2008 budget: section III, Commission

2007/2019(BUD) - 25/10/2007 - Budgetary text adopted by Parliament

The European Parliament adopted, by 487 votes for, 73 against and 15 abstentions, the report by Kyösti **VIRRANKOSKI** (ALDE, FI) amending the draft general budget of the European Union for the financial year 2008 Section III – Commission.

On overall figures, the Parliament deplores the fact that the Council reduced commitment appropriations in the Draft Budget (DB) 2008 by **EUR 717 million** relative to the preliminary draft budget (PDB), such that commitment appropriations were reduced to EUR 128 401 million. It takes a strong position against Council's cuts to overall payments in the draft budget (DB) by EUR 2 123 million which left total payments at EUR 119 410 million, equivalent to 0.95% of EU GNI, thus leaving a margin of more than EUR 10 billion beneath the payments ceiling of the multi-annual financial framework (MFF) for 2008.

As regards commitment appropriations, the Parliament is particularly **critical of cuts made by the Council to appropriations** for programmes with multi-annual envelopes that have only very recently been negotiated and agreed in co-decision with the European Parliament. It proposes, in its first reading on the 2008 budget, to restore these cuts and considers it necessary to make a number of increases in commitment appropriations for certain political priorities, this has resulted in an overall amount of EUR 129 688 million.

As regards payment appropriations, the Parliament considers 0.95 % of EU GNI to be an insufficient figure in the light of the policy challenges faced by the EU. It expresses its astonishment that the Council should propose over EUR 1 billion of cuts to payments in headings 1a and 1b for programmes identified as priorities under the Lisbon Strategy for improving European competitiveness and cohesion - a long-standing priority of the Council and Parliament. The Parliament therefore proposes increases in the overall level of payments to **0.99 %** of EU GNI. This is in line with the emphasis on accurate implementation in the "budget for results" approach. It has focused these increases on Lisbon priorities and on programmes where levels of unpaid commitments ("reste à liquider" (RALs)) are persistently high. The Parliament has set the amount of payments appropriations at EUR 124 201 million.

It should be noted that the Parliament **supports the letter of amendment to the preliminary draft budget 2008** and in particular the increases in commitment appropriations proposed for Kosovo (EUR 120 million) and Palestine (EUR 142 million) totalling EUR 262 million over the PDB figures. It notes that the Council also proposed increased commitment appropriations for Kosovo and Palestine totalling EUR 260 million in the DB.

Moreover, the Parliament welcomes the Commission's proposal requesting a revision of the MFF to provide adequate financing for **Galileo** and the **European Institute of Technology** (EIT) over the 2007 - 2013 period. On EIT, it considers that the appropriations ought to be budgeted under the policy area "08 research", with the governing structure having its own line ("European Institute of Technology - governing structure") under Heading 5 (Administration) and the KICs a separate one ("European Institute of Technology - Knowledge and Innovation Communities (KICs)"). It recalls that the appropriations for Galileo and for the EIT were placed in the reserve but were not reduced by the Council in the DB. It has however proposed amendments for Galileo and EIT in its first reading such that the final appropriations in budget 2008 are contingent upon a satisfactory agreement on the proposed revision of the MFF (see ACI /2007/2213).

Other salient issues highlighted in the budget resolution concern the following :

Delivering a budget for results - building on the first reading conciliation: the Parliament welcomes the joint statements adopted by the European Parliament and Council at the first reading conciliation and wishes, in this context, to see more rapid approval of operational programmes by the Commission in structural funds, cohesion fund and rural development so that operational money can be spent. It also demands rapid progress in this area from the Commission in order to accelerate progress, places certain administrative costs of the Commission in reserve. It underlines that no operational funds are placed in reserve and it will release the reserves on administrative costs in line with an improved rate of approval of **operational programmes**.

On recruitment and redeployment, the Parliament has placed EUR 49 million in reserve pending the commitment of the Commission to carry out a study on Activity Based Management (ABM) implementation before 30 April 2008 with the following information for the budgetary authority.

On **decentralised agencies**, the Parliament restores PDB levels with the exception of FRONTEX for which an increase of EUR 30 million is adopted under Title 3 and with the exception of the European Environment Agency with a slight increase under Title 3. On **executive agencies**, Parliament recalls that executive agencies must not lead to an increase in the share of administrative cost. It underlines that any proposal for the creation of a new executive agency, and the expansion of existing executive agencies, must be based on a comprehensive cost-benefit analysis and that lines of accountability and responsibility should be clearly set out in the proposal.

In light of an EPP-ED amendment approved in Plenary, the Parliament stresses that in order to establish the Joint Undertakings, as well as the announced new decentralised Agency for the Cooperation of Energy Regulators (COD/2007/0197), the procedure provided for in Point 47 of the IIA of 17 May 2006 must be opened.

Moreover, Parliament recalls that, in accordance with the Financial Regulation, Member States have committed themselves to "produce an annual summary at the appropriate national level of the available audits and declarations". However, it notes that only a limited number of Member States have complied with these provisions so far. It requests the Commission to keep the Parliament informed; reminds the Member States of their obligation to comply with the provisions of the revised Financial Regulation, to which they only recently agreed. The Commission is urged to **apply in full Council Regulation No 1 /1958** of 15 April 1958 determining the languages to be used by the European Economic Community and dismisses financial grounds for derogations as invalid, since they have not been advanced during the budgetary procedure.

Specific issues - main elements by budget heading, pilot projects, preparatory actions: the Parliament has confirmed the different amounts under each budget heading as follows:

- **Heading 1a, "Competitiveness for growth and employment":** (EUR 10.34 billion): the Parliament rejects the cuts in commitment and payment appropriations made by the Council in its first reading and restores these cuts. It proposes increases on a number of lines that are political priorities for Parliament. It also proposes a number of pilot projects and preparatory actions in line with its budgetary prerogatives.
- **Heading 1b, "Cohesion for growth and employment":** (EUR 46.87 billion): Parliament deplores the cuts in payment appropriations made in the Council's first reading and restores them. It proposes increases totalling **EUR 2 000 000 000** in payments on lines where RALs have been consistently high in recent years. It demands more streamlined administrative procedures in order to improve implementation of operational programmes for structural and cohesion funds. Furthermore, it welcomes the documentation and explanations provided by the Commission and the European Investment Bank (EIB) concerning the Risk Sharing Finance Facilities (RSFF). It is of the opinion that the reserve on these lines can be taken out of the budget. It asks however to be informed and for the relevant documents to be forwarded to it when the guidelines are adopted for the second

component of CIP, the venture capital instruments, and asks to be informed on the outcome of the negotiations between EIB and Commission on the joint cooperation for the Loan guarantee instrument for TEN-Transport (LGTT);

- **Heading 2, "Preservation of natural resources":** (EUR 56.38 million): the Parliament is strongly opposed to the indiscriminate cuts proposed by Council to many lines under this heading of the budget. It restores the PDB for many such lines but notes that the Council will have the final say on those lines which concern compulsory expenditure. It is concerned by the slow rate of adoption of operational programmes as regards the rural development pillar of the CAP, a long-standing priority of Parliament. It expects to see rapid improvements in this regard. It emphasises the need to speed up the procedure regarding the drawing-up of special national programmes for the recovery of crops and animal production in the areas affected by fires and other forms of natural disasters and stresses that those programmes should be financed from the EAFRD (European Agriculture Fund for Rural Development) by internal transfers or subsidies within a Member State.
- **Heading 3a, "Freedom, security and justice":** (EUR 728 million): the Parliament places appropriations for the Return Fund in reserve pending the adoption of the legal base and also places appropriations in reserve pending the provision of improved information to Parliament regarding the fight against crime. It considers that the Frontex agency must play a more effective role in strengthening the EU's external borders, notably in alleviating the burden currently faced by Member States in connection with illegal immigration. The figure earmarked for this agency thus rises to EUR 70 million in total.
- **Heading 3b, "Citizenship":** (EUR 614 million): Parliament deplores the cuts made by the Council under this heading, which would affect programmes such as Culture 2007, Media 2007 and Youth in action. It restores the PDB and proposes appropriations for a number of new and ongoing pilot projects and preparatory actions in this regard. Attention is drawn to the fact that funding for the information and prevention campaign HELP comes to an end in the budget for 2008 and expects the Commission to submit a follow-up initiative. It also supports, within the Civil Protection Financial Instrument, the provision of a complementary capability in the form of a stand-by force for handling natural or man-made disasters as well as in cases of acts of terrorism or environmental accidents. The Commission is called on to give repeated backing for investment in infrastructure to improve accommodation for refugees. Parliament seeks to encourage a stronger voice for less well represented groups in civil society, combating all forms of discrimination and strengthening the rights of women, children, disabled and older persons. The Commission is asked to use the appropriations earmarked for information to provide diverse information, which, inter alia, caters for the public information needs of parliamentary minorities.
- **Heading 4, "EU as a global partner":** (EUR 7.2 million): Parliament supports the increases, including for Kosovo and Palestine, proposed by the Commission. It proposes an additional EUR 10 million each for Kosovo and Palestine and further increases for its priorities up to the MFF ceiling, including the restoration of the PDB for the Emergency Aid Reserve. It cuts CFSP spending by EUR 40 million to the level of budget 2007 and requests the **use of the flexibility instrument to a total of EUR 87 million for CFSP spending and other priorities**, including Kosovo and Palestine. It considers that this reflects the chronic under-funding of heading 4 in the 2007-2013 MFF. It is of the opinion that respect for human rights and democratic values should be one of the conditions of allocation of EU funds to neighbouring and developing countries. Furthermore, the Parliament believes that the EU should better coordinate its various and laudable initiatives to fight and eradicate poverty-related diseases in neighbouring and developing countries. It proposes to allocate adequate budget resources to provide these countries with the necessary technical assistance instruments and has decided to create a separate budget line for the Global Fund to Fight AIDS, Tuberculosis and Malaria in order to improve transparency and guarantee the necessary funding for both the Global Fund and the other health priorities.
- **Heading 5, "Administration":** Parliament deplores the inefficiencies inherent in a competition system that can leave "approved candidates" languishing on a reserve list for years with no guarantee of being offered a position. It considers that maintaining this approach would contribute to lowering the average standard of new EU officials as the best candidates will seek employment in

more dynamic sectors of the EU economy. It requests a serious commitment from the Commission to look again at this issue in the context of follow-up work to the screening exercise and provide further information with a more detailed breakdown of staff per category and by Directorate General and the evolution foreseen for the coming years. Moreover, it also restores the PDB for the cuts made by Council to appropriations and establishment plans in heading 5 and places EUR 49 million in reserve pending the provision of the data and studies. Impact assessments should be made available in all languages necessary, since those documents are tools for better lawmaking.

Concerning the pilot projects and preparatory, MEPs adopted a range of initiatives that should pave the way for future actions that enhance the European Union's capacity to deal with the real needs of its citizens.