

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

2004/2209(INI) - 08/06/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report of Reimer BÖGE (EPP-ED, DE) with 426 votes in favour 140 against and 122 abstentions. The report sets out the figures the European Parliament will defend in negotiations with Council on the next Financial Perspective 2007-2013.

The figures proposed within the multi-annual framework are:

- payment appropriations: 1.07% of the European Union's Gross National Income (GNI) (EUR 883 billion over seven years);
- commitment appropriations: 1.18% of GNI (EUR 975 billion over seven years).

The Commission is proposing payments of 1.14% (EUR 943 billion) and commitments of 1.24% (EUR 1 022 billion), whilst the latest compromise from the Luxembourg Presidency proposes 1.06% in commitments (roughly EUR 873 billion).

The following points should be noted:

- Parliament has opted not to incorporate the European Development Fund (EUR 21.876 bn) - which is currently outside the Community budget - into the financial perspective. Were the EDF ever to be incorporated into the Community budget, this must not lead to cuts in other policy areas;
- Parliament proposes a number of reserves be established outside the financial perspective in order to cope with contingencies or situations that are difficult to anticipate (cohesion, emergency aid, solidarity fund, guarantee fund), and assist the EU to make economic adjustments designed to boost competitiveness.

Parliament recalled that under the current Treaties, a Financial Perspective does not have a formal status and can only be established with the approval of the European Parliament on a voluntary basis. If no agreement is reached, the EC Treaty will be applied for the purpose of regulating the adoption of annual budgets. Parliament stressed that it will not agree on the next Financial Perspective if its priorities are not taken into consideration by the Council.

The following comments were made:

- Competitiveness: Parliament felt that an increase of EUR 200 million is necessary in order to attain the goals of the Social Policy Agenda. An increase of EUR 670 million is necessary in order to attain the EU's education and training goals. Parliament insisted on a legally binding mechanism which guarantees proper implementation and EU funding for Natura 2000 at the level of the EU's estimated contribution to the envisaged overall amount, which is approximately EUR 6.1 billion for the EU-25 per year. An amount of EUR 21 billion for Natura 2000 should therefore be earmarked ("ring-fenced") in the Financial Perspective within the respective areas.
- Cohesion: the existence of a strong, well-financed European regional policy is a condition sine qua non of the Union's ability to deal with successive enlargements and reduce regional disparities. The amount of 0.41% of the Union's GNI and 4% of national GNI of the new Member States is adequate, provided the

Member States can ensure that the actions take place in addition to national and regional measures and that the corresponding co-financing (using public and private funds) is made available.

- An Area of Freedom, Security and Justice: the proposed allocation to this area of around two thirds of the funds provided for in the proposed Heading 3 may not be sufficient to cover the needs and the ambitions of the European Union in this area as defined by the European Parliament and the Council. Parliament believed that an increase of EUR 1 billion is necessary in order to attain its goals. Moreover, a sufficient margin must be left under Heading 3 to allow for unforeseen needs and new developments. There should be a consolidation of the budgetary resources made available to Europol and Eurojust. That measure should be accompanied by a strengthening of the democratic scrutiny of Europol.

- Citizenship: the Youth in Action Programme is a priority. Parliament welcomed the proposed rationalisation of Community instruments in this field, and believed that an increase from EUR 811 million to EUR 1 000 million is necessary in order to attain its goals. It also welcomed the rationalisation of Community instruments in the field of culture envisaged in the Commission's proposal for a Culture 2007 programme COM(2004)0469). An increase from EUR 360 million to EUR 500 million is necessary to improve the financing of the Commission proposal.

- Funding for external actions: Parliament stressed its unwillingness to perpetuate a situation of constant pressure under Heading 4 as occurred under the current Financial Perspective and pointed particularly to the need for a high level of flexibility and sufficient margin to allow for unforeseen events. Parliament felt that an increase of funds is necessary in order to deepen relations with its neighbouring countries and to provide an adequate level of funds for potential candidate and candidate countries that guarantees them fair and equal treatment.

- Duration of the financial framework: Parliament supported the Commission's proposal for a financial framework of 7 years' duration. A shorter time framework would be technically and politically impractical, and a longer financial perspective will contribute to the stability of the system and facilitate the programming of the cohesion policy and of other financial instruments of the common budget

- Revision and flexibility: Parliament decided

- to accept the Commission proposal for a revision procedure with multi-annual effect to cover lasting changes to the financial framework which may be facilitated by being adopted by the same majority as for the adoption of the budget (qualified majority in Council and absolute majority in Parliament),

- to accept the Commission proposal on flexibility for legislative acts but to increase this flexibility to 10 %, above or below the amounts fixed under co-decision;

- to reject the Commission proposal for the reallocation flexibility between headings,

- to create significant reserves for flexibility outside the financial framework to enable the European Union to respond to unforeseen needs and unexpected crises;

- to plan an overhaul of the Financial Perspective if fundamental assumptions regarding economic development change, for example in the event of a significant deviation from the assumed growth rate of 2.3%;

- Reserve for flexibility (up to a maximum of EUR 3.5 billion): the existing instrument already placed outside the Financial Perspective and with an increased amount of EUR 500 million;

- Reserves: these should be established outside the financial framework are as follows: a competitiveness reserve (capped at EUR 7 billion and replacing the Growth Adjustment Fund), a cohesion reserve (EUR 3

billion), an emergency aid reserve (EUR 1.5 billion), a Solidarity Fund reserve (EUR 6.2 billion) and a loan guarantee reserve (EUR 3 billion).