2003 budget: section III, Commission

2002/2004(BUD) - 24/10/2002 - Budgetary text adopted by Parliament

The European Parliament adopted the report by Mr G·ran FARM (PES, S) concerning the general budget of the EU for the financial year 2003. The figures from Parliament's first reading show that Ç100.19bn has been allocated for commitments and Ç99.933bn for payments. During its first reading Council had proposed Ç99.548bn for commitments and Ç96.992bn for payments as against the Commission's figures of Ç99.99bn for commitments and Ç98.207bn for payments. Parliament outlined that the financial perspectives for 2000-2006 were insufficient for category 2 (Structural Funds) and for category 4 (Foreign Policy). Whilst it is possible for a technical solution to be found for problems relating to category 2 using the so-called "Flexibility Instrument", this is far from the case for Foreign Policy, with needs far outstripping available resources. It should be stated that the Parlaiment welcomes the new type of budgetary debate which allows it to express its concern to the Commission on budgetary issues and creating a new institutional dynamic in relation to the new provisions on the legislative programme and stocktaking procedure. It underlines the positive results of the new implementation methods involving the specialised committees in a better quantitative and qualitative monitoring of the budget and lastly welcomes the preparatory work on the future activity based budgeting nomenclature. Parliament outlined a serious concern which is the Ç107bn of outstanding payments. It is said that this is largely due to inefficient absorption and the lack of matched funding from Member States. The Parliament underlines that the cut of EUR 1 215 million over the PDB made by the Council in the draft budget, is not in line with the aim to improve the implementation of Community funding as expressed by both arms of the Budgetary Authority in the respective guidelines. The Commission is called upon to submit before Parliament's second reading: - a report outlining how the Commission will meet its own objective to reduce the outstanding commitments to a normal level by December 2003; - a plan, modelled on the basis of the implementation plan, to clear the outstanding commitments; - a commitment to present an implementation plan at a lower level of the nomenclature, at the latest with the PDB and regular reporting about differences by comparison with the original profile, an appropriate account for them plus proposals for improvement; - a take-up plan based on a binding timetable to be approved by the budgetary authority. The breakdown by policy area is similar to that outlined in the summary dated 10 October 2002 and is as follows: - Agriculture (Heading 1) : Parliament recommends that EUR 40.476bn is spent on agriculture with Ç4.698bn in accompanying measures. Accompanying measures focus on the improvement of conditions for the transport of animals and finance to encourage tobacco growers to switch to other crops. - Structural Actions (Heading 2) : Once again commitments in this area posed difficulties. In Parliament's first reading, MEPsincreased the Council's figures to EUR 34.521bn whilst, at the same time, calling for full implementation of the Structural Funds. MEPs want to see a solution to the problem of how to find the agreed EUR 27m for restructuring the Spanish and Portuguese fishing fleets. - Internal Policies (Heading 3) : Here, MEPs voted for a total of EUR 6.793bn for commitments and EUR 6.233bn in payments, with 50% of credits allocated to decentralised agencies to be put in a reserve until a definite seat has been decided on. - Foreign Policy (Heading 4) : In exceeding the ceiling here, MEPs voted for a sum of EUR 5.047bn in commitments and EUR 4.956bn in payments. In effect, the House is making the point that the existing financial perspective is inadequate, when compared to the pressures on the Foreign Policy budget coming from so many different areas. It has therefore cut EUR 60m from the budget for Afghanistan, with a view to resolving this problem by negotiating a revision of the 1999 Inter-Institutional Agreement with Council before second reading. Similarly, MEPs voted for just Ç30m for the EU's emerging Common Foreign and Security Policy with a view to a possible increase at second reading, following negotiations with Council, where the aim is to involve MEPs in the decision making process here. Parliament also wants to see a significant EU contribution to the Global Health Fund. Parliament also reaffirms its intention to enter a budget heading for the rehabilitation and reconstruction of the territories administered by the Palestinian Authority, in line with the conclusions of its resolution of 12 March 2002 on the 2003 budget guidelines. - Administrative Expenditures (Heading 5) : Following a prior agreement with Council, MEPs respected the ceiling here and voted for a total of some EUR 5.362bn,

enabling the funding of new posts in the Commission relating to enlargement to go ahead. This arrangement foresees the use of "front loading" i.e. anticipated savings from the 2002 budget and a contribution of some EUR 43m from the Parliament's own budget. - Pre-accession aid (Heading 7) : Parliament reinserted payments which were reduced by the Council for PHARE, SAPARD and ISPA. MEPs voted for EUR 3.256bn in payments, which is an increase on both the Council and Commission figures but maintained the EUR 3.386bn commitment figure. Lastly concerning the reform of the Commission, Parliament still fully supports this process. The Commission is called upon to submit to Parliament by 15 November 2002: a detailed report on the conclusions of the second report of the Committee of Independent Experts on reform of the Commission and Parliament's observations in its resolution of 19 January 20001 on that report and a table showing the results of the implemented reforms, the reforms under way and the measures which will still have to be taken along with a detailed calendar for implementation.