2007 budget: Commission's annual strategic priorities

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The Council adopted the following conclusions, which will serve as the basis for discussions with the European Parliament and the Commission on preparation of the EU's general budget for 2007. In particular, it:

- underlines the fact that the budgetary procedure for 2007 will be marked by two important elements, on the one hand the new Financial Perspective for 2007-2013 to be agreed, and on the other hand the forthcoming accession of two countries to the EU to be confirmed. This should clearly be reflected in the Preliminary Draft Budget (PDB) for 2007;

- reaffirms the importance of maintaining a framework of overall budget discipline. It reiterates its wish that the EU budget for 2007 should provide sufficient resources to implement the various policies of the EU effectively and efficiently. It emphasises that it should apply the same degree of budgetary constraint as exercised by the Member States of the EU for their own national budgets;

- is convinced of the importance of good collaboration between the two arms of the Budgetary Authority and the Commission, and looks forward to establishing a good spirit of cooperation for the 2007 budget procedure;

- confirms that the forthcoming Interinstitutional Agreement (IIA) on budgetary discipline and improvement of budgetary procedure covering the period 2007-2013 will constitute the basis for establishing the budget for 2007. It recalls its constant willingness to apply the IIA to the full. It lays great emphasis on compliance with the Financial Perspective, which requires that Community expenditure remains within the annual limits to be set therein. For the purpose of sound financial management and to deal with unforeseen circumstances it is important that sufficient margins must be maintained under all the ceilings of the various Headings, with the exception of Heading 1b, especially in the first year of the new financial period;

- emphasises that the appropriations for 2007 should reflect real and well-defined needs and be compatible with the ceilings set in the Financial Perspective. Absorption capacity and past implementation should also be taken into account when establishing appropriations. It considers that all appropriations need to be reviewed in detail for each policy sector and in this context it reaffirms the importance of reallocation in order to allow the Budgetary Authority to make the necessary financial adaptations to meet present and future needs. For this purpose it points to the necessity of having high quality Activity Statements and financial information on spending proposals in good time;

- considers it important that the implementation of the EU budget is improved in 2007 so that the significant under-implementation of funds that occurred in the first years of the Financial Perspective 2000-2006 should be avoided. Therefore, the Council stresses the importance of the adoption of implementing rules and guidelines where applicable by the Commission on the basis of the adopted regulations in due time in 2006 in order to enable implementation to start in an efficient way by 1 January 2007. In this context, the Council underlines the need for explicit and simple rules;

- stresses once again the importance of keeping a tight grip on payment appropriations. The level of payment appropriations entered into the budget should be sufficient but not overestimated, taking into account past implementation and the genuine requirements for 2007;

- considers that the Member States should present structural funds estimates that are as accurate as possible, while assessing the actual need for appropriations to be put into the Preliminary Draft Budget is the responsibility of the Commission;

- looks forward to continued improvement of the "Activity Based Budgeting" in 2007 assisted by the introduction of specific, measurable, achievable, relevant and timely objectives, appropriate performance indicators and full evaluation procedures into all Community programmes with implications for the EU budget, as specified in the Financial Regulation;

- calls on the Commission to take full account of Council delegations' comments following detailed examinations of various activity statements in the two previous years. It intends to continue an enhanced examination of a set of Activity Statements during the 2007 budget procedure and places particular emphasis on Activity Statements covering legal bases and financial envelopes that are being renewed and /or adopted;

- is committed to improving the impact of the "Activity Based Budgeting" information during the discussion on the annual budget, in particular in terms of the justification for Community actions and explanations for the proposed variations of appropriations. The Council calls on the Commission to improve the implementation of the ABB approach to its administrative expenditure so as to reflect the real administrative costs related to each policy area;

- invites the Commission to present the appropriate information which allows the comparison between the implementation of the 2005 budget, the 2006 budget and the 2007 PDB, at the start of the budget procedure for 2007;

- identifies the following elements as important in preparing the 2007 budget: it invites the Commission to continue its efforts together with Member States towards establishing an accurate level of payment appropriations for structural funds. Furthermore, the Council recalls the importance of simplification of procedures aimed at facilitating implementation; the Commission is invited, as in previous years, to present realistic forecasts regarding CAP expenditure in its Preliminary Draft Budget. Particular attention should be given to ensuring that the payment appropriations for expenditure related to rural development are accurate;

- believes, that sufficient margins within the external relations ceiling are crucial in order to be able to respond to unforeseen actions and crises and emphasises the current principle that the institutions will ensure as far as possible that sufficient margins are left available. It considers that account should be taken of its priorities and recalls, in this connection, the importance that it has always attached to CFSP funding;

- considers it important that institutional effectiveness is an increasingly important factor when allocating administrative resources. It recalls the importance that the institutions should ensure that the recruitment process in the context of the enlargement is carried forward without delay;

- underlines the need to ensure that pilot projects and preparatory actions are feasible and consistent with the EU's new priority actions and to examine their practical application. In this context it considers it appropriate that the Commission takes the relevant initiatives in the annual budget process to develop the various pilot projects and preparatory actions within the financial limits set in the IIA, in a comprehensive and co-ordinated manner;

- underlines the great importance that it attaches to these guidelines in the forthcoming budgetary procedure and expects them to be fully taken into account already in the Preliminary Draft Budget for 2007. These guidelines will be forwarded to the European Parliament and the Commission.