Agenda 2000: the new financial framework 2000-2006, the future financing system of the Union

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The committee adopted the report by COLOM I NAVAL (PSE, E) on the financial framework and the future financing system of the Union after 2000. It considered that "declaring the current own-resources ceiling of 1.27 % of GNP to be sacrosanct ... was premature". The committee felt that the European Commission, in its Agenda 2000, had not really estimated future Community policy requirements for the fifteen existing Member States and the applicant countries. It considered this approach to be inadequate for such an ambitious project as enlargement and felt that declaring the own-resources ceiling to be sacrosanct at this stage might cause genuine problems to be underestimated. The committee expressed its surprise at the macroeconomic framework submitted by the European Commission in Agenda 2000 and stressed that the global forecast of 2.5% per year could be an overestimate which might give rise to false hopes regarding the possibility of ensuring the success of any enlargement without incurring extra costs. It drew the European Council's attention to the risks involved in basing the entire financial analysis on highly uncertain forecasts. It recognized the value of a financial framework covering a sufficiently long period of time after 2000, but felt that the success of enlargement would require budgetary peace of mind founded on an interinstitutional agreement accompanied by corresponding financial perspectives. These new financial perspectives should be revised automatically as soon as one or more applicant countries sign a treaty of accession, and also if agricultural and structural reforms are not realized or if the estimate rate of growth is not achieved. At the same time, the state of negotiations and the outcome of the envisaged IGC on reform of the institutions would have to be assessed. The committee regretted in its report that the Commission had not addressed the question of the own-resources system and considered it necessary to examine the possibility of a system which was more proportionate to the relative prosperity of the people /taxpayers and more "visible" to the people of Europe. It considered that the application in the budget of the "fair return" principle should be excluded from this examination. The European Commission was called upon to submit, in the near future, a communication concerning the own-resources system. The committee considered that a new interinstitutional agreement (AII) accompanied by new financial perspectives and with the necessary flexibility should make it possible, within certain limits, to transfer appropriations between the various expenditure categories. One possibility would be to place unused appropriations from the various categories in a special reserve chapter. They could then be used both for unexpected developments within the European Union and for the process of enlargement. As regards financing this process, the committee noted that the analysis presented by the Commission was merely an indicative estimate of the amounts needed to ensure the success of accession, which could not be calculated exactly until accession negotiations were completed. Furthermore, the margins which would have to be released to finance enlargement, in the absence of extra resources, could be made available only through major cutbacks in existing policies, in particular agricultural and structural policies. Only when the Council had adopted reforms in these two sectors would it be possible to assess the actual savings made. The committee proposed that all accession expenditure be entered under a new financial perspectives heading. Finally, the committee presented a set of sectoral policy considerations emphasizing the need to promote employment, ensure growth and competitiveness within the European Union and ensure that the European Union plays a more prominent role at world level and with regard to developing countries.