

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

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The Council held an exchange of views on the preparation of a new heading of "competitiveness for growth and employment" (Chapter 1a), intended to group together various categories of expenditure under the Financial Framework being drawn up for the EU budget for the period 2007-2013.

The new chapter will provide for the financing of policies aimed at competitiveness, Research and Technical Development (RTD), trans-European networks, education and training and the social agenda. The Commission also proposes the creation of a "Growth Adjustment Fund", which would allow expenditure on Chapters 1a (competitiveness) and 1b (cohesion policy) to be adjusted.

The debate covered three areas:

- policy content;
- financial envelope and allocation;
- the Growth Adjustment Fund;

At its meeting on 31 January 2005 (see below), the Council discussed cohesion policy (Chapter 1b) in terms of the new financial framework. The Presidency will draw on the outcome of these two debates in drawing up a "negotiating framework" so that agreement can be reached on the financial framework as a whole. Its aim is to enable the European Council to reach political agreement at its meeting on 16 and 17 June 2005. Starting in March, work will focus on the preparation of the agreement to be concluded at the June European Council. 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.