2007 budget: Commission's annual strategic priorities

2006/2020(BUD) - 18/05/2006 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted a resolution drafted by James **ELLES** (EPP-ED, UK) on the Commission's Annual Policy Strategy for 2007.

Context: Parliament expressed concern about the visible discrepancy between the challenges which the EU is facing and the appropriations that might be available under the relevant headings of an unambitious Multi-Annual Financial Framework (MFF) 2007-2013 to respond effectively to these challenges, in particular for competitiveness, research and innovation, which the Council and Commission had themselves labelled as priorities. The Annual Policy Strategy did not reflect the urgency with which such challenges should be addressed or provide the necessary vision for encouraging economic reform to meet them. Parliament noted the Commission's strategic objectives as set out in its APS document "Boosting trust through action", but strongly criticised the Commission for its complacency and laid back attitude in setting out the nature of the challenges facing the EU. It believed, for example, that insufficient attention had been given by the Commission to the vast and very rapid changes underway in the global economy, notably in emerging economies such as China and India.

For the 2007 budget, the three main strands should be setting policy priorities; ensuring qualitative value for money; and beginning preparations for the review in 2008/2009, this because the 2007 budget and its implementation will enable the effectiveness of the new MFF to be assessed.

Setting Policy Priorities

External Relations – Europe as a world partner: Parliament spoke of the crucial importance it attached to the re-launching of a deepened and more strategic partnership with the United States on many global issues, on the basis of shared objectives between the two continents. It reiterated its support for the European Neighbourhood Policy and the importance of ensuring sufficient funding for development policy and poverty alleviation measures, including the Millennium Development Goals. Parliament stressed that developments in the Middle East and particularly Palestine should be carefully assessed during the budget procedure. It drew particular attention to the likelihood of chaos that would follow a collapse of the Palestinian Authority and the need for sound financial and fiscal management concerning EU aid, whether disbursed directly or through the trust funds established. The Council was urged to practise a more open, transparent and accountable CFSP.

The Security Dimension – Security, freedom and citizenship: Parliament welcomed the fact that, in the context of external security, the Commission has included energy policy as one of the main priorities for 2007. It stressed the importance of diversifying gas and oil supply and of exploring all possible means of enhancing the EU's self-sufficiency in energy. Parliament also welcomed the start of the new freedom, security and justice programmes for 2007-2013 in the area of justice and home affairs. The objective of the integration of migrants and border management was of importance in the years to come. It stated its intention to provide sufficient means in 2007 to ensure that the extension of the Schengen area was flanked by the principle of Community solidarity in the management of the Union's external borders.

Internal Policies – Prosperity and solidarity: Member States and the Commission were urged to pay special attention to those areas that form the basis of a healthy modern economy, such as knowledge, skills, research and development, innovation, information society technologies, transport and energy. Parliament recalled the importance of strengthening the capacities of the knowledge-triangle (education,

research and innovation) and reinforcing the links among them. All policies in Member States and at EU level must be geared to supporting research and innovation wherever possible. Parliament strongly supported the measures for the development and completion of the European information society as it promoted inclusion, better public services and quality of life.

In the face of increasing global competition, the capability of employers and employees alike as well as of companies as a whole to adjust sufficiently to current changes will be decisive. In this context the development of policies for the future was of vital importance and the European Globalisation adjustment Fund, as currently under discussion, might be a first step in the right direction. The setting up of a new European Institute of Technology might undermine or overlap on existing structures and might therefore not be the most effective use of funds in this context. Parliament believed that the employment potential of innovative enterprises could help the EU to overcome certain difficulties posed by global competition. It called for elimination of the barriers to the mobility of researchers and for the creation of an open and competitive labour market.

Qualitative value for money: Parliament underlined that the December 2005 agreement of the European Council had clearly shown that the battle for resources had begun. Council figures would mean a decrease of resources available between 2007 - 2013 by over 15% as compared to what the Commission thought necessary in its original proposal. It was therefore absolutely necessary in this situation to start looking at the quality of EU expenditure. Parliament proposed asking for cost-benefit studies to be carried out on specific areas of the budget by using part of the resources allocated to the parliamentary committees in order to assess the regularity (compliance with the Financial Regulation, financial reporting system) and the performance (efficiency of resources, effectiveness of the projects, administrative cost) of the policies as implemented, and to draw the political conclusions of such evaluations. The Commission should take immediate action to improve the effectiveness of administrative management, including the revised proposal for the Financial Regulation, with regard to the implementation of Community programmes for its own services, Member States and final beneficiaries, especially as regards small-scale projects. A thorough analysis of the effectiveness of the administrative management of Community legislation should be made on each of these four levels.

Preparing for the 2008/2009 Review: Parliament stressed that at internal and external level, the Common Agricultural Policy should be adjusted to the future needs. It drew attention in this context to compulsory co-financing, increased market orientation, a level playing field and the abolition of export subsidies as favourable options. The 2007 budget, as the first budget of the next period, represented an opportunity to launch the new programmes within the scope of adjustments to new needs which might appear in the first part of the period. The review of all aspects of EU spending and resources planned for 2008 will offer a real opportunity to have a close look at the ways in which public money is spent.

European governance: Human and financial resources for 2007: The proliferation of agencies, as seen over the past ten years, will undoubtedly have negative consequences for the funding of the operational programmes. Parliament considered a value-for-money approach towards the decentralised agencies as opposed to centralised activities an absolute necessity. Parliament welcomed the efforts made by the Commission in terms of redeployment between and within departments in order to optimise resources. It invited the Commission to assess carefully if further possibilities for redeployment could be found before presenting the PDB in order to reduce the number of new recruitments.