


# Procedure file



Basic information		
BUD - Budgetary procedure	1999/2190(BUD)	Procedure completed
2001 Budget: section III		
Subject 8.70.60 Previous annual budgets		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		28/07/1999
		PSE <a href="#">HAUG Jutta</a>	
	Former committee responsible		
	<b>BUDG</b> Budgets		28/07/1999
		PSE <a href="#">HAUG Jutta</a>	
	<b>BUDG</b> Budgets		28/07/1999
		PSE <a href="#">HAUG Jutta</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs, Human Rights, Common Security, Defense		25/01/2000
		ELDR <a href="#">HAARDER Bertel</a>	
	Former committee for opinion		
	<b>AFET</b> Foreign Affairs, Human Rights, Common Security, Defense		25/01/2000
		ELDR <a href="#">HAARDER Bertel</a>	
	<b>CONT</b> Budgetary Control		24/05/2000
		PPE-DE <a href="#">HEATON-HARRIS Christopher</a>	
	<b>LIBE</b> Citizens' Freedoms and Rights, Justice and Home Affairs		24/02/2000
		PPE-DE <a href="#">DEPREZ Gérard</a>	
	<b>ECON</b> Economic and Monetary Affairs		14/02/2000
		PSE <a href="#">KUCKELKORN Wilfried</a>	
	<b>ECON</b> Economic and Monetary Affairs		14/02/2000
		PSE <a href="#">KUCKELKORN Wilfried</a>	
	<b>JURI</b> Legal Affairs and Internal Market	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, External Trade, Research, Energy		27/01/2000
		PPE-DE <a href="#">EVANS Jonathan</a>	
	<b>EMPL</b> Employment and Social Affairs		15/02/2000
		PSE <a href="#">JÖNS Karin</a>	

	EMPL	Employment and Social Affairs	The committee decided not to give an opinion.	
	ENVI	Environment, Public Health, Consumer Policy		27/07/1999
			PSE <a href="#">BOWE David Robert</a>	
	ENVI	Environment, Public Health, Consumer Policy		27/07/1999
			PSE <a href="#">BOWE David Robert</a>	
	AGRI	Agriculture and Rural Development		19/10/1999
			PPE-DE <a href="#">MAAT Albert Jan</a>	
	AGRI	Agriculture and Rural Development		19/10/1999
			PPE-DE <a href="#">MAAT Albert Jan</a>	
	PECH	Fisheries		27/01/2000
			PSE <a href="#">MIGUÉLEZ RAMOS Rosa</a>	
	RETT	Regional Policy, Transport and Tourism		22/02/2000
			ELDR <a href="#">POHJAMO Samuli</a>	
	CULT	Culture, Youth, Education, Media and Sport		28/06/2000
			PSE <a href="#">IIVARI Ulpu</a>	
	DEVE	Development and Cooperation		27/01/2000
			PSE <a href="#">VAN DEN BERG Margrietus</a>	
	FEMM	Women's Rights and Equal Opportunities		26/01/2000
			PPE-DE <a href="#">AVILÉS PEREA María Antonia</a>	
	FEMM	Women's Rights and Equal Opportunities		26/01/2000
			PPE-DE <a href="#">AVILÉS PEREA María Antonia</a>	
Council of the European Union		Council configuration	Meeting	Date
		Budget	<a href="#">2310</a>	14/11/2000
		Budget	<a href="#">2285</a>	20/07/2000

## Key events

21/03/2000	Vote in committee		Summary
21/03/2000	Preparatory budgetary report tabled for plenary	<a href="#">A5-0070/2000</a>	
29/03/2000	Debate in Parliament		
30/03/2000	Decision by Parliament	<a href="#">T5-0126/2000</a>	Summary
23/05/2000	Commission preliminary draft budget published	COM(2000)0300	Summary
20/07/2000	Debate in Council	<a href="#">2285</a>	Summary
11/09/2000	Council draft budget published	<a href="#">10299/2000</a>	Summary
17/10/2000	Vote in committee		Summary

17/10/2000	Budgetary report tabled for plenary	<a href="#">A5-0300/2000</a>	
24/10/2000	Debate in Parliament		
26/10/2000	Decision by Parliament	<a href="#">T5-0472/2000</a>	Summary
14/11/2000	Amended budget adopted by Council		
24/11/2000	Council amended draft budget published	<a href="#">13830/2000</a>	Summary
04/12/2000	Vote in committee, 2nd reading		Summary
04/12/2000	Budgetary report tabled for plenary, 2nd reading	<a href="#">A5-0380/2000</a>	
11/12/2000	Committee referral announced in Parliament, 2nd reading		
12/12/2000	Debate in Parliament		
14/12/2000	Decision by Parliament, 2nd reading	<a href="#">T5-0568/2000</a>	
14/12/2000	End of procedure in Parliament		
26/02/2001	Final act published in Official Journal		

### Technical information

Procedure reference	1999/2190(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Legal basis	Euratom Treaty A 177; EC Treaty (after Amsterdam) EC 272; ECSC Treaty C 078
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/5/12895; BUDG/5/12910

### Documentation gateway

Preparatory budgetary report tabled for plenary		<a href="#">A5-0070/2000</a> <a href="#">OJ C 378 29.12.2000, p. 0004</a>	21/03/2000	EP	
Parliament's opinion on budgetary estimates/guidelines		<a href="#">T5-0126/2000</a> <a href="#">OJ C 378 29.12.2000, p. 0015-0057</a>	30/03/2000	EP	Summary
Document attached to the procedure		N5-0301/2000	28/04/2000	EC	Summary
Commission preliminary draft budget		COM(2000)0300	23/05/2000	EC	Summary
Amending/supplementary letter on draft budget		SEC(2000)1363	04/09/2000	EC	Summary
Council draft budget		<a href="#">10299/2000</a>	11/09/2000	CSL	Summary
Amending/supplementary letter on draft budget		<a href="#">12071/2000</a>	11/10/2000	CSL	Summary
Budgetary report tabled for plenary, 1st reading		<a href="#">A5-0300/2000</a> <a href="#">OJ C 197 12.07.2001, p. 0009</a>	17/10/2000	EP	
Budgetary text adopted by Parliament		<a href="#">T5-0472/2000</a> <a href="#">OJ C 197 12.07.2001, p. 0215-0339</a>	26/10/2000	EP	Summary

Document attached to the procedure		<a href="#">SEC(2000)1814</a>	31/10/2000	EC	Summary
Council amended draft budget		<a href="#">13830/2000</a>	24/11/2000	CSL	Summary
Amending/supplementary letter on draft budget		<a href="#">13833/2000</a>	24/11/2000	CSL	
Budgetary report tabled for plenary, 2nd reading		<a href="#">A5-0380/2000</a> <a href="#">OJ C 232 17.08.2001, p. 0009</a>	04/12/2000	EP	
Final budget adopted by Parliament		<a href="#">T5-0568/2000</a> <a href="#">OJ C 232 17.08.2001, p. 0200-0281</a>	14/12/2000	EP	
Final budget adopted by Parliament		<a href="#">T5-0591/2000</a>	14/12/2000	EP	Summary

## Final act

[Budget 2001/110](#)  
[OJ L 056 26.02.2001, p. 0001](#)

## 2001 Budget: section III

The committee adopted a report by Jutta HAUG (PES, D) on the 2001 budget which stated that employment policy was the first priority. The report also stressed the need to boost social and cultural policies as well as equal opportunities. A further key area was reconstruction in Kosovo and stabilisation of the Balkans. Europe needed to create conditions which would bring the peoples and countries of that region closer to the Union. To ensure adequate funding for such measures, the committee stressed that Parliament and Council must agree on a revision of the financial perspective. Parliament was opposed to having the funding for reconstruction in Kosovo taken from other external policy areas. The report also underlined the importance of implementing administrative reform of the Union to provide greater efficiency and transparency, to improve value for money and increase democratic scrutiny. For this to be achieved, the Commission's reform would have to be translated into action, while Parliament undertook to guarantee democratic oversight and the efficient use of taxpayers' money. The committee stressed that the budget must reflect the EU's policy objectives and be transparent and easy to understand. As regards the various expenditure categories, the report said that Category 1 (farm expenditure) should not be used as a principal source of funding for Category 4 (external action). Regarding Category 2 (structural operations) the committee called on the Commission and Member States to ensure that funds were not held up, so as to avoid the problem of unused expenditure which arose under the previous programming period (1993-99). On Category 3 (internal policies), the report was in favour of continuing efforts to boost jobs by creating synergy with measures financed under the Structural Funds. The committee also called for the new information technologies to be incorporated into the transeuropean networks. It wanted to see dialogue between both sides of industry to face up to economic globalisation. As regards the EU's own information policy, the institutions should continue their efforts and maintain a consistent approach if they were to bring the Union closer to its people. Appropriate funding was needed for the new EU policy areas created following Amsterdam: the fight against discrimination, social exclusion, racism, xenophobia and antisemitism, and also immigration and asylum policy measures, to promote economic prosperity and social cohesion. The committee wanted to see a legal basis and appropriate funding for the European refugee fund. Particular emphasis was placed on the need to support the culture industry in the context of structural measures, as this was an industry which could create jobs. As regards Category 4 (external action), pending the Commission proposal on the revision of the financial perspective the report insisted that the Commission should not enter into any financial commitments (e.g. at the next donors' conference on the Balkans) likely to arouse expectations, without first consulting the budgetary authority about ways of providing the funding in question. The report also called for close monitoring of expenditure on the common foreign and security policy, where spending had increased sharply in recent years. It recalled that funding for the TACIS programme must be placed in the reserve and said it should only be released if Russia complied with the principles laid down by Parliament and the Council regarding the conflict in Chechnya. On development policy, special attention should be devoted to efforts to eradicate poverty in the least developed countries.?

## 2001 Budget: section III

The European Parliament adopted its resolution drafted by Ms. Jutta HAUG (PES, D) on the budgetary guidelines for 2001 (Section III - Commission). The Parliament points out that the structure of the EU budget has to be clear, transparent and easy for the public to understand to reflect the political objectives of the EU and to facilitate supervision of the implementation of the policy measures; the budget document itself must be the practical expression of EU policy. 1) With regard to the budgetary structure, the EP welcomes the Commission's efforts to present the PDB in parallel in the form of an Activity-Based Budget (ABB) the objectives of which are: - to improve administrative performance, transparency and the level of evaluation, and thus to enhance its scope for exerting more clearly targeted and stronger political guidance, - to foster sound management, efficiency and cost-effectiveness in the administration and to reinforce flexibility of the management of Community actions by the Commission. It asks the Commission to ensure that Parliament's horizontal priorities, such as the mainstreaming of green and gender issues, are duly taken into account and highlighted, and that the ABB exercise be applied to all EU expenditure, including the European Development Fund (EDF). It points out that the administrative reform and the introduction of the ABB must not prevent the budgetary authority from exerting its powers over the allocation of the resources it considers necessary to implement EU policies, and must prevent the Commission from binding the implementation of new political priorities to extra human resources or administrative spending. The Parliament welcomes current Commission thinking as regards adding a detailed breakdown of EDF appropriations in an annex, as an important first step towards its integration in the budget; such a step will only be useful if the information includes performance targets to enable the budgetary authority to monitor the efficiency of implementation. 2) On the subject of the implementation of the budget, the EP

emphasises the need to strengthen instruments for monitoring not only the quantitative, but in particular the qualitative aspects of the implementation of expenditure, and instructs its committees to continue their efforts concerning the monitoring of budget expenditure, and to develop further their close cooperation; it also instructs its committees to examine quarterly the implementation of the budget on the basis of detailed reports from the Commission. It stresses the need to establish in cooperation with the Council and the Commission, a procedure linking the implementation of the current budget to the establishment of the budget for the following year. It considers that the conclusions from the exercise of the 1998 discharge for Section III (Commission) need to be reflected in the decisions taken in the 2001 budget for the Commission. It calls for a detection and evaluation procedure for identifying non-compliance with the conditions of implementation established in the budget and stresses that a procedure should be established to freeze the execution of budget lines if those conditions are not met. 3) The Parliament's Resolution then goes on to highlight a number of specific problems that will need to be dealt with. Some of these relate to: a) Pilot projects and preparatory actions - it expects the Commission to give a positive follow-up to those projects and actions entered in the Budget 2000 by 30/04/2000 and to those entered in future budgets; b) Classification of appropriations - expenditure resulting from international agreements with non-EU countries; c) Natural disasters - the Commission is requested to pay special attention to structural problems of an economic or social character caused by natural disasters and to look favourably on measures to help solve these problems; d) Heading 1: it considers it undesirable that this should be used as a primary financial source for financial needs in the field of external policy; it wants the Commission to put forward a proposal to bring appropriations under sub-heading 1b under differentiated appropriations; with regard to ancillary expenditure, it urges the Commission to make an effort to implement the EP's priorities even when they involve compulsory expenditure; in view of the importance of fisheries, it calls on the Commission to include among its priorities not only resource conservation but also the consolidation and extension of international fisheries agreements and the improvement of working conditions and safety standards in the sector; e) Heading 2: the need for in-depth analysis of the management of the Structural Funds, in particular the externalisation of financing decisions; it urges the Commission and the Member States urgently to review the decision-making procedures in order to avoid a slow start in the implementation of the new funds in 2000, which would inevitably begin to store up problems for the 2001 budget and for future budgets. It also urges the Commission, in view of the large accumulated backlog of appropriations from the previous programming period, to take the necessary action to achieve a significant reduction in the payment period for committed appropriations; f) Heading 3: With regard to the employment initiative, the EP asks the Commission to submit to it, before its first reading of the 2001 budget, a qualitative evaluation of the employment initiative launched in 1998 demonstrating its impact on job creation; it calls on the Commission to concentrate further initiatives on measures to ensure greater integration of micro-enterprises and SMEs into the Information Society in order to strengthen their competitiveness in an international environment, as well as the incorporation of modern IT highways and networks within the TENs programme. Parliament also underlines the importance of appropriate funding for the areas newly introduced or reinforced by the Amsterdam Treaty concerning internal policies and other new common policies in the field of justice and home affairs; it also calls on the Commission to simplify and decentralise procedures for small-scale projects, such as human rights and democratisation projects, which offer high value for little money; g) Heading 5: with respect to OLAF (the anti-fraud office), the Commission is asked to indicate the level of occupancy of the new posts created in 1999 and 2000; h) Heading 6: the EP expresses concern about the future capacity of the reserve for guarantees to finance all requirements for EU lending interventions and suggests that the EU's priorities in terms of future loan interventions should be discussed jointly by the budgetary authority and the Commission to ensure a degree of advance planning of needs.?

---

## 2001 Budget: section III

In a letter addressed to the European Parliament, on 28 April 2000, the Commission recalled that in accordance with Article 272, paragraph 9 of the EC Treaty, the maximum rate of increase for non-obligatory expenditure for the 2001 financial year is set at 3.2%.?

---

## 2001 Budget: section III

Before studying and establishing the draft budget for the financial year 2000, the Council held its customary meeting with a delegation from the European Parliament, in the framework of the Interinstitutional Agreement on budgetary discipline of 6 May 1999. The delegation was led by Mr Terence WYNN, Chairman of the Committee on Budgets, and comprised: - Ms Barbara DÜHRKOP DÜHRKOP (Vice-Chairwoman), Ms Jutta HAUG (General Rapporteur for the 2001 budget), Mr Markus FERBER (Budget Rapporteur for the other Institutions 2001), Ms Catherine GUY-QUINT, Mr Jean-Louis BOURLANGES, Mr Joan COLOM I NAVAL, Mr Gian Franco DELL'ALBA, Mr James ELLES, Mr Salvador GARRIGA POLLEDO, Ms Heide RÜHLE, Mr Kyösti VIRRANKOSKI and Mr Ralf WALTER, Members of the Committee on Budgets. This conciliation meeting covered three topics, the Regulation on budgetary discipline, the Decision on own resources and the preliminary draft budget for 2001. Discussions took place in an excellent atmosphere and agreement was reached on many points. In regard to budgetary discipline, the positions were brought close enough for the conciliation exercise to be completed. As regards own resources, the Parliament will probably confirm its agreement in September. Agreement was also reached on the procedure for evaluating the financial programming of headings 3 and 4 (see statement in Annex I). With regard to the preliminary draft budget for 2001, the two Institutions agreed to give priority to the Employment Initiative (COD/2000/0195). A first-reading conciliation on the amount of the multiannual programme will take place in autumn as part of the search for an overall agreement. In addition, in regard to agriculture, agreements were reached on milk for schoolchildren (+ EUR 18 million p/a) and on promoting product quality (+ EUR 2 million p/a), on a reduction for rural development (- EUR 225 million ca/pa - to take account of the timeframe for implementing the multiannual programmes), on the amount for fisheries (- EUR 7 million c/a, - EUR 5 million p/a - pending receipt of the Commission's autumn letter of amendment to take account of certain agreements with third countries), and on the amount earmarked for the CFSP and the entering of the special envoys' administrative expenditure in the Council section of the budget. The positive outcome of the first-reading conciliation offers good prospects for the achievement of an overall compromise on second reading, in particular on the Balkans, the amount to be allocated to the Employment Initiative and the rate of increase in the appropriations for payments in the budget.?

---

## 2001 Budget: section III

When setting its policy and budget priorities for the 2001 budget and in line with the commitments it made in its White Paper on reform, the Commission decided on 23 February 2000 to conduct a detailed evaluation of its activities and human resources. In the Preliminary Draft Budget (PDB) 2001 the Commission did not request additional posts. The Commission was conscious that first all possible efforts of reorganisation had to be explored to meet needs. Any request of additional posts had to flow from a rigorous, quantitative analysis of needs for

core political activities and means to meet these needs internally. Only if after adjustments a shortfall was still evident than a request for further resources would be justified. This rigorous approach has led to the identification of overall genuine needs standing at around 1 254 posts, excluding research, the Commission will find two thirds through its own efforts and request the remainder to the Budgetary Authority by means of a net increase in its establishment plan. On this basis, the Commission believes that it is able to bring the political ambitions that it set itself before Parliament and the European citizens last February into line with the means available to it. It is also useful to recall that this phase of in-depth restructuring of the various departments the Commission follows the one carried out since autumn 1999, allowing it to redeploy staff to its core tasks and policy priorities, and involving 690 staff. This amending letter also translates the impact of the phasing out of a number of Technical Assistance Offices - as decided by the Commission as part of its overall externalisation strategy. The 2001 budget will have to finance the transitional arrangements - in particular the financing of outside personnel on the so-called 'BA lines' in part B of the budget - until most of the tasks of the present TAOs can be taken over by newly created implementing bodies, largely relying on staff with an appropriate new contractual regime. ?

## 2001 Budget: section III

---

On 4 September 2000, the Commission transmitted to the Council a letter of amendment No 1/2001 to the 2001 draft general budget, section III - Commission. The Commission aims to take into account elements relating both to expenditure and revenue. This amending letter results from concerns within the Commission regarding the capacity of its human resources to carry out its activities. These resulted in its demand for 400 additional posts in 2001 and additional operational credits amounting to EUR 44,25 million. On 11 October, the Council decided to establish a letter of amendment with the aim of ensuring the appropriate means would be available to allow the Commission to: - put in place its reform as quickly as possible; - allow the implementation of the dismantling of the technical assistance offices (TAOs/BATs); - keep a sufficient margin under the ceiling of Heading 5 of the financial perspective in 2001 to be able to deal with any eventual new priorities on the part of the other institutions. The long-term forecasts presented by the Commission, in fact, reveal a margin which ranges from EUR 74 million in 2000 to EUR 26 million in 2002 and EUR 22 million in 2003. On the basis of this approach, the Council agreed, with qualified majority, a decision on the proposal to create 400 new posts for the 2001 financial year in order to respond to the Commission's request (360 at its headquarters and 40 in the delegations), as well as the amendments to the commentaries on the BA budget lines by adding expenses relating to the 'infrastructures' in such a way as to enable the full implementation of the dismantling of the BATs. The estimated cost of these amendments is EUR 34,253 million. ?

## 2001 Budget: section III

---

The committee unanimously adopted the report by Jutta HAUG (PES, D) on the 2001 budget. One of the main issues raised was the revision of the funding for the EU's external action (Category 4 of the financial perspective), as repeatedly demanded by Parliament. The committee emphasised that new needs - which were not foreseen at the time of the agreement reached at the Berlin European Council in March 1999 - such as aid to the western Balkans and for a democratic Serbia, made such a revision a political necessity. It stressed that Parliament was willing to seek a negotiated solution with the Council on the question of financing these new needs and highlighted the political importance of a swift Parliament/Council agreement in order to guarantee that Serbia would receive funds under the 2001 budget. The Commission proposal in April 2000 for aid to the western Balkans over the period 2000-2006 had been accompanied by a proposal for a revision of the ceiling for Category 4. However, the Council had so far refused to countenance such a revision. The report noted that the Council's draft budget (DB) for 2001 represented an increase of 2.74% in commitment appropriations (CA) and 3.46% in payment appropriations (PA) over the 2000 budget. However, it was still lower than the proposals in the Commission's preliminary draft budget (PDB). Moreover, the Council's DB was equivalent to only 1.05% of Community GNP for financing actual expenditure (PA), whereas the Commission proposed 1.07% and the figure entered in the financial perspective was 1.11% of Community GNP. The amendments the committee was submitting to Parliament's plenary would increase commitment appropriations and payment appropriations, and the figure for the latter would be equivalent to the 1.11% of Community GNP authorised by the financial perspective. As far as the various expenditure categories were concerned: (1) for agriculture (category 1), pending the Commission's letter of amendment which would enable the figures to be adjusted to reflect the latest, most realistic estimates, the committee wanted the figures contained in the preliminary draft budget (PDB) to be reinstated, both for subcategory 1a (market expenditure) and for subcategory 1b (accompanying measures). It also called on the Council to increase the funds available for three socially deserving causes (school milk, distribution of agricultural products to deprived persons and aid for bee-keeping). The Commission was asked to present an assessment of the funding for the CAP by 30 June 2001; (2) for structural operations (Category 2), to avoid a shortfall in payment appropriations (PA) the committee wanted the PA figures in the PDB for the Structural Funds to be reinstated. It called for the creation of a contingency reserve in PA with the aim of ensuring that this money was properly spent and better distributed between the Structural Funds and the Cohesion Fund; (3) for internal policies (Category 3), the committee believed special provision, with commensurate funding, should be made for SMEs. It approved the Commission's proposal for a multiannual programme (2001-2005) for SMEs and called on the Council to reach an agreement to provide adequate resources for the programme; (4) as regards external action (Category 4), the committee said that funds for the Balkans were still insufficient. It emphasised Parliament's intention of exploring every avenue to find additional funding and added that the low level of funding envisaged for Parliament's traditional priorities (democracy and human rights, development aid, aid for reconstruction and rehabilitation and aid for the poorest countries) was unacceptable. Following recent developments in Serbia, the committee proposed that EUR 60m be earmarked to support democracy there (20m more than proposed by the Council). It also sought to create a specific new budget line to fund reconstruction. For the moment this heading would not include an actual amount, pending a Parliament/Council decision on a revision of the financial perspective. The committee also called for the flexibility instrument (EUR 200m) to be used to finance measures such as the rapid reaction facility as well as to maintain the funding for programmes such as MEDA at the level proposed by the Commission in its PDB. The problem of the low disbursement rate of the funding for numerous programmes in the field of external action also needed to be addressed; (5) lastly, as regards administrative expenditure (Category 5), apart from the additional funds needed to finance the reform of the Commission, which were placed in the reserve, the committee wanted the figure in the PDB to be reinstated. Parliament, Council and Commission were asked to step up their cooperation and to coordinate their policies in the areas of translation, interpreting and the management of buildings and libraries, with an eye to enlargement. The Commission was requested to present by 31 March 2001 an analysis of the consequences of enlargement on its administrative set-up. Other points raised by the report included the need to improve supervision of the way budget funds were spent throughout the financial year. The committee called on the Commission to submit to the budgetary authority (Parliament and Council) by April 2001 a schedule including dates for the commitment and payment of budget funds when any programme, project or instrument was carried out. The committee criticised the Commission for flouting the decisions of the budgetary authority by refusing to carry out programmes on grounds of staff shortages - but without even consulting Parliament. On the

question of the administrative reforms at the Commission, the committee said that more efficient implementation of the budget was essential. Parliament should also be kept better informed and there should be more coordination between legislative and budgetary procedures. The Commission also needed to deal with the problem of payment backlogs in all areas. In addition, Parliament should be kept better informed about external action, especially in the case of foreign policy initiatives which had a budgetary impact. In such cases, informal agreement should be sought from Parliament in advance.?

## 2001 Budget: section III

---

The European Parliament adopted the report by Mrs Jutta HAUG (PES, D) on the draft general budget of the European Union for 2001 (430 votes for, 59 against and 23 abstentions). The Parliament recalls that new needs unforeseen at the time the financial perspective was agreed in principle require a revision of that financial perspective. The revision of the ceiling in heading 4 is a political necessity. Moreover, the Council is invited, taking into consideration the evolutions in Serbia, to forward its estimates on the financial needs for the region to be presented at the Balkan Summit in Zagreb on 24 November 2000 without delay. In addition, the Parliament considers that the two arms of the budgetary authority should establish jointly, as part of the 2001 budget, the multiannual allocations for the MEDA and CARDS programmes. With regard to the administrative reform, the European Parliament accepts the creation of 400 new posts and approves in principle, the introduction of an early retirement scheme in the framework of the reform of the Commission. Furthermore, it underlines the need to find sustainable and realistic solutions to the problem of the backlog in payments for structural operations, internal policies, external actions and preaccession aid and points to the need to make available sufficient payment appropriations for the new commitment appropriations entered in the 2001 budget. The Commission is asked to speed up the creation of the bodies replacing the Technical Assistance Offices. The Parliament underlines the need for better monitoring of budget implementation throughout the financial year and rejects the attitude shown by the Commission in refusing to implement programmes on the grounds of lack of resources, thus going against the decisions of the budgetary authority without even consulting the Parliament. As regards agriculture, the report decides through its budget amendments to restore the PDB in heading 1a, pending the Commission Letter of Amendment No 2/2001 and invites the Council to review its position concerning appropriations on the reading of this Amended Letter. The Commission is called upon to draw up by 30 June 2001 an assessment of the financing of the Common Agricultural Policy. Consequently, and in order to avoid a potentially serious shortage of payment appropriations, this report underscores the budget decisions to restore the PDB as regards the payment appropriations of the Structural Funds and creates a substantial reserve in order to assess the likely supplementary needs. In the field of internal policies, the European Parliament notes the considerable reduction (14,6%) made by the Council compared to the 2000 budget and adopts the amendments which safeguard its political priorities concerning internal policies. It deplores the fact that the information and communication activities lack dynamism and that insufficient coordination takes place within the Commission and at interinstitutional level. As a consequence, it has entered appropriations for information policies in the reserve. The European Parliament reiterates its support for a statute on European political parties and underlines its determination to see a substantial increase in the allocations for SMEs. In addition, the Parliament underscores the considerable efforts it has undertaken to find more resources in the budget for the Balkans than the Council was prepared to see allocated. It considers the level of funding for that region still to be insufficient. The Parliament provides EUR 60 million supporting democratisation in that country. It also creates a specific new line in the budget with a token entry, pending a decision by the budgetary authority. Finally, the report expresses support for the enlargement process by reinstating the payment appropriations entered by the Commission in the PDB for the preaccession instruments SAPARD and ISPA. It calls on the Commission to submit to the Parliament by 30 June 2001 a report explaining its view on the consequences that enlargement will have on the administrative structure of the Commission.?

## 2001 Budget: section III

---

In accordance with the Interinstitutional Agreement of 6 May 1999, the Commission is sending the budgetary authority this ad hoc letter of amendment (No.2) to update the figures underlying the estimate of agricultural expenditure in the preliminary draft budget (PDB), as regards the market organisations and related measures. Requirements for subheading 1a are expected to be EUR 932.5 million lower than initially forecast. Compared with the PDB, the situation has improved on practically all agricultural markets. This letter of amendment also takes into account legal bases adopted since the PDB was presented and also reflects positions taken by the budgetary authority during the budgetary discussion, e.g. concerning school milk, flax and hemp and promotion. The dollar parity effect accounts for roughly half of all the savings encountered (approximately EUR 430 million in relation to the PDB, mainly substantially reduced export refunds expressed in EUR). As provided for in the Interinstitutional Agreement, the Commission is also correcting the level and the breakdown of appropriations for the international fisheries agreements. Operational Item B7-8000 is increased by around EUR 42.3 million in commitment and payment appropriations for three agreements that have been initialled and will soon be proposed to the budgetary authority (Greenland, Angola and Côte d'Ivoire). It is also proposed to keep the appropriations for the agreement with Morocco to be kept unchanged given the possibility that it might enter into force at the beginning of 2001. Taking into account the agreements renewed during 2000, the provisional appropriations in Chapter B0-40 can be reduced by around EUR 45 million in commitment appropriations and EUR 43 million in payment appropriations. Besides two familiar components of the traditional ad hoc letter of amendment, the Commission wishes to add one further item relating to the balance for 2000. Under Article 32 of the Financial Regulation, the balance from each financial year is entered in the budget for the following financial year as revenue in the case of a surplus or expenditure in the case of a deficit. The second paragraph of this Article of the Financial Regulation specifies that the estimates of this revenue or expenditure will be entered in the budget procedure, and where appropriate, in a letter of amendment. The Commission considers that an estimated balance of EUR 900 million can be included as revenue in the PDB 2001. The additional revenue results mainly from the increase in recoveries from traditional own resources during the year as well as from an initial estimate of the overall impact of the adjustments of the VAT bases and GNP data following the modifications announced by the Member States. These adjustments have to be entered into the Commission's account by 01.12.2000. Thus, EUR 900 million will be entered in the budget under Article 300 (surplus available from the preceding financial year). ?