2008 budget: section III, Commission

2007/2019(BUD) - 13/12/2007 - Final budget adopted by Parliament

The European Parliament adopted a resolution based on the report drafted by Kyösti **VIRRANKOSKI** (ALDE, FI) and Ville **ITÄLÄ** (EPP-ED, FI) on the draft general budget of the European Union for the financial year 2008 as modified by the Council (all sections) and on the Letters of amendment Nos 1/2008 and 2/2008 to the draft general budget of the EU for the financial year 2008.

Parliament underlines that the **"budget for results"** approach it has endorsed is built on the pillars of transparent presentation, clear objectives and accurate implementation, so that the Commission is judged not on the basis of bureaucratic process but on the results it delivers towards politically agreed objectives. It will continue to emphasise these elements in its further work on the 2008 budget.

On overall figures, Parliament sets the final level of commitment appropriations at **EUR 129 149 million.** It ensures that multi-annual programme envelopes that have only recently been agreed between Parliament and Council are respected, contrary to the cuts proposed by Council, in particular in heading 1a. It sets the overall level of payments at **EUR 120 346 million,** equivalent to 0.96% of EU GNI. This leaves a very significant margin of EUR 9 411 241 388 million beneath the payments ceiling of the multi-annual financial framework (MFF) for 2008. Parliament underlines the importance of effective budget implementation and reducing unpaid commitments (reste à liquider - RALs), in light of the modest overall level of payments. It states that there will certainly be a need for a higher amount in payments in the 2008 budget, and expects the Commission to propose higher payments where appropriate during 2008, if necessary via an amending budget.

Parliament welcomes the outcome of the 23 November 2007 conciliation with the Council, in particular as regards the financing of Galileo, via a revision of the 2007 - 2013 MFF and use of the flexibility instrument, and the European Institute of Innovative Technology. This financing solution is fully in line with the approach advocated by the European Parliament, in particular as it does not reduce planned appropriations for multi-annual financial programmes in heading 1a, as the Council had previously advocated. Parliament also supports letter of amendment No 1/2008 to the preliminary draft budget (PDB) 2008 and in particular the increases in commitment appropriations proposed for Kosovo (EUR 120 million) and Palestine (EUR 142 million) and to appropriations of EUR 285 million for CFSP in the 2008 budget.

Request for further information: Parliament notes the descriptive report provided by the Commission on activity-based management (ABM) in advance of its second reading. On the basis of a firm commitment provided by the Commission to produce a study, including some proposals for improvements to be presented at a hearing foreseen in Spring 2008 in Parliament's Committee on Budgets, Parliament agrees to place only EUR 5 million in reserve; expresses its intention to produce an own initiative report on improving the implementation of ABM. The Commission’s study on ABM implementation should include certain prescribed information for the budgetary authority. Parliament asks in particular for:

- a commitment from the Commission to present a follow-up to its report "on planning and optimising Commission human resources to serve EU priorities" by 30 April 2008 which will include in particular a detailed breakdown of staff per category, and by Directorate General, and the evolution foreseen for the coming years ;

- an action plan with detailed measures to reorganise every sector examined in the screening (Human Resources, IT, Document Management/Logistics/Security, Internal Auditing, Evaluation, ABM, Interinstitutional Relations, Communication/Information/Publication, Policy coordination);

-in support of the demands formulated in the European Court of Auditors' special report 2/2007 on the Institutions' expenditure on buildings, more concrete steps towards common arrangements from the Commission. Parliament asks the Commission to report in a more detailed way on the factors that led it to conclude that the European Quarter should remain the centre of the Commission's activities.

On decentralised agencies, Parliament restores PDB levels with the exception of Frontex for which an increase of EUR 30 million is adopted and with the exception of the European Environment Agency with a slight increase under Title 3. It considers that executive agencies must not, either now or in the future, lead to an increase in the share of administrative cost..

Parliament notes thatonly a limited number of Member States have complied with the provisions of the IIA so far, and regrets that none of the concrete proposals on national (management) declarations put forward by the European Parliament in its 2003, 2004 and 2005 discharge resolutions are incorporated in the Commission's Audit Strategy. It again reminds the Member States of their obligation to comply with the provisions of the revised Financial Regulation, to which they only recently agreed.

Specific issues: with regard to the main headings, Parliament makes the following points :

- heading 1a "Competitiveness for growth and employment": Parliament rejects the cuts made by the Council in its first reading, especially where these cover multi-annual programmes recently co-decided with Parliament that aim to deliver on the Lisbon Strategy;

- heading 1b, "Cohesion for growth and employment": it regrets the delays in execution and underlines also that time is money. It recalls the decision to establish the EU Long Range Identification and Tracking Data Centre (LRIT) operated by the European Maritime Safety Agency (EMSA) by 31 December 2008 and acknowledges the need for additional financing in 2008 for EMSA in order to cover this new function ;

- heading 2, "Preservation of natural resources": Parliament demands clearer presentation of the figures for market measures and direct aids in future budgetary procedures. 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, and expects to see rapid improvements in this regard. It emphasises its strong commitment to the proper budgetary endowment of funds for school fruit and vegetables and school milk (and other dairy products). Parliament rejects the Council's attempt to re-classify a small number of lines as compulsory expenditure in heading 2, in particular lines 17 04 05 01 and 17 04 05 02 which concern the Plant Variety Office;

- heading 3a, "Freedom, security and justice" : Parliament takes note of Council’s agreement to increase funding for Frontex by EUR 30 million, and modifies the breakdown in a way it considers most appropriate to ensure maximum added value. It invites the Commission to present an amending budget should the establishment plan need modification as well; .

- heading 3b, "Citizenship": Parliament restores the PDB for multi-annual programme envelopes and proposes appropriations for a number of new and ongoing pilot projects and preparatory actions in this regard. It draws attention 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 calls on the Commission to give repeated backing for investment in infrastructure to improve accommodation for refugees, and 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 ;

- heading 4, "EU as a global partner": Parliament is concerned by the chronic under-financing of this heading in the 2007-2013 MFF. It supports the increases, including for Kosovo and Palestine, but points

out that, following developments at the recent Annapolis conference, estimates for the EU contribution for Palestine may well increase. It 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. Parliament also asks the Commission to provide the European Parliament with all the necessary information related to the establishment of the new Global Energy Efficiency and Renewable Energy Fund (GEEREF), in particular the written mandates given to the European Investment Fund, so as to enable the European Parliament to assess the full budgetary and financial implications of this fund.

- 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 requests a serious commitment from the Commission to look again at this issue. Parliament restores the PDB for the cuts made by Council to appropriations and establishment plans in heading 5.

Other sections of the 2008 budget: Parliament recalls that its first reading was based on the examination of the specific requests and needs of each institution, and it was consequently expecting to reach a common position with the Council when deciding its second reading. It takes note of the fact that the Council has endorsed its position as regards the budget of the European Economic and Social Committee. It considers however that the other institutions have made substantial proposals to reduce their estimates by prioritising their requests, and wishes to encourage them to pursue this approach in the future and decides to retain its original position taken in first reading and thus restore the cut made by the Council. Lastly, Parliament notes that despite signals given to the European Economic and Social Committee and the Committee of the Regions, the renewal of the cooperation agreement is still not signed. 10% of the appropriations of the Joint Service are entered in the reserve pending renewal of the agreement which is expected by no later than December 2007.