2001 Budget: section III

1999/2190(BUD) - 17/10/2000

The committe unanimously adopted the report by Jutta HAUG (PES, D) on the 2001 budget. One of the main issues raised was the revision of the funding for the EU's external action (Category 4 of the financial perspective), as repeatedly demanded by Parliament. The committee emphasised that new needs - which were not foreseen at the time of the agreement reached at the Berlin European Council in March 1999 - such as aid to the western Balkans and for a democratic Serbia, made such a revision a political necessity. It stressed that Parliament was willing to seek a negotiated solution with the Council on the question of financing these new needs and highlighted the political importance of a swift Parliament/Council agreement in order to guarantee that Serbia would receive funds under the 2001 budget. The Commission proposal in April 2000 for aid to the western Balkans over the period 2000-2006 had been accompanied by a proposal for a revision of the ceiling for Category 4. However, the Council had so far refused to countenance such a revision. The report noted that the Council's draft budget (DB) for 2001 represented an increase of 2.74% in commitment appropriations (CA) and 3.46% in payment appropriations (PA) over the 2000 budget. However, it was still lower than the proposals in the Commission's preliminary draft budget (PDB). Moreover, the Council's DB was equivalent to only 1.05% of Community GNP for financing actual expenditure (PA), whereas the Commission proposed 1.07% and the figure entered in the financial perspective was 1.11% of Community GNP. The amendments the committee was submitting to Parliament's plenary would increase commitment appropriations and payment appropriations, and the figure for the latter would be equivalent to the 1.11% of Community GNP authorised by the financial perspective. As far as the various expenditure categories were concerned: (1) for agriculture (category 1), pending the Commission's letter of amendment which would enable the figures to be adjusted to reflect the latest, most realistic estimates, the committee wanted the figures contained in the preliminary draft budget (PDB) to be reinstated, both for subcategory 1a (market expenditure) and for subcategory 1b (accompanying measures). It also called on the Council to increase the funds available for three socially deserving causes (school milk, distribution of agricultural products to deprived persons and aid for bee-keeping). The Commission was asked to present an assessment of the funding for the CAP by 30 June 2001; (2) for structural operations (Category 2), to avoid a shortfall in payment appropriations (PA) the committee wanted the PA figures in the PDB for the Structural Funds to be reinstated. It called for the creation of a contingency reserve in PA with the aim of ensuring that this money was properly spent and better distributed between the Structural Funds and the Cohesion Fund; (3) for internal policies (Category 3), the committee believed special provision, with commensurate funding, should be made for SMEs. It approved the Commission's proposal for a multiannual programme (2001-2005) for SMEs and called on the Council to reach an agreement to provide adequate resources for the programme; (4) as regards external action (Category 4), the committee said that funds for the Balkans were still insufficient. It emphasised Parliament's intention of exploring every avenue to find additional funding and added that the low level of funding envisaged for Parliament's traditional priorities (democracy and human rights, development aid, aid for reconstruction and rehabilitation and aid for the poorest countries) was unacceptable. Following recent developments in Serbia, the committee proposed that EUR 60m be earmarked to support democracy there (20m more than proposed by the Council). It also sought to create a specific new budget line to fund reconstruction. For the moment this heading would not include an actual amount, pending a Parliament/Council decision on a revision of the financial perspective. The committee also called for the flexibility instrument (EUR 200m) tobe used to finance measures such as the rapid reaction facility as well as to maintain the funding for programmes such as MEDA at the level proposed by the Commission in its PDB. The problem of the low disbursement rate of the funding for numerous programmes in the field of external action also needed to be addressed; (5) lastly, as regards administrative expenditure (Category 5), apart from the additional funds needed to finance the reform of the Commission, which were placed in the reserve, the committee wanted the figure in the PDB to be reinstated. Parliament, Council and Commission were asked to step up their cooperation and to coordinate their policies in the areas of translation, interpreting and the management of buildings and libraries, with

an eye to enlargement. The Commission was requested to present by 31 March 2001 an analysis of the consequences of enlargement on its administrative set-up. Other points raised by the report included the need to improve supervision of the way budget funds were spent throughout the financial year. The committee called on the Commission to submit to the budgetary authority (Parliament and Council) by April 2001 a schedule including dates for the commitment and payment of budget funds when any programme, project or instrument was carried out. The committee criticised the Commission for flouting the decisions of the budgetary authority by refusing to carry out programmes on grounds of staff shortages - but without even consulting Parliament. On the question of the administrative reforms at the Commission, the committee said that more efficient implementation of the budget was essential. Parliament should also be kept better informed and there should be more coordination between legislative and budgetary procedures. The Commission also needed to deal with the problem of payment backlogs in all areas. In addition, Parliament should be kept better informed about external action, especially in the case of foreign policy initiatives which had a budgetary impact. In such cases, informal agreement should be sought from Parliament in advance.