a healthy modern economy and are essential for job creation; has therefore decided to reject the Council's approach of reductions in a number of crucial budget lines aiming at improving the competitiveness of the EU's economy; has decided to increase payment appropriations for priority programmes linked to the Lisbon agenda such as the Competitiveness and Innovation Programme and the 7th Framework Programme for Research;
14. Is convinced that raising the EU's competitiveness is an essential element of the EU's response to the challenges of globalisation; therefore considers increases in appropriations in heading 1a to be a clear signal of the future direction that EU spending should take;

Heading 1b - cohesion for growth and employment

15. Regrets that the appropriations for the structural and cohesion funds are considerably lower for the 2007 - 2013 MFF than had been anticipated, largely as a result of the conclusions of the December 2005 European Council; considers therefore that, as a minimum, the appropriations in the PDB should be restored; underlines the importance of establishing and approving national programmes now that the new IIA has been agreed;
16. Stresses the importance of cohesion as one of the policy priorities of the EU; therefore decides to increase payment appropriations for essential budget lines linked to cohesion; calls on the Commission to present the requisite texts and initiate procedures as soon as possible to enable the allocation of resources for the International Fund for Ireland during the 2007 budgetary exercise; further calls on the Commission to clarify the legal basis for the Peace Programme;

Heading 2 - preservation and management of natural resources

17. Notes that 2007 will be the first year of full implementation of the most recent reform of the Common Agricultural Policy (CAP); deplores the Council's drastic across-the-board cut in market expenditure of EUR 525 million, based on accounting criteria and without taking account of Parliament's priorities; calls therefore for the re-establishment of the figures in the PDB as an absolute minimum;
18. Deplores the fact that in spite of the major needs for restructuring, modernisation and diversification of Europe's rural economy, the resources allocated to rural development are set to fall in real terms; considers that transferring funds from direct agricultural support (CAP "first pillar") to rural development is not the appropriate means for financing rural development;
19. Expresses in this connection strong reservations about the current Commission proposal regarding voluntary modulation of up to 20% of direct agricultural support to rural

development; proposes budgetary amendments that aim to clarify the intended approach and to ensure that voluntary modulation payments meet the appropriate requirements for non-compulsory expenditure;

Heading 3a - freedom, security and justice

20. Points out that internal security, in particular the fight against terrorism and organised crime, is one of the Union's key priorities; resolves accordingly to increase the resources allocated to Eurojust, the sole body for judicial cooperation between the Member States in the criminal law field, the growing effectiveness of which must be stepped up still further;
21. Considers that integrated management of the Union's external borders is one of the objectives currently requiring urgent, and greater, support; accordingly backs the increase in resources made available to the External Borders Fund; increases the resources made available to the FRONTEX Agency; restates its repeatedly made demand that Europol be placed on a Community footing in order both to increase its effectiveness and to step up the democratic and judicial oversight to which it must be subject;

Heading 3b - citizenship

22. Recalls the importance of EU policies in the fields of culture, education, training and youth, as well as an effective communications policy in order to bring the EU closer to citizens; considers that better use can be made of new communications media to bring together European policymakers to share ideas; urges the Commission to clarify the budget implications of and the actions to be taken under the Plan D for Democracy Debate and Dialogue;

Heading 4 - the EU as a global partner

23. Is strongly of the view that the EU can and should be doing more to engage with the process of globalisation in a self-confident manner; proposes the restoration of PDB figures on a number of lines and increases beyond the PDB in some areas with a view to boosting EU activities through Community programmes in the fields of foreign policy, development and humanitarian aid, and business and scientific exchanges with key emerging countries such as China and India;
24. Notes that the new legal framework for the EU's external actions also implies a new budget structure; welcomes in general the simplification of instruments and the new budget nomenclature proposed with it; cannot accept, however, that a number of the proposed changes reduce transparency for either sectors and/or regions and will introduce necessary modifications;
25. Is concerned that the expansion of activities in the area of the common foreign and security policy (CFSP) has not been matched by increased democratic accountability and parliamentary scrutiny; proposes budgetary amendments that seek to foster a greater degree of transparency in this regard;
26. Is concerned by the overall administrative costs for the external aid and cooperation

programmes which have risen sharply over the course of the 2000-2006 financial perspective; will therefore place xx% of this expenditure in reserve pending a full investigation;

Heading 5 - administration

27. Does not support the approach of the Council in the draft declarations annexed to the draft budget on administrative resources that advocated cutting 200 posts in the EU institutions, principally the Commission, in 2008 and a further 500 posts between 2008 and 2010;
28. Decides to maintain the amounts of the PDB for administrative expenditure; reiterates its request for the Commission to come forward with a detailed, medium-term planning document as regards its human resources needs for the coming years; underlines that such a document should build upon the information supplied in its document of xx September 2006 and provide details of all types of persons employed in the Commission, including officials, national experts, temporary agents and other staff categories.
29. Is of the opinion that the European Communities Personnel Selection Office (EPSO) should introduce radical changes in its operating methods in order to offer to the Institutions more quickly a greater number of candidates who are more suited to the Institutions' needs;

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

EXPLANATORY STATEMENT

[Working documents, already translated, to be inserted]