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Committee on Budgets

2007/2163(BUD)

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DRAFT MANDATE

for the 2008 draft budget conciliation procedure before the Council's first reading

Committee on Budgets

Rapporteur: Kyösti Virrankoski

N.B. This mandate report will not be presented to Plenary following the vote in the Committee on Budgets.

The Committee on Budgets,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
- 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 management,
- having regard to its resolution of 24 April 2007 on the Commission's annual policy strategy for the 2008 budget procedure,
- having regard to the preliminary draft budget (PDB) for 2008,

General aspects of the procedure

1. Recalls that the objective of the first reading conciliation between the Parliament and the Council is to make an initial assessment of the Commission's Preliminary Draft Budget (PDB) and that it provides a first opportunity to prepare the ground for other priorities and for setting an appropriate level of payments;
2. Notes that the contents of this mandate are based upon the European Parliament's 24 April 2007 resolution on the Commission's Annual Policy Strategy for 2008 and the Inter-institutional Agreement (IIA) on budgetary discipline and sound financial management agreed between the Parliament, Council and Commission of 17 May 2006;

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3. Recalls that the European Parliament's resolution on the Commission's Annual Policy Strategy (APS) 2008 set out Parliament's priorities for the 2008 budget, building on the objectives pursued during the negotiations on the 2007 - 2013 multiannual financial framework (MFF);
4. Underlines that the resolution on the Commission's APS 2008 also stressed the importance of a number of structural factors in the preparation and presentation of the EU budget; Requests continued efforts by the Commission to improve the clarity of budget presentation such that the budget can be more transparently presented to citizens in line with the activity-based budgeting (ABB) approach that matches spending with legislated political objectives; Expects Council to support this objective;
5. Notes that the Commission has responded to Parliament's call, in its resolution on the Commission's APS 2008, for improvements in the presentation of the activity statements that accompany the PDB 2008; looks forward to further sharpening of these statements in future years; calls upon the Council to set out its approach on activity statements in the 2008 budget procedure;
6. Notes that the PDB 2008 leaves a margin under the payments ceiling of EUR 8 214 million; considers that further efforts towards accurate budget implementation should strengthen the arguments for raising the overall level of payment appropriations in the final budget 2008 as compared to that which is proposed in the PDB 2008; highlights the role of the recently introduced Budget Forecast Alert (BFA) system in improving

budget implementation; considers that higher payments and lower RALs should be a consequence of the BFA approach; requests the Council to lend its support to using the BFA system to improve budget implementation and so raise payment appropriations;

Specific issues

7. Notes that the tight margins under many of the headings foreseen in the PDB 2008 and in the current financial programming for the 2007 - 2013 MFF limits the scope for adjusting spending according to the evolving priorities of the Budgetary Authority; highlights that where multiannual programme envelopes are being "back-loaded", this may imply difficulties as regards financial programming in the latter part of the MFF; requests the views of Commission and Council on this matter;
8. Underlines the importance of the separate sub-heading for market-related expenditure and direct payments, within heading 2, in annex I of the 17 May 2006 IIA; considers that the integrity of this sub-heading should not be called into question by the modulation of some agricultural spending; requests a clearer presentation of this sub-heading from the Commission than was provided in the PDB 2008; will continue to monitor the development of the margin under heading 2 over the course of the 2007 - 2013 MFF;
9. Is concerned that some of the measures intended to introduce "simplification" in the organisation and management of the Common Agricultural Policy (CAP) may not have the intended results; further raises the issue of cross-compliance measures and the burden that they may be placing upon the agricultural sector; welcomes recent efforts by the Commission to promote the use of bio-fuels in the EU; requests further information from the Council on its approach in the context of the preparation of the 2008 budget on these three specific issues;
10. Requests that the Commission should ensure that it updates the figures for international fisheries agreements in line with ongoing negotiations in a letter of amendment in the Autumn;
11. Notes that the PDB 2008 requests EUR 199,9 million for the CFSP budget in commitments appropriations, relative to EUR 159,2 million in 2007; underlines the importance of ongoing efforts to improve transparency and *ex ante* communication and cooperation in this area, building upon the progress made in the context of the second reading budget conciliation in November 2006 and the work of the Council Presidency in the first half of 2007; will reflect further on the appropriate level of appropriations in this area in preparing Parliament's first reading on the 2008 budget and would welcome the fullest possible information from the Council as regards forthcoming budgetary needs;
12. Notes the trilogue held on Tuesday 19 June and the steps taken towards a possible approach to financing the European Institute of Technology (EIT); considers, in this regard, that any funds drawn from heading 2 of the MFF to finance the EIT should come from margin available for non-compulsory expenditure without reducing agreed multiannual programme envelopes and so should not affect the sub-heading for market-related expenditure and direct payments; demands that the true administrative costs of the EIT be funded from heading 5 of the MFF;

13. With reference to Parliament's resolution of xx June 2007, reiterates that it wishes to see a Community approach taken to solving the financing challenges related to the Galileo project; awaits the Commission's new proposals with great interest and looks forward to being fully involved in the next stages of the debate on Galileo financing;
14. Highlights the importance of a high-level of implementation of structural funds, especially in the newest member states (EU 12); seeks the support of the Council in ensuring that the EU makes the greatest possible collective use of structural funds to boost Europe's infrastructure and competitiveness for the future;
15. Expects that the commitments taken by leaders at the 6 - 8 June G8 summit at Heiligendamm, particularly as regards tackling climate change, may imply increases in budgetary appropriations;
16. Requests the Commission and Council to provide additional information on this issue; Further requests additional information on the likely increased budgetary needs for Palestine and Kosovo relative to the requested amounts in the PDB 2008;
17. Welcomes the screening exercise carried out by the Commission services further to Parliament's demands in the 2007 budget negotiations; Requests further information from the Commission on a more ambitious level of staff redeployment in coming years; Asks the Council how it intends to respond to the screening exercise conducted by the Commission;
18. On decentralised agencies and executive agencies, requests that the Commission should provide a full and clear presentation of the real staffing levels in each and every one of these bodies and including all permanent, temporary and contractual staff; considers that the real administrative costs should be set out clearly in the PDB and ought to lie in heading 5 "administration"; recalls that a comprehensive cost-benefit analysis is essential before the setting up of any new executive agency can be agreed; considers that an "offset ratio" should be established to establish guidelines for the number of posts that should be reduced in the "mother" Directorate-General" when an executive agency is established to carry out tasks that were formally the responsibility of that Directorate-General and that this might form an element of a revised code of conduct on executive agencies;
19. Notes that for pilot projects (PPs) and preparatory actions (PAs) in the PDB 2008 any appropriations voted by Parliament will count against the available margins under the respective headings; Regrets that the already tight margins in some headings thus limit Parliament's room for manoeuvre; Recalls that the IIA of 17 May 2006 foresees a first discussion of PPs and PAs at the conciliation meeting of the Council's first reading; Notes that Parliament will make all efforts to engage constructively in such a discussion;

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20. Mandates its rapporteur for the 2008 draft Budget to negotiate with the Council on the basis of this text.