Interinstitutional agreement on budgetary discipline and sound financial management for the period 2007-2013

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The committee adopted the report by Reimer BÖGE (EPP-ED, DE) on the Interinstitutional Agreement on budgetary discipline and sound financial management. MEPs broadly welcomed the agreement which, they said, "was the only possible compromise that Parliament could achieve…with a view to guaranteeing the continuity of EU legislation". However, they also pinpointed a number of shortcomings which would have to be addressed in the future, notably in the course of the review of the EU budget set to take place in 2008-09.

The report welcomed the progress achieved under the three pillars of Parliament's negotiating position: matching political priorities and financial needs; modernising the budget structure and improving the quality of implementation of the EU budget. It stressed the main points of the agreement:

- four billion euros will be redistributed to a range of programmes;

- the EIB reserve will be substantially increased under a new EIB-EU budget co-financing scheme;

- non-programmed needs such as the Emergency Aid Reserve and the EU Solidarity Fund will be financed outside the financial framework by supplementary resources;

- the European Globalisation Adjustment Fund will be financed by re-use of cancelled appropriations, outside the financial framework;

- an overall amount of EUR 1.4 billion for flexibility will be maintained over the period, and the annual amount may be carried over in case of non-utilisation to the next two years;

- following the 2009 European elections, Parliament will have the chance to vote on the functioning of the Interinstitutional Agreement and the Financial Perspective on the basis of a report to be presented by the Commission, acompanied by proposals where necessary.

However, the committee commented on the outcome of the European Council of December 2005 and made clear its belief that national interests overrode common European objectives when the Member States adopted their position on the financial perspective. Among the shortcomings identified in the report was the system of own-resources, which MEPs said should be reformed urgently to "avoid the same painful experience of national bargaining for the next financial perspective". Lastly, the committee added that it still believed that the higher figures adopted in June 2005 offered the best way of funding Community policies.