

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

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The Council held an exchange of views on the cohesion policy to be determined under Heading 1b of the Financial Framework being drawn up for the EU budget for the period 2007-2013.

The debate covered five areas:

- policy content;
- financial envelope;
- allocation method;
- capping rule;
- transitional arrangements.

The aim of the Luxembourg Presidency is to enable the European Council to arrive at a political agreement on the new Financial Framework in June 2005. To do so, the Council, in its "General Affairs" configuration, will be responsible for organising work on this dossier; any discussion in other Council configurations will be without prejudice to the outcome of negotiations, although the specific interest of the Economic and Financial Affairs Council will be recognised.

The Permanent Representatives Committee will be responsible for preparing the Council's discussions and will be assisted in this by a "Friends of the Presidency" group.

Preparations for the European Council in June will start in March. Applying a method used successfully in the negotiation of previous Financial Frameworks, the Presidency intends to fill out the "negotiating framework" as it goes along, reflecting the outcome of discussions.