Basic information

2004/2006(INI) INI - Own-initiative procedure	Procedure completed
Building our common future : policy challenges and budgetary means for the enlarged Union 2007-2013 **Subject** 8.20 Enlargement of the Union 8.70.01 Financing of the budget, own resources	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	WYNN Terence (PSE)	09/03/2004

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs, Human Rights, Common Security, Defense	DE KEYSER Véronique (PSE)	21/01/2004
CONT Budgetary Control	MULDER Jan (ELDR)	21/01/2004
LIBE Citizens' Freedoms and Rights, Justice and Home Affairs	CEYHUN Ozan (PSE)	19/02/2004
ITRE Industry, External Trade, Research, Energy	RÜBIG Paul (PPE-DE)	05/02/2004
EMPL Employment and Social Affairs	PRONK Bartho (PPE-DE)	11/02/2004
ENVI Environment, Public Health, Consumer Policy	GOODWILL Robert (PPE-DE)	16/02/2004
AGRI Agriculture and Rural Development	GRAEFE ZU BARINGDORF Friedrich-Wilhelm (V/ALE)	22/01/2004
PECH Fisheries	LANGENHAGEN Brigitte (PPE-DE)	20/01/2004
RETT Regional Policy, Transport and Tourism	POHJAMO Samuli (ELDR)	17/02/2004
CULT Culture, Youth, Education, Media and Sport	IIVARI Ulpu (PSE)	27/01/2004

DEVE Development and Cooperation	DEVA Nirj (PPE-DE)	09/02/2004
FEMM Women's Rights and Equal Opportunities	SMET Miet (PPE-DE)	19/01/2004

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2562	2004-02-23
Education, Youth, Culture and Sport	2585	2004-05-27

European Commission

Commission DG	Commissioner
Secretariat-General	

Key events

Date	Event	Reference	Summary
29/01/2004	Committee referral announced in Parliament		
10/02/2004	Non-legislative basic document published	COM(2004)0101	Summary
23/02/2004	Debate in Council		Summary
06/04/2004	Vote in committee		Summary
06/04/2004	Committee report tabled for plenary	A5-0268/2004	
20/04/2004	Debate in Parliament		
22/04/2004	Decision by Parliament	T5-0367/2004	Summary
22/04/2004	End of procedure in Parliament		
27/05/2004	Resolution/conclusions adopted by Council		

Technical information

Procedure reference	2004/2006(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/5/20622

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0268/2004	06/04/2004	
Text adopted by Parliament, single reading		T5-0367/2004 OJ C 104 30.04.2004, p. 0747-0991 E	22/04/2004	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2004)0101	10/02/2004	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES1204/2004 OJ C 074 23.03.2005, p. 0032-0039	15/09/2004	

Building our common future : policy challenges and budgetary means for the enlarged Union 2007-2013

2004/2006(INI) - 22/04/2004 - Text adopted by Parliament, single reading

In adopting the report by Terry WYNN (PES, UK) which tackles the issue of the next Financial Perspective covering the period 2007-2013, the European Parliament sends a clear signal to the Council stating that without an agreement with Parliament on the financial package, there will be no new financial perspective. Under the current treaty, the EU is not obliged to use this method of budget planning, since the treaty only provides for annual budgets.

Although the Parliament agreed with the recommendations made by the committee responsible (refer to previous document), it stated that it was determined, for democratic reasons, to take no decision during this Parliamentary term which might restrict the scope or decision-making powers of the Parliament elected in June 2004. However, with a view to maintaining institutional continuity, it invites the next Parliament, the next Commission and the enlarged Council to take account of the orientations contained in this report as a basis for future negotiations.

Among other points, Parliament states its readiness to evaluate proposals for a general correction mechanism based on the principle of Community solidarity. This would be part of a reform of the current system of own resources in order to give it more visibility for European citizens and to take national considerations into account.

Parliament also restated its wish, as already expressed in its report to the European Convention and widely taken on board by the draft Constitution (Article III-308), to have a financial framework established for a period of at least 5 years. It takes the view that, for reasons of democratic responsibility and accountability it is fitting that the timeframe be better adapted to the mandates of the Parliament and the Commission. It is considered that the Parliament is not bound by the decision taken by the European Council of October 2002 on agricultural spending until 2013 and sees no reason to accept a 7 year period for the new financial perspective as a result of this decision.

Moreover, Parliament notes that during the period 1996-2002, the EU budget (with 15 Member States) increased by 8.2% while the national budgets increased by an average of 22.9% showing the rigour and thrift of the arms of the budgetary authority. It notes with surprise, but will nevertheless evaluate, the possibility of financing the needs of 27 Member States, by maintaining the aquis communautaire, extending and enhancing cohesion including developing new relations with neighbouring countries and absorbing traditional cooperation with the ACP countries with an average ceiling of 1.14% of payment appropriations, thus leaving an unused margin of 0,10 % under the own resources ceiling.

The Commission is asked to provide the budgetary authority with a comparative table indicating the current nomenclature by programmes and with the magnitude of expenditure foreseen in order to facilitate the comparison with the current situation. Parliament welcomes the Commission's efforts to

reduce the number of headings (8 to 5) and notes however that the number of subheadings has increased. It considers that a restricted number of headings should not create more rigidity. It is of the opinion that the current system has in general proved its efficiency and reserves its position until the Commission submits more in-depth information for its reasoning and this has been evaluated by Parliament.

Parliament recalls that, owing to insufficient resources foreseen within the relevant heading of expenditure on the one hand and rigidity between the different headings on the other, the flexibility instrument foreseen in Article 24 of the IIA had to be mobilised in 2000, 2001 and 2002 in order to cover unforeseen needs. It asks the Commission to clarify the different flexibility mechanisms foreseen between headings and within headings and to take due account of the different options proposed by Parliament during the negotiations on the current financial perspective.

- Competitiveness for growth and employment : Parliament highlights that the strengthening of the European effort in research and technological development constitutes a major objective of the enlarged European Union. Parliament aims to promote gender equality in all Community actions and programmes. Parliament also believes that the concept of 'European added value' must not be limited to advanced cooperation between Member States but should also contain a 'visionary' aspect;

- Cohesion for growth and employment : Parliament reiterates it's demand that cohesion policy be funded by 0.45% of EU GDP to ensure that its objectives are met in the enlarged Union. It insists that expenditure on Cohesion for growth and employment and in particular the Regional Development Fund should provide continuity of investment for those regions where the "statistical effect" is adverse and that there should be adequate funds for a continuation of regional policy for lagging regions in the current 15 Member States. Moreover, Parliament expects the Commission, in the light of the experience gained so far in the field of structural actions (RAL, unreliability of Member States' forecasts as regards spending needs) to present further proposals, accompanying the new financial framework, aimed at ensuring better control of the implementation of appropriations involving a greater responsibility of the Members States in the context of shared management, e.g. by increased use of cofinancing and sunset clauses;

- Preservation and management of natural resources: Parliament calls on the Commission to revise the Financial Perspective in such a way that rural regions are not placed at a disadvantage in relation to urban areas, thereby forestalling the further economic decline and depopulation of disadvantaged regions. It is of the opinion that the current strict distinction made between categories 1a and 1b, on the basis of the CAP reform decisions concerning modulation, must be replaced to a certain extent by a flexible mechanism for transferring funds to rural development projects, so that adequate allowance can be made for the reorientation of EU agricultural policy launched in 2003. Parliament stresses the urgent need press ahead with the greening of Community policies in practice, by carrying out careful and methodologically sound assessments of environmental impacts in all policy areas, particularly in CAP and structural funds;

- Citizenship, freedom, security and justice : Parliament welcomes the Commission's proposal to make European citizenship, including the completion of an area of freedom, security and justice, one of the top three priorities for the enlarged Union 2007-2013. It also welcomes and supports strongly the proposal to create a specific heading for "Citizenship, freedom, security and justice" in the new financial perspective as a logical consequence of the proposed priority for this policy area;

- The EU as a global partner : Parliament insists that poverty eradication and the Millennium Development Goals, which are the main goals of community development policy, should remain one of the principal objectives of the category for "External Actions" and that funds for this purpose should be safeguarded against transfer operations to meet other objectives. It calls for a restructuring and rationalisation of budgetary instruments in order to boost the responsiveness and flexibility of the Union's external policy, while maintaining the transparency of the mechanisms employed and without in any way jeopardising fulfilment of the commitments already entered into. Lastly, Parliament affirms that the neighbouring countries of the enlarged Europe are a priority area for action and attention and asks, to this end, that the provisions of the strategy document on relations with the Arab World be implemented.

Building our common future : policy challenges and budgetary means for the enlarged Union 2007-2013

2004/2006(INI) - 23/02/2004

The Council took note of the presentation by the President of the Commission, Romano Prodi, of the Commission's communication on the EU's financial perspective, "Building our common future: policy challenges and budgetary means of the Enlarged Union 2007- 2013," and held an initial exchange of views. The Presidency intends to steer work on the communication until the end of May so as to enable the Commission to present a package of concrete proposals. Its intention is for the European Council to agree conclusions in March on the procedure to be followed, and to provide guidance at its meeting in June on the next phase of work until the end of the year.

Building our common future : policy challenges and budgetary means for the enlarged Union 2007-2013

2004/2006(INI) - 10/02/2004 - Non-legislative basic document

PURPOSE : to present the financial and political outlook for the enlarged Union 2007 - 2013. CONTENT : the European Commission adopted this communication setting out the vision for the EU and its future budget plans for the period 2007-2013. With a view to reaping the full benefits of enlargement and helping Europe prosper, three main priorities are proposed: 1) sustainable development; 2) the interests of the citizens; 3) strengthening the Union's voice as a global partner. According to the Commission, the between ambitious, high-level political commitments, on the one hand and the failure to implement, on the other hand, must not be allowed to widen further. In many of the new priority areas the ability of the Union to deliver on the promises of the Member States is crippled by insufficient resources. The political aims and expectations set out for the Union must be matched by a credible targeting matched by adequate means, including financial resources. The objectives can be reached for a Union of 27 Member

States without increasing the current ceiling for expenditure. The total annual amounts in payment terms needed could reach EUR 143.1 billion in 2013, which - even for the enlarged Union - corresponds to only 1.15 % of EU Gross National Income. On average the amounts will 1.14 % of GNI over the period. POLITICAL PRIORITIES : the political priorities, as proposed by the Commission, are as follows: 1) Sustainable development: growth, cohesion and employment : at the Lisbon European Council in 2000, the Heads of States and of Government agreed a programme to bring the Union to the leading edge in the knowledge economy and society. We have to reinvigorate this process giving it credible and operational targets, both at national and at EU level. Emphasis must be placed on investment for the future such as promoting the competitiveness of enterprises in an internal market, research and development, connecting Europe through networks, improving the quality of education and training in the EU, helping society to anticipate and manage social change. These are true examples of matters that concern citizens and businesses across the whole of Europe. Common policies and EU budget must be clearly reoriented towards these goals. The objectives of growth and competitiveness would also be the main priorities of the next generation of regional and cohesion policies with particular emphasis on aid for the regions lagging behind. Growth and cohesion must complement each other even more than they did in the past. On 1 May 2004, the Union will take in 10 new Member States creating an unprecedented challenge for the competitiveness and internal cohesion of the Union. Cohesion policy in the future must address systematically the problem of lack of competitiveness so that more of the Union's regions can contribute to growth and employment. The regions must become partners for prosperity. In present Member States, transitional measures are proposed notably for regions that continue to face serious difficulties but no longer are eligible for the highest intensity of support because of the statistical effect. The Commission's proposals also effectively endorse the Council's decisions of 2003 to reform the Common Agriculture Policy and toset the agriculture spending for market measures and direct payments until 2013.The reform will radically re-direct the EU's farm policy towards sustainable development by breaking the link between support and production. The future rural development policy, re-organised into one single instrument will help to increase competitiveness in agriculture, enhance the environment and the diversity of the countryside. Additional funds will be released by shifting amounts from direct payments to farmers in order to reinforce rural development programmes. The new, reformed common fisheries policy will continue to focus on sustainable exploitation of resources. Environmental policy is there to meet expectations from citizens for a better life and solidarity between generations, as well as international commitments and to promote efficiency and competitiveness. Its instruments will also be reorganised to increase flexibility and effectiveness. 2) Citizenship including freedom, security and justice : at the 1999 European Council of Tampere the Heads of State and Government agreed on a detailed roadmap to establish an area of Freedom, Security and Justice. Since Tampere most of the policies on this field have been transferred to the Community competence. Today, everyone recognises that the challenges posed by immigration, asylum, and the fight against crime and terrorism can no longer be adequately met by measures taken at national level only. The same holds true for protection from natural disasters, health and environmental crisis, access to public services, consumer and health aspects. The framework for dialogue and exchange between citizens involves supporting European cultural co-operation to help overcome the obstacles to cross-border exchanges. Improved instruments and adequate funding will help make that possible. 4) The EU in the world : the Enlarged Union must play a greater role, as regional leader as well as a global partner. To meet these expectations implies developing the EU into a politically responsible actor capable of punching its weight. As a regional leader, the EU will bear a critical responsibility not only for itself but also for the stability of its neighbouring area. Liberalising trade and investment, promoting regulatory convergence, connecting transport, energy and communication networks with neighbouring countries will benefit everyone in the Union as well. The Union should also play its full role in global political governance and strategic security. This concerns the protection against threats (terrorism, the proliferation of weapons of mass destruction, failed states, internal and regional conflicts) as well as ensuing civil security and the protection of citizens against risks (natural disasters, health and environmental crises, organised crime). FINANCIAL DEMANDS : taking into account the challenge to build a credible political project implies to get resources to implement it. The Commission has calculated an average spending level of 1.14 % over the years. A significant shift in the balance of the EU budget to support the new priorities would be achieved. Expenditure levels will increase initially due to the effect of enlargement, but, will at the end of the period be close to the initial level. Payments would lie below the current ceiling of 1.24% of GNI. Overview of the 2007-2013 accumulated amounts : 1) Sustainable growth : EUR 477.665 billion; 1a) Competitiveness for growth and employment : EUR 132.755 billion; 1b) Cohesion for growth and employment : EUR 344.910 billion; 2) Preservation and management of natural resources : EUR 404.655 billion of which agriculture (market related expenditure and direct payments) EUR 301.074 billion; 3) Citizenship, freedom, security and justice : EUR 18.505 billion; 4) EU-Global partner : EUR 95.590 billion; 5) Administration : EUR 28.620 billion. Total appropriations for commitments : EUR 1025.035; Total appropriations for payments : EUR 928.7 billion. It should be noted that the Commission is proposing that for the future a generalised correction mechanism should be considered, establishing a transparent and objective method to correct a budgetary burden deemed excessive in relation to a country's relative prosperity. As for the revenue side of budget and possible new revenue sources, the Commission will study the issue in more detail in the context of an 'Own Resources' Report, which will be submitted to the Council by summer 2004. Lastly, the Commission will prepare by mid-2004 appropriate legislative proposals and a concrete roadmap to reach the objectives. This would leave Council and European Parliament time in the interim to react to today's blueprint. The legislative decisions would then be taken by the enlarged Commission. In order to allow sufficient time for preparing the next generation of programmes to implement the different policies, the financial perspectives would need to be adopted during the first half of 2005.