Basic information

2007/2013(BUD) BUD - Budgetary procedure	Procedure completed
2008 budget: orientations, other sections **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	ITÄLÄ Ville (PPE-DE)	13/12/2006

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
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.	
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
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.	
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	2792	2007-03-27
Economic and Financial Affairs ECOFIN	2798	2007-05-08

European Commission

Commission DG	Commissioner
Budget	GRYBAUSKAITĖ Dalia

Key events

Date	Event	Reference	Summary

15/03/2007	Vote in committee		Summary
19/03/2007	Budgetary report tabled for plenary	A6-0069/2007	
27/03/2007	Resolution/conclusions adopted by Council		Summary
28/03/2007	Debate in Parliament		
29/03/2007	Decision by Parliament	T6-0099/2007	Summary
29/03/2007	Results of vote in Parliament		
29/03/2007	End of procedure in Parliament		
08/05/2007	Debate in Council		Summary

Technical information	
Procedure reference	2007/2013(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/6/44799

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

2008 budget: orientations, other sections

2007/2013(BUD) - 08/05/2007

The Council took note of the presentation of the Commission's preliminary draft of the EU's general budget for 2008.

It asked COREPER to examine the draft with a view to enabling the Council to establish a draft budget at first reading at its meeting on 13 July.

The 2008 budgetary procedure will be the second under the EU's financial framework for the 2007-2013 period. At its meeting on 27 March, the Council established guidelines to be used by the presidency as the basis for this year's negotiations with the Parliament.

In its preliminary draft budget for 2008, the Commission proposes a total of **EUR 129.2 billion in commitment appropriations** (+ 2% compared with 2007) and **EUR 121.6 billion in payment appropriations** (+ 5.3% compared with 2007).

Commitment appropriations amount to 1.03% of EU gross national income and payment appropriations represent 0.97% of GNI.

2008 budget: orientations, other sections

2007/2013(BUD) - 29/03/2007 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted the report by Ville **ITÄLÄ** (EPP-ED, FI) on the guidelines for the 2008 budget procedure. It found itself in broad agreement with its competent committee andnoted that the ceiling of heading 5 in 2008 is **EUR 7 457 000 000** which represents an increase of 4.8% compared to 2007. Mainly as a result of enlargement**,** the budget of the institutions has increased by nearly 18% in the last four years.

Parliament called on the institutions to adopt a **prudent budgetary approach** when setting up their 2008 Estimates. The institutions' 2008 budget should in principle remain close to the level of the previous year's budget since no major events (enlargements or new languages) justifying an increase are foreseen. Any new initiative should be financed, in the first instance, within the ceiling of the current budget, unless there are specific grounds to the contrary.

Parliament acknowledged that interinstitutional cooperation could be beneficial in terms of economies of scale and in terms of efficiency but could also undermine an institution's independence or identity. A correct balance should be sought among all the institutions for these elements. It expected to receive, by 1 July 2007 , information on the quality, efficiency and financial aspects, as well as the possible advantages and disadvantages of the interinstitutional cooperation. Parliament also asked for reports on the recruitment of staff from EU-10 and EU-2 and the status of recruited staff.

In the second part of its resolution, Parliament addressed the situation in each institution separately:

European Parliament: as a co-legislator, optimal working conditions should be provided to Members of the European Parliament in order to facilitate the accomplishment of their role and enhance the quality of EU legislation. Assistance to Members could be improved by providing the adequate specialised or technical information within short time frames. MEPs should be better informed on the basis of the work undertaken by different services within Parliament (studies, technical and background documents). In addition, the best possible linguistic services should be provided to all Members, and Parliament wished to explore the possibility of having meetings rooms available to all Members for talks with experts in relatively small groups.

Parliament deplored **the geographical dispersion of its administration** among the three places of work and the additional costs that this implied in terms of running costs and in particular when travelling from one place to another. The administration should provide Members with all kinds of facilities which offer new technologies in order to limit the negative impact of the European Parliament's geographical layout such as the synchronisation of computers with mobile phones or the use of video conference rooms. Parliament also expressed its concern about the uncertainties relating to the European School system, and undertook to ensure that such a system is maintained.

With regard to enhancing the effectiveness of the **communication tools of Parliament** and its political groups, Parliament wantsto improve the tools used to raise European citizens' awareness of the role of the European Parliament in the legislative and decision-making process, and to address the shortcomings related to the image of the European Union, especially in view of the 2009 elections. The existing channels of communication do not respond adequately to this need. It invited the administration to provide an action plan for communication oriented to the local and regional media and to explore new tools, in particular in order to prepare the next European elections. It also called for an inventory, by 1 July 2007, of the actions on communication set up by external offices and in partnership with the Commission in the Houses of Europe and an assessment of their effectiveness and impact.

With regard to **visitors' groups** of Members, Parliament considered that the new policy represented an improvement compared to the former situation, but felt that further improvements are possible in areas where visitors are exposed to the real life of Parliament.

On the question of budget allocation, Parliament considered that the budgetary level for 2008 including increases relating to adjustment on current prices should aim at remaining at the budgetary level of 2007 and should not in any event be more than **20% of heading 5** which should constitute the upper limit of the budget. Parliament regretted the limited flow of information on issues that are of joint competence with other decision-making bodies of the European Parliament and especially as regards decisions that have a financial impact on the European Parliament's budget. Mutual efforts should be deployed to enhance the exchange of information at an early stage of decision making.

With regard to **buildings**, Parliament underlined that it is now the owner of most of its buildings in the three places of work and will start to focus its investment on external offices. It intended to re-examine the principle of sharing the external offices with the Commission and called for the establishment of a common report, from the Commission and the European Parliament, on the modalities of co-sharing offices in terms of staff, logistics, running costs and the different time schedules of co-financing the purchase of joint offices.

With regard to **staff,** Parliament felt that, after the recent increase of the establishment plan (21% over a period of four years), the institution should have the human resources necessary for its functioning. It would therefore consider any request for new posts after the administration had presented a report with its short and medium term strategy regarding redeployment possibilities. However, it wanted to address the shortcomings impeding the availability and best quality of interpretation services. Parliament supported the adoption of a real and meaningful statute for Members´ assistants, and expected the Council to take a final decision on this issue by the beginning of September 2007.

On the matter of **security**, Parliament encouraged the administration to implement the new badge system as quickly as possible which would ease the Members' day-to-day work, in particular the use of electronic signatures. With regard to the **environment,** Parliament stated that EU institutions should serve as an example in implementing environmentally friendly policies and improved energy efficiency.

Other institutions: Parliament invites the institutions to present a budget which reflects their real needs. After two major enlargements and the introduction of 12 languages, 2008 should be a year of mobilisation of the means available (human, technological and logistical) in the most efficient way. It encouraged the institutions to reinforce their interinstitutional cooperation even in fields where at first glance they do not see any potential for rationalisation and for improving efficiency, given that the budget of the institutions will not grow in the future at the same rhythm as in the past. Noting that the institutions have substantially increased their building expenditure over the last years and will further increase it in the next four years, Parliament considered that it is time to suspend the further growth of their real estate. The institutions must examine carefully all other possibilities before foreseeing any further extension of buildings. Moreover it called on the institutions to be ready to **share the remaining amount available in their budgets** at the end of the year, to absorb their building expenses as quickly as possible.

Parliament recalled that harmonisation in the presentation of the estimates of the institutions would make the different budgets easier to understand and increase transparency for EU citizens. This would allow the budgetary authority to better evaluate and understand the specific needs of each institution.

With regard to the needs of each institution, Parliament considered as follows:

Council: Parliament noted the limited increase of the Council's budget in 2007 and acknowledged the fact that the Council is providing relevant information on the topics of Parliament's interest;

Court of Justice: it felt that, after the establishment of the Civil Service Tribunal and two major enlargements, the Court should rationalise its working methods and keep the level of its budget stable;

Court of Auditors: Parliament took note of the development of appropriate training programmes for junior auditors and the modernisation of the informatics sector initiated last year and expected to have more information on the result achieved until now of these initiatives;

European Economic and Social Committee & Committee of the Regions: Parliament expected to receive a clear signal on the nature of the future collaboration between the two Committees from 2008 onwards, by the time of the presentation of the estimates. It would not be sufficient reason to increase the overall level of their respective budgets;

Ombudsman: Parliament notedthe efforts made by the Ombudsman to stabilise the growth of its budget and in particular of the establishment plan in 200, and expected this stability to be maintained in 2008;

European Data Protection Supervisor (EDPS): Parliament noted that 2008 will be the fourth full year of activity for the EDPS which will soon reach cruising speed. It encouraged the EDPS to submit a medium-term plan of activities which would include its needs and a deadline regarding the implementation of the new nomenclature as initiated by the other institutions since 2005.

2008 budget: orientations, other sections

2007/2013(BUD) - 27/03/2007

The Council adopted a series of conclusions on the budget guidelines for 2008. In particular, it:

- confirms that the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management of 17 May 2006 is the base for the establishment of the 2008 budget and has to be applied to the full. The Council underlines the importance it attaches to compliance with the financial framework and the strict respect of the annual limits set therein;

- is aware that a good collaboration between the two arms of the budgetary authority and the Commission is an essential element in achieving a satisfactory result and looks forward to establishing an effective spirit of co-operation throughout the whole 2008 budgetary procedure;

- recalls the importance of maintaining an overall budgetary discipline and reiterates its wish that the annual 2008 budget should provide sufficient and justified level of resources to ensure an efficient and effective implementation of EU policies;

- states that it is important to maintain in the final budget sufficient margin below the ceilings of the various Headings, with the exception of Heading 1b, for the purpose of sound financial management and of dealing with unexpected needs;

- highlights that both commitment and payment appropriations for 2008 should reflect real and well defined needs and be compatible with the ceilings set in the financial framework. Moreover, absorption capacity and past implementation should be carefully taken into account when establishing appropriations;

- encourages the Commission and the Member States to pursue their efforts to deliver better forecasts;

- reiterates the great importance of keeping the payment appropriations firmly under control;

- while acknowledging the progress made recently in the establishment of the Preliminary Draft Budget estimates, it calls on the Commission to increase its efforts to further improve it, so as to substantially reduce the difference between the PDB and outturn. Under these circumstances the PDB would be a benchmark throughout the whole budgetary procedure. In this context, the Council stresses the need for a constant monitoring and improvement of budget implementation to contribute towards avoiding the significant under-use of funds that occurred in the beginning of the financial perspective 2000-2006;

- asks the Commission to provide all the updated information necessary throughout the year to allow the budgetary authority to adapt the budget in a realistic way;

- looks forward to the improvement of the "Activity Based Budgeting" (ABB) in 2008, in particularly regarding performance indicators. The Council reiterates its commitment to make constructive use of the information provided together with the PDB, particularly regarding the justification of the level of appropriations allocated to the different programmes and policies and the proposed variations.

As regards some sectoral issues, the Council:

- encourages the Commission to continue its efforts together with the Member States in order to establish an accurate level of payments for structural funds;
- invites the Commission to present realistic and well defined forecasts regarding CAP expenditure in its Preliminary Draft Budget and in its letter of amendment;
- as regards external actions, recalls the importance it attaches to the Common Foreign and Security Policy funding and stresses that the level of appropriations has to be fully in line with the provisions and amounts established in the IIA;
- strongly believes that an adequate margin within the ceiling of Heading 4 is of the highest importance for the European Union, so as to be able to take quick and effective action in the case of unexpected needs and crisis. In this context, the Council points out that in the 2008 budgetary

procedure an amount of EUR 200 millions, earmarked for the Guarantee Fund in the annual financial framework, will become available under Heading 4 because of the recent implementation of a new mechanism for financing the Fund. The Council considers that this amount should remain unused and added to the margin;

- considers it essential to monitor and to improve EU institutions' effectiveness with a view to achieving greater administrative efficiency and stresses the crucial importance of redeployment and reorganisation. To this end, it recalls the importance it attaches to the fact that all institutions as well as an independent body provide a comprehensive cost/benefit analysis of administrative resources. Furthermore, the Council recalls the Commission's commitment to undertake a medium term evaluation of its staff needs by 30 April 2007.

In addition, the Council **exhorts all institutions** to present their analysis and plans for economies of scale. These reports would provide the budgetary authority all the appropriate information to evaluate the situation and take an objective decision on how to allocate and use the resources in the best possible way. The objective should be to achieve a substantial efficiency gain, mainly by further development of targeted measures and by redeployment and reorganisation of administrative structures in each EU institution.

Moreover, the Commission is urged to improve clarity in the area of administrative spending, by presenting a clear consolidated picture of all administrative expenditure, including agencies. As far as the decentralised agencies are concerned, the Council stresses the importance of keeping a tight grip on their funding with the purpose of making economies through realistic appropriations, in line with real needs, and of avoiding over-budgeting. For better clarity and transparency, the Council expects the Commission to provide together with the PDB a concise and comprehensive budgetary overview covering all decentralised agencies.

Lastly, as regards the recruitment process, the Council expects all institutions to take the necessary steps to carry it forward without delay.