Basic information

2006/2020(BUD) BUD - Budgetary procedure	Procedure completed
2007 budget: Commission's annual strategic priorities **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	ELLES James (PPE-DE)	11/01/2006

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	SZENT-IVÁNYI István (ALDE)	07/12/2005
DEVE Development	SCHRÖDER Jürgen (PPE-DE)	25/01/2006
INTA International Trade	MARTIN David (PSE)	25/01/2006
CONT Budgetary Control	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	

TRAN	Transport and Tourism	The committee decided not to give an opinion.	24/02/2006
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	29/11/2005
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	22/02/2006
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.	
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2716	2006-03-14

European Commission

Commission DG	Commissioner
Budget	

Key events

Date	Event	Reference	Summary
14/03/2006	Resolution/conclusions adopted by Council		Summary
		COM(2006)0122	Summary

14/03/2006	Non-legislative basic document published		
25/04/2006	Vote in committee		Summary
28/04/2006	Budgetary report tabled for plenary	A6-0154/2006	
15/05/2006	Committee referral announced in Parliament		
17/05/2006	Debate in Parliament		
18/05/2006	Decision by Parliament	T6-0221/2006	Summary
18/05/2006	Results of vote in Parliament		
18/05/2006	End of procedure in Parliament		

Technical information

Procedure reference	2006/2020(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/33298

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE371.730	21/03/2006	
Committee opinion	INTA	PE371.799	23/03/2006	
Amendments tabled in committee		PE371.893	29/03/2006	
Committee opinion	DEVE	PE371.790	04/04/2006	
Amendments tabled in committee		PE372.094	06/04/2006	
Committee opinion	AFET	PE369.896	21/04/2006	
Budgetary report tabled for plenary, 1st reading		A6-0154/2006	28/04/2006	
Parliament's opinion on budgetary estimates/guidelines		T6-0221/2006	18/05/2006	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2006)0122	14/03/2006	Summary
Commission response to text adopted in plenary	SP(2006)3065	01/08/2006	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

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.

2007 budget: Commission's annual strategic priorities

2006/2020(BUD) - 14/03/2006 - Non-legislative basic document

PURPOSE : to present the Annual Policy Strategy for 2007 “Boosting trust through action”.

CONTENT : this communication lays down the key objectives of the Annual Policy Strategy (APS) 2007 which is also the first year of the new financial perspectives. The launch of the new programmes under the financial framework 2007-2013 will be a tangible example of this response. It should also be a sign for the future of Europe debate to focus first on what Europe should be doing, with the support of the Plan D for Democracy, Debate and Dialogue. The Strategic Objectives of prosperity, solidarity and security adopted at the start of this Commission’s mandate offer a coherent political frame for EU action. The goal of the Annual Policy Strategy is to isolate key priorities which will develop into the core actions for 2007. 2007 will be the half-way point for this Commission. Some of its first policy initiatives will have worked through to implementation. New directions will set the scene for the second half of the Commission’s mandate. It will be a critical year for delivery of the five-year strategic objectives. 2007 will also see new directions for the second half of the Commission’s mandate. The Commission will be preparing the future, with intensive preparation of the comprehensive review of the Union’s budget leading to a White Paper in 2008-2009.

Key objectives for 2007 : the main target must continue to be growth, to provide more and better jobs in Europe, as the number one concern for citizens. With a more positive macro-economic outlook, every opportunity must be seized to accelerate reforms and put them into practice. Amongst the key objectives set out for 2007 are:

- driving forward implementation of the renewed Lisbon strategy for growth and jobs, including key steps to give reality to a new European Energy Policy;
- demonstrating that cohesion, solidarity and environmental protection go hand in hand with the objective of growth and jobs, and promoting equal opportunities;
- the lifting of internal border controls with and between new Member States and the extension of the Schengen area; and greater prevention to ensure the safety and protection of citizens;
- critical to the realisation of these objectives will be the concrete expression of enhanced policy coherence and reinforced aid effectiveness in the Union’s external stand.

The APS does not reflect everything the Commission will do in 2007. It concentrates on the Commission’s responsibility for policy initiative, but the Commission will also continue to work to implement Community policies and promote the full application of Community law. In all these areas, the Commission will continue to strengthen the application of better regulation, to maximise the quality of the Commission’s work.

The APS forms the basis for dialogue with the Council and the European Parliament in view of preparing the Commission Work Programme for 2007.

Main priorities :

1. Prosperity : the Commission will continue to support national action and to act where appropriate at Community level to help make 2007 a year when the Lisbon Strategy starts to show tangible results on the ground. Four priority areas are highlighted:

- knowledge, with clear targets to improve Europe’s education, research and innovation framework as drivers for growth;
- enterprise, in particular SMEs, to secure an environment and access to finance which help realise Europe’s business potential;
- jobs and ageing, to use Europeans’ skills to best effect at every stage of their lives;
- energy, to promote a genuine common approach to secure energy provision and its efficient use.

2. Solidarity : economic growth must go hand in hand with economic and social cohesion, a high level of environmental and human protection, with an eye towards future generations and with respect for common values. 2007 will see a new generation of solidarity programmes coming on stream, centred on a new cohesion policy and rural development. Inter-institutional negotiations and subsequent implementation of the reform of the common market organisation for wine, fruit & vegetables and bananas as well as for sugar will allow for more sustainable management of these key assets. In 2007, Europe will have to demonstrate that cohesion, solidarity and environmental protection go hand in hand with the objective of growth and jobs. The earmarking of part of cohesion expenditure for this objective, in the context of the new financial period, will be essential to this aim. Special attention will be paid to:

- the promotion of sustainable management and protection of natural resources, with a particular focus on curtailing the loss of biodiversity;
- proposals for an EU maritime policy which will bring an all embracing approach to the sustainable development and competitiveness of sea-based activities;
- energy, where particular emphasis will be given to the promotion of renewables;
- meeting the EU's climate change commitments, by updating the EU emissions trading system;
- 2007 will be the European Year of Equal Opportunities for all and will call for specific actions designed to facilitate the lives of citizens confronted with family-related problems or problems relating to the enforcement of judicial decisions.

3. Security and freedom : in 2007, the main target will be migration and border control, with the lifting of internal border controls with and between new Member States and the extension of the Schengen area, after verification that the necessary conditions have been met and that flanking measures have been put in place. In addition:

- the fight against crime and violence will be of particular significance, with initiatives to reduce the scope for crime to take advantage of a Europe without frontiers;
- other measures would centre on efforts to ensure fair and effective criminal investigation across the EU;
- greater preventive efforts will ensure the safety and protection of citizens. Protection against diseases will be a particular focus for EU action in cooperation with the Member States, third countries and international organisations, as well as the development of EU rapid response capacity in the event of major terrorist attacks and other disasters. Tighter inspections of nuclear facilities will also be pursued through the new approach of control of safety and guarantees of radioprotection.

4. Europe as a world partner : in trade, 2007 should start to bear the fruits of the Doha round, which will have to reflect solidarity with the developing world while ensuring the opening up of new markets for Community goods and services.

- 2007 should be the year of Bulgaria's and Romania's accession to the European Union provided they comply timely with the conditions necessary to fully implement the *acquis* from the first day of accession. The Commission is finalising its assessment for May 2006 and the European Council should take a final decision this year;
- progress in the stabilisation of the Western Balkans, notably in view of the clarification of the status of Kosovo, and the opening of major chapters in the negotiations with Turkey and Croatia will make a major contribution to Europe's overall security and stability and to the consolidation of the bases for its long-term prosperity;
- in the European neighbourhood, links with partner countries will be further enhanced through the implementation of Action Plans and regional and cross border cooperation. Energy will be a core theme within the convergence of regulatory frameworks to favour trade and investment;
- the completion of Economic Partnership Agreements (EPAs) negotiations with the African, Caribbean and Pacific (ACP) countries will bring Europe's relations with its ACP partners into a new phase, strengthening the dynamics of regional integration and creating a powerful development tool by combining predictable trade rules, the creation of larger markets and support measures tailored to the needs of ACP countries;
- the EU will also need to continue its efforts to build a more effective and consolidated response to conflict prevention, crisis management and peace building, by rapid mobilisation of resources and expertise. Greater attention will be paid to reforms carried out by partner countries in the field of human rights and democracy, and to closer electoral observation.

It should be noted that for the 4 areas mentioned above, the Commission provides a precise list of concrete actions to be carried out.

European governance and better regulation in action : the Commission has made solid progress on improving the quality of its policy and legislative proposals through systematic assessment of their economic, social and environmental impacts. There is a commitment to continue qualitative improvements to the impact assessment system and the results of an external evaluation of the Commission's impact assessment experience will feed into this discussion in 2007. A second key area of improvement concerns simplification. 2007 will see the delivery of many of the simplification initiatives set out in its 3-year rolling programme. This programme covers various fields, from environment (e.g. in the areas of waste, industrial emissions and ozone layer) to industry (e.g. in the construction, automotive, cosmetics and medical devices sectors) to the modernisation of labour law, the promotion of consumer rights and key internal market sectors (regulation of financial services, labelling of feed/animal nutrition and of foodstuffs). Simplification is the basis of the new architecture proposed for external financial instruments for 2007-2013. The Commission also continues to improve its work on improving dialogue with Member States to ensure timely implementation and effective and equitable application.

Financial resources : the APS decision typically provides details of new financial resources allocated to policy areas for specific initiatives, presented in terms of variations to the existing financial programming. However, because the financial programming is dependent on the Financial Perspectives, by way of exception the Annual Policy Strategy for 2007 does not deal with financial resources. Nonetheless, the financial programming will be finalised with the preliminary draft budget and subsequently adapted by the Commission once an interinstitutional agreement on the Financial Perspectives is reached.

Human resources : the request in 2007 is for a net increase of 640 additional staff members. In accordance with its communication presented last November on the consequences of the accession of Bulgaria and Romania on its human resources, assessed at 850 new staff, the Commission asks for 250 new posts. This overall recruitment constitutes the indispensable basis for carrying forward the management and supervision of Community programmes, and for implementing the acquis communautaire within the enlarged Union.

2007 budget: Commission's annual strategic priorities

2006/2020(BUD) - 14/03/2006

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.