

Basic information

2004/2209(INI)

INI - Own-initiative procedure

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

Subject

8.70 Budget of the Union

Procedure completed

Key players

European
Parliament

Committee responsible

FINP

Temporary committee on the enlarged Union for 2007-2013

Rapporteur

BÖGE Reimer (PPE-DE)

Appointed

14/10/2004

Committee for opinion

AFET

Foreign Affairs

Rapporteur for opinion

DE KEYSER Véronique
(PSE)

Appointed

10/11/2004

DEVE

Development

CARLOTTI Marie-Arlette
(PSE)

17/11/2004

INTA

International Trade

JONCKHEER Pierre (Verts
/ALE)

25/10/2004

BUDG

Budgets

The committee decided not
to give an opinion.

20/09/2004

CONT

Budgetary Control

MULDER Jan (ALDE)

30/11/2004

ECON

Economic and Monetary Affairs

LETTA Enrico (ALDE)

13/09/2004

EMPL

Employment and Social Affairs

MADEIRA Jamila (PSE)

11/10/2004

ENVI

Environment, Public Health and Food Safety

HAUG Jutta (PSE)

01/09/2004

ITRE

Industry, Research and Energy

RÜBIG Paul (PPE-DE)

26/10/2004

IMCO

Internal Market and Consumer Protection

WHITEHEAD Phillip (PSE)

23/11/2004

TRAN	Transport and Tourism	BARSI-PATAKY Etelka (PPE-DE)	18/10/2004
REGI	Regional Development	KREHL Constanze (PSE)	06/10/2004
AGRI	Agriculture and Rural Development	MAAT Albert Jan (PPE-DE)	21/09/2004
PECH	Fisheries	CASACA Paulo (PSE)	01/09/2004
CULT	Culture and Education	HIERONYMI Ruth (PPE-DE)	27/10/2004
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	DEPREZ Gérard (ALDE)	16/11/2004
AFCO	Constitutional Affairs	VOGGENHUBER Johannes (Verts/ALE)	16/11/2004
FEMM	Women's Rights and Gender Equality	FIGUEIREDO Ilda (GUE/NGL)	25/11/2004
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2640	2005-02-21
General Affairs	2621	2004-11-22
General Affairs	2659	2005-05-23
General Affairs	2655	2005-04-25
General Affairs	2667	2005-06-13
General Affairs	2649	2005-03-16
General Affairs	2636	2005-01-31
Economic and Financial Affairs ECOFIN	2638	2005-02-17
Economic and Financial Affairs ECOFIN	2612	2004-10-21
Economic and Financial Affairs ECOFIN	2651	2005-04-12
Economic and Financial Affairs ECOFIN	2617	2004-11-16
Economic and Financial Affairs ECOFIN	2628	2004-12-07

Key events			
Date	Event	Reference	Summary
14/07/2004	Non-legislative basic document published	COM(2004)0487 	Summary
15/09/2004	Committee referral announced in Parliament		
21/10/2004	Debate in Council		
16/11/2004	Debate in Council		
22/11/2004	Debate in Council		
07/12/2004	Debate in Council		
31/01/2005	Debate in Council		Summary
17/02/2005	Debate in Council		
21/02/2005	Debate in Council		Summary
16/03/2005	Debate in Council		Summary
12/04/2005	Debate in Council		
25/04/2005	Debate in Council		
10/05/2005	Vote in committee		Summary
20/05/2005	Committee report tabled for plenary	A6-0153/2005	
23/05/2005	Debate in Council		Summary
07/06/2005	Debate in Parliament		
08/06/2005	Decision by Parliament	T6-0224/2005	Summary
08/06/2005	Results of vote in Parliament		
08/06/2005	End of procedure in Parliament		
13/06/2005	Debate in Council		Summary

Technical information	
Procedure reference	2004/2209(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Special committee/Committee of inquiry
Legal basis	Rules of Procedure EP 213 Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	FINP/6/24451

Documentation gateway
European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	FEMM	PE350.221	28/01/2005	
Committee opinion	CULT	PE350.226	01/02/2005	
Committee opinion	EMPL	PE349.971	02/02/2005	
Committee opinion	ECON	PE350.256	02/02/2005	
Committee opinion	ITRE	PE349.911	03/02/2005	
Committee opinion	REGI	PE349.912	03/02/2005	
Committee opinion	AGRI	PE349.945	03/02/2005	
Committee opinion	INTA	PE350.218	03/02/2005	
Committee opinion	LIBE	PE349.959	07/02/2005	
Committee opinion	TRAN	PE350.187	09/02/2005	
Committee opinion	PECH	PE349.920	17/02/2005	
Committee opinion	DEVE	PE355.416	22/02/2005	
Committee opinion	AFCO	PE350.118	02/03/2005	
Committee opinion	AFET	PE353.454	17/03/2005	
Committee opinion	IMCO	PE353.511	18/03/2005	
Committee opinion	CONT	PE353.556	31/03/2005	
Amendments tabled in committee		PE357.578	29/04/2005	
Committee report tabled for plenary, single reading		A6-0153/2005	20/05/2005	
Text adopted by Parliament, single reading		T6-0224/2005 OJ C 124 25.05.2006, p. 0263-0373 E	08/06/2005	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2004)0487 	14/07/2004	Summary
Commission response to text adopted in plenary	SP(2005)2882	13/07/2005	

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

2004/2209(INI) - 14/07/2004 - Non-legislative basic document

PURPOSE : to present the communication from the Commission on the Financial Perspectives 2007 - 2013.

CONTENT : to recall, in February 2004, the Commission laid out a political project for the Union to tackle the key challenges facing Europe and its citizens until 2013. Its objective was to launch a forward looking debate on the European Union's goals, and the tools required to make these goals a reality. If action is to be in place by the target date of 1 January 2007, the debate now needs to move into a new phase. Attention needs to shift to the

practical measures required to put the political framework into practice. To this end, the Commission has been working to develop a set of detailed policy proposals. Many of these proposals are now ready. So this is a good moment to take stock of the work done since February, recall the value added of the EU action as well as expenditure required to further the political project proposed by the Commission for 2007-2013, and explain how the delivery instruments of this project will be simplified and rationalised. This is the purpose of this paper.

In the light of the above, the Commission has tested the value added by proposed expenditure in all policy areas concerned by the political project for the period 2007-2013. To perform this test, the Commission has used the following criteria, in order to address the problems highlighted above:

- Effectiveness: cases where EU action is the only way to get results to create missing links, avoid fragmentation, and realise the potential of a border-free Europe;
- Efficiency: cases where the EU offers better value for money, because externalities can be addressed, resources or expertise can be pooled, an action can be better coordinated;
- Synergy: cases where EU action is necessary to complement, stimulate, and leverage action to reduce disparities, raise standards, and create synergies.

As stated, the Commission laid out the principles on the basis of which it announced that it will simplify and rationalise its financial instruments. The new structure represents a major step in the simplification of EU action. It aims at ensuring that spending programmes operate under principles of good governance which bring efficiency savings, and to make action more accessible and more user-friendly. The package of measures adopted today will be complemented with other proposals, to come later, in the areas of external relations, research, and freedom, security and justice.

The result of this rationalisation is presented below by budgetary Heading:

- Heading 1: Sustainable Growth : to reach this target, action is required across three key axes: making Europe into a dynamic knowledge-based economy geared towards growth; reinforcing cohesion; and ensuring the sustainable management and protection of natural resources.

- Heading 2: Conservation and Management of Natural Resources : with significant sums of public money to be devoted to the objectives under Heading 2, it is all the more important that the instruments and delivery mechanisms are in place to implement efficiently. With the CAP reforms of 2003 and 2004 so fresh and with agricultural spending fixed to 2013, the framework for the period covered by the Financial Perspectives is set. Although most environmental action is delivered by mainstreaming into other actions, there remains a need for an instrument to deliver action of a uniquely environmental nature. The LIFE+ programme would seek to contribute to the development, implementation, monitoring and evaluation of EU environment policy and legislation.

- Heading 3: Citizenship/Strengthening the EU as an Area of Freedom, Security and Justice : the Freedom of movement and solidarity in the area of external borders, asylum and immigration programme will support the implementation of solidarity in this area and will represent the bulk of funding for freedom, security and justice. The creation of an Agency for External Borders in the field of migratory flows management has already been proposed by the Commission. The Security programme will strengthen the prevention of crime and terrorism, reinforce cooperation and exchange between law enforcement authorities. The Justice and Fundamental Rights Programme will seek to promote judicial cooperation, easy access to justice and offer enhanced legal certainty, both to business and citizens, to back up the growth in cross-border situations. A food safety programme will mainly seek to combat animal diseases, facilitate better cooperation between EU laboratories, narrow the gap in food safety standards within and between countries and ensure protection of the whole food chain.

A consumer policy and public health programme will provide sustained capacity building among consumer organizations. The European Food Safety Authority and the European Centre for Disease Prevention and Control should provide the necessary assistance (regulatory and executive) required by the Commission in the execution of its tasks. Fostering European culture and diversity is important. A solidarity and rapid reaction instrument will provide citizens with a European response in the event of major disasters.

- Heading 4: Europe as a global partner : over time, the Union has developed a broad spectrum of external relations tools (common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, common foreign and security policy, common defence and security policy, humanitarian aid and financial assistance, as well as the external projection of internal policies: energy, environment, transport, justice and home affairs, etc). The creation of new budget lines through the annual budgetary procedure, and the subsequent adoption of ad hoc legal bases for their implementation, has added to the proliferation of instruments.

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

2004/2209(INI) - 13/06/2005

The Ministers held an exchange of views at an informal meeting ("conclave") on 12 June on a negotiating box drawn up by the Presidency with a view to the establishment of a financial perspective for the European Union for the period 2007-13.

The third version of the document, which was circulated on 2 June, gives more precise indications of amounts by category of expenditure and an outline of a proposal concerning the EU's own resources. The Presidency's intention is to reach agreement on the new financial framework at the European Council meeting on 16 and 17 June 2005.

In order to do so, the Presidency is holding bilateral talks with the Member States, at Head of State or Government level, which will go on until 14 June. It proposes to make the final adjustments to the negotiating box in the light of those talks.

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).

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

2004/2209(INI) - 23/05/2005

Ministers held an exchange of views, at an informal meeting ("conclave") held on 22 May, on a revised version of the "negotiating box" submitted by the Presidency in order to help prepare the financial framework laid down for the budget of the European Union during the period 2007-2013.

For the first time, the document includes indications of the amounts per category of expenditure, and the outline of a proposal concerning the EU's own resources. It also makes adjustments to the section concerning the cohesion policy in order to take into account the positions expressed by delegations. The Presidency's intention is for the European Council to reach agreement on the new financial framework at its meeting on 16 and 17 June 2005. To do so, it intends to adjust the negotiating box one last time in the light of bilateral talks which it will hold between 30 May and 9 June.

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

2004/2209(INI) - 31/01/2005

The Council held an exchange of views on the cohesion policy to be determined under Heading 1b of the Financial Framework being drawn up for the EU budget for the period 2007-2013.

The debate covered five areas:

- policy content;
- financial envelope;
- allocation method;
- capping rule;
- transitional arrangements.

The aim of the Luxembourg Presidency is to enable the European Council to arrive at a political agreement on the new Financial Framework in June 2005. To do so, the Council, in its "General Affairs" configuration, will be responsible for organising work on this dossier; any discussion in other Council configurations will be without prejudice to the outcome of negotiations, although the specific interest of the Economic and Financial Affairs Council will be recognised.

The Permanent Representatives Committee will be responsible for preparing the Council's discussions and will be assisted in this by a "Friends of the Presidency" group.

Preparations for the European Council in June will start in March. Applying a method used successfully in the negotiation of previous Financial Frameworks, the Presidency intends to fill out the "negotiating framework" as it goes along, reflecting the outcome of discussions.

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

2004/2209(INI) - 16/03/2005

The Council took note of the Presidency's presentation of the first version of its "negotiating box" for the financial perspective, a tool intended to assist in preparing the financial framework laid down for the EU's budget during the period 2007-2013.

The Presidency's aim is to enable the European Council to reach political agreement at its meeting on 16 and 17 June 2005, in accordance with the timetable laid down in the Council's multiannual strategic programme. The Permanent Representatives Committee (Coreper), which is responsible for preparing the Council's proceedings, will begin its examination of the negotiating box at its meeting on 17 March 2005.

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

2004/2209(INI) - 21/02/2005

The Council held an exchange of views on the preparation of a new heading of "competitiveness for growth and employment" (Chapter 1a), intended to group together various categories of expenditure under the Financial Framework being drawn up for the EU budget for the period 2007-2013.

The new chapter will provide for the financing of policies aimed at competitiveness, Research and Technical Development (RTD), trans-European networks, education and training and the social agenda. The Commission also proposes the creation of a "Growth Adjustment Fund", which would allow expenditure on Chapters 1a (competitiveness) and 1b (cohesion policy) to be adjusted.

The debate covered three areas:

- policy content;
- financial envelope and allocation;
- the Growth Adjustment Fund;

At its meeting on 31 January 2005 (see below), the Council discussed cohesion policy (Chapter 1b) in terms of the new financial framework. The Presidency will draw on the outcome of these two debates in drawing up a "negotiating framework" so that agreement can be reached on the financial framework as a whole. Its aim is to enable the European Council to reach political agreement at its meeting on 16 and 17 June 2005. Starting in March, work will focus on the preparation of the agreement to be concluded at the June European Council. Applying a method used successfully in the negotiation of previous Financial Frameworks, the Presidency intends to fill out the "negotiating framework" as it goes along,

Reflecting the outcome of discussions.