2005 budget: section III, Commission

2004/2001(BUD) - 28/10/2004 - Budgetary text adopted by Parliament

In adopting by 439 votes for, 94 against and 7 abstentions the report by Salvador GARRIGA POLLEDO (EPP-ED, ES) accompanying the first reading of the 2005 Budget. Following this vote, commitment appropriations amount to EUR 117 195 256 630 and payment appropriations to EUR 111 263 911 793, in each case below the ceilings of the Financial Perspective. Parliament increased the figure for payment appropriations, which the Council had slashed in its draft budget in July (when it suggested EUR 4 billion less than the Commission's preliminary draft). One major change is the sizeable hike proposed for Structural Measures, largely because the funding for this policy area was well spent during the current financial year. These increases are justified by the need for the EU to provide the necessary budgetary means to meet its stated ambitions. These are to speed up implementation of the Lisbon Strategy so as to boost sustainable development and employment, enha! nce co-operation on asylum and immigration policies, strengthen cohesion and external policies and improve the information targeted at the European public by the EU.

It is noted that the foreseen expenditure package, initiated by the Council, to encourage the economic development of the Turkish Cypriot community is not explicitly covered by any existing heading of the financial perspective and that a political agreement on where such appropriations should be found is necessary, including the possibility of revising the financial perspective.

In this context, the Parliament amends the draft 2005 budget as follows :

- Heading 1: the Parliament objects to the fact that in its draft budget the Council has adopted an initial common position which calls for an EUR 1 billion reduction in the funding proposed by the Commission under the agriculture section of its preliminary draft budget for the coming year without any justification relating to the management of agricultural policies and measures. It stresses the need to encourage young farmers, in particular, and to adapt the funds available to the number of young farmers in need of assistance in the enlarged Union.

- Heading 2: the Parliament welcomes the improvements in the implementation of the Structural Funds. It increases payment appropriations, which will also facilitate the reduction of outstanding commitments and it invites the Commission to present an updated estimate of the needs for 2005, in the light of Member States' forecasts and the serious payment deficits already flagged for 2004.

- Heading 3: Parliament decides to contribute to speeding up the achievement of the objectives set by the Lisbon Strategy, by reinforcing a set of budget lines concerning SMEs' industrial competitiveness, trans-European transport networks, development of the internal market, the Community action programme in the field of environment and the Leonardo Da Vinci programme. Equally, it considers that the EU and its Member States need to strengthen their internal security and safeguards for the welfare of European citizens; increases the appropriations for Eurojust and the pilot project supporting the victims of terrorist acts. In addition, it urges the Council to transform Europol into a decentralised agency of the Union, as envisaged in the draft Constitutional Treaty.

- Heading 4:Parliament deplores the fact that the Council has failed to recognise the seriousness of the unprecedented challenges the EU faces in external policy, by introducing unacceptable across-the-board cuts which further weaken the already inadequate proposals made by the Commission in the PDB. It decides to enter appropriations at a level which will secure new international undertakings and safeguard traditional priorities such as human rights and democracy programmes, humanitarian and food aid, geographical cooperation programmes and the global fight against poverty and HIV/AIDS. Parliament

points out that the fight against drugs and drug addiction, and hence the Community's policy in this area, continue to be of prime importance. Moreover, Parliament points out that the fight against drugs and drug addiction. It notes that, in the context of the external action aspect of operations coming under this policy, there is an urgent need to tackle the si! tuation in Afghanistan which is once again the largest producer of opium poppies in the world and the country where 90% of the heroin on Europe's streets originates.

On the CFSP, Parliament welcomes the progress achieved with the Irish and Dutch presidencies in developing the political dialogue with the European Parliament on CFSP through regular meetings. It recalls however that Council should justify its proposed increases for CFSP not only from the point of view of the specific actions but also taking into account the available margin under heading 4 and the possible impact on other actions.

- Heading 5: Parliament recalls its willingness to provide sufficient means for this expenditure, in order to enable the institutions of the enlarged Union to function properly, but is not in favour of using the flexibility instrument of the financial perspective for this purpose. Furthermore, it considers it desirable to create for 2005 an adequate margin under the ceiling of heading 5 of the financial perspective but cannot, at present, achieve this without additional efforts from the institutions themselves. It decides, therefore, to increase the draft budget by some EUR 48.7 million in first reading, leaving a limited margin. All the institutions are called upon to examine all possibilities for further savings before the second reading, including a critical review of budget requests and the possibility of reprogramming and internal or interinstitutional frontloading.

Lastly, Parliament calls on all the EU institutions to make savings so as to keep within the ceiling for administrative expenditure. It nevertheless proposes that Parliament should approve the request to fund 700 extra posts at the Commission, although 150 posts would be kept in the reserve. These reserve posts could be released provided the Commission meets certain conditions, in particular by allocating more money to the Infopoints. Another bone of contention between Parliament and Council is that there is no margin within the heading Internal Policies from which the funding proposed for the decentralised EU agencies could come. When the ceilings for the various headings were established in 1999, no one foresaw the explosion in the number of agencies (23 now as opposed to 7 just six years ago), with the impact this would have on staff levels (2,695 posts, including the 418 new posts requested for 2005). The funds that need to be earmarked for this purpose are so great that they are jeopardising funding for other key areas. Parliament, while keen for the agencies to have the resources to function properly, wants their funding to be made the subject of an agreement with Council, so that the EU's priorities as described above are observed.