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

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In adopting the report by Mr Joan COLOM I NAVAL (PSE, E), the European Parliament notes that the Commission, in its AGENDA 2000, has not really estimated the future Community policy requirements for the 15 existing Member States and for the applicant countries, but has merely declared the current own-resources ceiling of 1.27% of GNP to be sacrosanct. It considers this approach to be inadequate for such an ambitious project as enlargement and feels that declaring the own-resources ceiling to be sacrosanct at this stage may cause genuine problems to be underestimated. It therefore considers that the Commission's analysis in no way exempts it from submitting a formal financial perspective proposal for the 15 Member States by 1 July 1998, as laid down in Article 25 of the current interinstitutional agreement. Parliament is surprised at the macroeconomic framework submitted by the Commission in AGENDA 2000 and takes the view that the global forecast of 2.5% per year could be an overestimate which may give rise to false hopes regarding the possibility of ensuring the success of any enlargement without incurring extra costs. It draws the European Council's attention to the risks involved in basing the entire financial analysis on highly uncertain forecasts. It recognizes the value of a financial framework covering a sufficiently long period of time after 2000, but feels that the success of enlargement will require budgetary peace of mind founded on an interinstitutional agreement accompanied by corresponding financial perspectives. It considers therefore that the duration of the next financial perspectives will depend on the flexibility incorporated into the interinstitutional agreement, either between headings or by means of a binding revision clause to take account of as yet unknown developments. 1) Financial perspectives: Parliament believes that the 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 estimated 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 will have to be assessed. 2) Own resources: Parliament regrets that the Commission has not addressed the question of the own resources system and considers it necessary to examine the possibility of a system more proportionate to the relative prosperity of the people and with a higher profile for European citizens. It considers that the application in the budget of what is known as the 'fair return' principle should be excluded. It emphasizes the need to take account of all the budgetary and non-budgetary benefits brought about by participation in European integration, particularly the objective benefits emanating from the single market and the perspective of enlargement. It calls on the Commission to submit, in the near future, a communication concerning the own resources system so as to foster debate between the two arms of the budgetary authority. 3) Interinstitutional agreement: Parliament considers that a new interinstitutional agreement 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 and avoid certain anachronisms in the procedures, such as the classification of expenditure. 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 Union and for the process of enlargement. 4) Financing: Parliament notes that the analysis presented by the Commission is merely an indicative estimate of the amounts needed to ensure the success of accession, which cannot be calculated exactly until accession negotiations are completed. Furthermore, the margins which will have to be released to finance enlargement, in the absence of extra resources, can be made available only through major cutbacks in existing policies, in particular agricultural and structural policies. Only after adoption of the reforms in these two sectors by the Council will it be possible to assess the actual savings made. Parliament proposes that all accession expenditure be entered under a new financial perspectives heading. Finally, it presents a set of sectoral policy considerations putting the emphasis on the need to promote employment, respect the environment, ensure growth and competitiveness within the Union, and ensure that the Union plays a more prominent role at world level and with regard to developing countries. Regarding the environment, Parliament calls for the creation, together with the

EBRD and EIB, of guarantee funds to allow the banks of the Central and Eastern European countries to grant loans for environmental projects, particularly to SMEs and public, local and regional authorities. In the employment field, Parliament is in favour of increasing the allocations for priority programmes relating to internal policies at a faster rate than the rest of the budget; it emphasizes that this must take place fairly, from the regional and social points of view, and taking account of the principle of equal opportunities for men and women. Finally, it considers that the European Council should demonstrate more openness towards enlargement as, when all is said and done, the resources required represent only 0.13% of the GNP of the 15 Member States for the period in question.