Procedure file

Basic information

INI - Own-initiative procedure 1996/2135(INI)	Procedure completed
Future financing of the European union in respect of enlargement Subject 8.20.40 Enlargement's financial point of view	

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets	PPE CHRISTODOULOU Efthymios	15/01/1996
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs, Security and Defense Policy	PPE OOSTLANDER Arie M.	02/07/1996
	RELA External Economic Relations	PSE WIERSMA Jan Marinus	25/07/1996
	REGI Regional Policy	PPE SCHRÖDER Jürgen	09/07/1996
	CONT Budgetary Control	ELDR KJER HANSEN Eva	24/07/1996
	INST Institutional Affairs	ELDR BRINKHORST Laurens Jan	25/07/1996

Key events

05/09/1996	Committee referral announced in Parliament		
29/10/1996	Vote in committee		Summary
29/10/1996	Committee report tabled for plenary	A4-0353/1996	
10/12/1996	Debate in Parliament		
12/12/1996	Decision by Parliament	T4-0675/1996	Summary
12/12/1996	End of procedure in Parliament		
20/01/1997	Final act published in Official Journal		

Technical information

Procedure reference	1996/2135(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/4/08085

Documentation gateway

Committee report tabled for plenary, single reading		A4-0353/1996 OJ C 380 16.12.1996, p. 0003	29/10/1996	EP	
Text adopted by Parliament, single reading		T4-0675/1996 OJ C 020 20.01.1997, p. 0087-0134	12/12/1996	EP	Summary

Future financing of the European union in respect of enlargement

A report by Efthymios CHRISTODOULOU (EPP, GR) on funding EU enlargement was adopted by the Committee on Budgets (chairman: Detlev SAMLAND, PES, D) by an overwhelming majority (one vote against). Situations vary widely from one applicant state to another. The report therefore calls for close monitoring of their progress towards a social market economy. The financial impact of enlargement will be felt most by the CAP, where adjustments will need to be made and on structural policies. Applicant states will have to press ahead with structural reform (privatizations, harmonization of legislation, public sector, credit system, etc.) while the EU for its part, will have to ensure that all countries are treated equally if enlargement to include the countries of Central and Eastern Europe is to be a success. All these factors point to the need for pre-accession periods reflecting the specific situation in each applicant country before full membership. The committee is convinced that the EU enlargement provides an ideal opportunity to promote peace, security and prosperity throughout Europe, even if it is also a major challenge in economic and financial terms. It is vital to ensure that the political objectives are matched by economic resources that will create the best possible conditions for accession and minimize the negative repercussions. No final decision on the procedure can be taken before all the financial implications are known. For the CAP, estimates vary widely. The European Commission calculates that additional spending on agriculture if the CAP remains unchanged, would amount to ECU 12.2 billion per annum until the year 2010. It is therefore important to press ahead with reforms. As regards the Structural Funds the CHRISTODOULOU report notes that, under present rules, all the East European applicant countries would be eligible for aid. In the Commission's view, implementing a structural policy benefiting existing and new states would require an average budget of ECU 37 billion a year (ECU 9 billion higher than the 28 billion for the period 1991/1999). At present pre-accession strategy is being funded primarily through the PHARE programme, with the emphasis on infrastructure and economic reforms. A new Community instrument funded by private capital is therefore needed along with interest rate subsidies. Mr CHRISTODOULOU also considers that too rapid accession with substantial derogations would interfere with the smooth operation of the single market. If for political reasons it was considered necessary to speed up the enlargement procedure, CAP and regional policy reforms should be in place in good time together with the necessary financial resources. The question of working languages would also have to be tackled in an enlarged Union. The Commission is asked to submit proposals defining pre-accession periods reflecting the specific needs of each applicant country. It should also draw up a detailed study based on realistic assumptions and on comparable and reliable statistics, which are still not available. Once these preparations have been completed, accession negotiations could begin six months after the end of the IGC.?

Future financing of the European union in respect of enlargement

In adopting the report of Mr Efthymios CHRISTODOULOU (PPE, EL) on the funding of EU enlargement, the European Parliament called for close monitoring of the progress being made by the new applicant countries towards a social market economy. It noted that the impact of enlargement would be felt both on the CAP, where adjustments would be needed, and on structural expenditure. No decision on the procedure could therefore be taken before the financial implications were known. The CAP was in need of major new reform in order to ensure the implementation of a true European policy on the rural environment and on employment in this sector, and to prepare the EU for the accession of the CEECs. As regards the Structural Funds, Parliament noted that at the present time all applicant countries would be eligible for aid. Budget expenditure should therefore be increased, while at the same time taking account of the absorption capacities of the new applicants. Furthermore, this had to be achieved while efforts towards economic and social cohesion were under way within the current European Union. Parliament stressed the need for a redefinition of the priorities of the PHARE programme and for the provision of a new Community instrument which would also make use of interest rate subsidies. Parliament also took the view that too rapid accession, combined with substantial long-term derogations of financial significance, would interfere with the smooth operation of the single market, and that consequently careful preparations would be needed. In conclusion, Parliament called on the Commission to submit proposals defining the pre-accession periods which reflected the specific needs of each applicant country. The Commission was asked to draw up a detailed study based on realistic assumptions and on comparable and reliable statistics, which were still not available. In this way, once these preparations had been completed, accession negotiations could commence six months after the end of the IGC. ?