2007 budget: section III, Commission

2006/2018(BUD) - 14/12/2006 - Final budget adopted by Parliament

The European Parliament adopted the report by its co-rapporteurs, James **ELLES** (EPP-ED, UK) and Louis **GRECH** (PES, MT), on the second-reading proposal on the draft EU budget for 2007 (please refer to the summary of 05/12/2006).

As regards the main elements of the IIA heading, the Parliament has expressed itself as follows:

- **Heading 1a - Competitiveness for growth and employment**: Parliament decided to reject the Council's approach of reductions in a number of crucial budget lines aiming at improving the competitiveness of the EU's economy. It has, however, decided to increase payment appropriations, albeit at a reduced level relative to its first reading, for priority programmes linked to the Lisbon agenda such as the Competitiveness and Innovation Programme (CIP) and the 7th Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013). It also stresses the technological and economic significance of the Galileo programme and reminds the Commission that, taken over the period as a whole, this programme is underfinanced in the new MFF and calls on the Commission to seek promptly a workable and lasting solution in order to ensure the success of this programme.
- **Heading 1b - Cohesion for growth and employment:** (EUR 54.9 billion, +15.4%) it notes that the appropriations for the Structural and Cohesion funds are considerably lower for the 2007-2013 MFF than had been anticipated. It considers therefore that the appropriations in the PDB should be restored. On pre-accession assistance, it asks the Commission to present a transfer request or amending budget during the course of 2007 if the amounts foreseen in the 2007 Budget turn out to be insufficient.
- **Heading 2 - Preservation and management of natural resources:** (EUR 56.3 billion in commitments, +1%): Parliament notes that 2007 will be the first year of full implementation of the most recent reform of the Common Agricultural Policy (CAP). It rejects the cuts in compulsory expenditure adopted by the Council in its second reading and rejects the re-classification of several budget lines in the agricultural field from non-compulsory to compulsory expenditure as proposed by the Commission in its Letter of amendment No 2/2007. It expresses strong reservations about the current Commission proposal concerning voluntary modulation of up to 20% of direct agricultural support to rural development. It is disappointed that in spite of the major needs for appropriations for development of a dead vaccine for the Blue Tongue virus (BTV), Council refused to approve this initiative by Parliament in its second reading. The Parliament welcomes however the Commission's suggestion, expressed in the letter of executability, to incorporate the development of a new vaccine for blue tongue in the Research budget under the IPA projects. It endorses and welcomes the joint declaration on Life+ agreed by Parliament, Council and Commission as regards the provision of interim financing in the event of a legislative gap arising between the beginning of 2007 and the final adoption of the legal act.
- **Heading 3a - Freedom, security and justice:** Parliament considers that integrated management of the Union's external borders is one of the objectives currently requiring urgent support. It accordingly restores the PDB level of commitment appropriations for the FRONTEX agency, whilst placing some funds in reserve in line with the overall approach on agencies. In addition, the Parliament increases the amount of the FRONTEX Fund to EUR 170 million.
- **Heading 3b – Citizenship:** the Parliament calls on the Commission to support the broadcasting of Euronews in Arabic and urges the Commission to clarify the budget implications of, and the actions to be taken under, the Plan D for Democracy Debate and Dialogue. It asks the Commission to

publish on the Internet the detail of allocation of subsidies (amounts and beneficiaries) for all actions. The EU support in the field of freedom, security and justice will grow by 12.8% to reach a total of over EUR 0.6 billion.

- **Heading 4 - The EU as a global player:** (EUR 6.8 billion in commitments, that is an increase of 4.5% compared to 2006): the Parliament believes that the EU should ensure that it has the wherewithal to act as a global player in keeping with its values. It proposes the restoration of PDB figures on a number of lines and increases beyond the PDB in payments and in commitments in some areas with a view to boosting EU activities through Community programmes in the fields of foreign policy, development and humanitarian aid, and business and scientific exchanges with key emerging countries. It highlights the importance of transparency in the use of the funds allocated to Iraq via the two trust funds and recalls the need to monitor closely Iraq's absorption capacity. It therefore asks the Commission to provide regular information about the projects financed by the EU and the level of absorption of the funds earmarked for that country. Aid for the candidate countries and potential candidates in the Western Balkans will be gathered under one single pre-accession instrument. Taking into account the accession of Bulgaria and Romania, the total amount available for the remaining candidates and potential candidates will increase considerably – by 6.5% to reach EUR 1.2 billion. A total of EUR 1.4 billion (+11,1%) will be used in fostering development in the neighbouring countries to east and south. For all other developing regions (ACP, Asia and Latin America), the EU budget foresees EUR 2.2 billion in commitments. This amount is somewhat lower than in 2006, which was marked by the EU's exceptionally high contributions to reconstruction efforts in the tsunami-hit areas, Iraq and Afghanistan, but long term support to developing regions is in fact increasing. Parliament restores appropriations for the CFSP to the level proposed in the Commission's PDB and Council's DB (**EUR 159.2 million**) and it underlines that it requests the Council to comply with the letter and the spirit of the IIA as regards the CFSP in line with the exchange of letters between Chairmen **BROK** and **LEWANDOWSKI** and the Finnish Minister WIDEROOS. Moreover, it notes that Parliament's second reading on the 2007 budget leaves no margin remaining under heading 4 and that increased commitments through amending budgets during the course of 2007 would therefore imply recourse to the flexibility instrument. It expects to be kept fully informed on a pro-active a priori basis by the Council of the financial needs for the forthcoming Kosovo mission.
- **Heading 5 – Administration**: (EUR 6.9 billion in commitments, equating to an increase of 5.5% compared to 2006): Parliament n notes that the cuts in staffing levels initially proposed by the Council will not be implemented in the 2007 budget. It decides to release the amounts placed in reserve in its first reading for Commission staff resources on the basis of a letter from the President of the Commission accepting that all four requests of Parliament to release the reserve will be fully met and looks forward to a strategic discussion of staffing in the EU institutions during 2007 in the context of the screening exercise requested by Parliament.
- **Other sections of the 2007 budget :** Parliament notes that the budgetary increase given to "other sections" in the 2007 Budget, excluding enlargement costs, was only 1,7% over the 2006 budget; this increase constitutes only a marginal increase and reflects the increase in the inflation rate and the cost for the specific priorities of the institutions and is, in fact, significantly less than that requested in the PDB; decides to retain its original position taken in first reading by restoring EUR 10.63 million of the EUR 28.28 million reductions made by Council. It regrets therefore the Council's decision not to agree with Parliament's budget for the "other sections" as approved in first reading and requests that the institutions submit by 1 September of each year more informative reports on their activities and their performance. Lastly, it reiterates the importance of interinstitutional cooperation which, undoubtedly, can bring about benefits to certain institutions (European Economic and Social Committee and the Committee of the Regions).

It should be noted that the resolution reflects the interinstitutional statements approved in the framework of the budgetary trilogue (see summary of 30/11/2006).