

# Policy challenges and budgetary means of the enlarged Union 2007-2013

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The Temporary Committee on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013 adopted the report by Reimer BÖGE ( EPP-ED , DE ) on the next Financial Perspective. The committee's key conclusion was that the financial perspective must make it possible to fund both enlargement and future priorities. The main recommendations set out in the report were as follows:

- within the multiannual financial framework, payment and commitment appropriations should be set at 1.07% and 1.18% respectively of EU gross national income, as opposed to the Commission proposal for 1.14% and 1.24% respectively;
- the European Development Fund (EUR 21.876 bn) should not be incorporated into the Financial Perspective. If the EDF were ever to be incorporated into the budget, this must not lead to cuts in other policy areas;
- **Heading 1a - Competitiveness:** research funding should be "simplified", and there should be a EUR 200 m increase for the social policy agenda, mainly to achieve the Lisbon objectives and stimulate employment;
- **Heading 1b - Cohesion:** regional policy is "indispensable" for stimulating EU economic and social cohesion. Cohesion policy appropriations should be used exclusively for that purpose in order to support growth, employment and sustainable development and, above all, to reduce disparities between EU regions. The proposed ceiling of 4% of GNI for eligibility for funding from the Cohesion Fund should be handled in a more "elastic" fashion, i.e. this figure could be exceeded if a country showed it could absorb more Community funding. MEPs also urged the introduction of a transitional mechanism for regions which have been hit by the "statistical effect" (i.e. falling below eligibility thresholds for structural aid) and therefore no longer qualify for structural funds.
- **Heading 2 - Conservation and management of natural resources:** MEPs said that the sums earmarked for the Rural Development Fund by the Commission were very low and in fact amounted to a bare minimum. The intrinsic problems of rural areas should also be addressed by supporting firms that promote diversification. The report also proposed allocating EUR 21bn to the Natura 2000 programme (biodiversity and protection of natural habitats). MEPs opposed the idea of renationalising the Common Agricultural Policy but backed the phasing-in of cofinancing for agricultural expenditure within the EU-15 if needs outstripped the resources available after the accession of Bulgaria and Romania ;
- **Heading 3 - Citizenship, freedom, security and justice:** the temporary committee believed that a EUR 1bn increase over the Commission proposal was "necessary in order to attain its goals", while making provision for a "sufficient margin" for unforeseen needs. Europol and Eurojust should also benefit from the increased funding in the light of the priority given to the fight against organised crime and terrorism. Other funding increases were proposed for youth and culture programmes;
- **Heading 4 - The EU on the world stage:** MEPs called for more flexibility (see below) to meet new needs and for adequate funding for key areas such as the new neighbourhood policy. The EU should strengthen its influence in the Mediterranean and envisage a Baltic Sea strategy involving Russia as an

equal partner. MEPs also wanted to be consulted on any EU external actions with budgetary implications. With regard to cooperation aid, a distinction should be made between developing and industrialised countries;

- **Flexibility instrument:** annual funding should be increased to EUR 500 m;

- **Reserves:** to ensure greater flexibility in the way in which the Union operates, MEPs proposed that a number of reserves be established outside the financial framework in order to cope with contingencies or situations that are hard to anticipate, or to facilitate the EU's economic adjustment with regard to competition. They suggested creating a competitiveness reserve (capped at EUR 7 bn and replacing the Growth Adjustment Fund), a cohesion reserve (EUR 3 bn), an emergency aid reserve (EUR 1.5 bn), a Solidarity Fund reserve (EUR 6.2 bn) and a loan guarantee reserve (EUR 3 bn);

- **Duration of the Financial Perspective:** whereas the Commission had proposed a seven-year financial framework (2007-2013), the temporary committee wanted the coming one to expire in 2011 and to be followed by five-year periods, so that the terms of office of the Commission and Parliament would run in parallel with the Financial Perspective.