


Procedure file

Basic information		
BUD - Budgetary procedure	2003/2027(BUD)	Procedure completed
2004 budget: conciliation procedure		
Subject 8.70.60 Previous annual budgets		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets	ELDR MULDER Jan	02/12/2002
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs, Human Rights, Common Security, Defense	ELDR VAN HECKE Johan	05/11/2002
	ENVI Environment, Public Health, Consumer Policy	PPE-DE GOODWILL Robert	22/05/2003
	AGRI Agriculture and Rural Development	PPE-DE MAAT Albert Jan	03/12/2002
Council of the European Union	PECH Fisheries	PPE-DE LANGENHAGEN Brigitte	23/01/2003
	European Commission	Commission DG Budget	Commissioner

Key events			
01/01/2003	Committee referral announced in Parliament		
17/06/2003	Vote in committee		Summary
17/06/2003	Budgetary report tabled for plenary	A5-0240/2003	
01/07/2003	Debate in Parliament		
03/07/2003	Decision by Parliament	T5-0332/2003	Summary
03/07/2003	End of procedure in Parliament		

Technical information	
Procedure reference	2003/2027(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Legal basis	EC Treaty (after Amsterdam) EC 272; Euratom Treaty A 177
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/5/19250

Documentation gateway					
Budgetary report tabled for plenary, 1st reading		A5-0240/2003	17/06/2003	EP	
Budgetary text adopted by Parliament		T5-0332/2003 OJ C 074 24.03.2004, p. 0669-0841 E	03/07/2003	EP	Summary

2004 budget: conciliation procedure

The committee adopted the report by Jan MULDER (ELDR, NL) setting out its priorities for the 2004 EU budget ahead of the forthcoming 1st-reading conciliation between Parliament and Council, scheduled for July 2003. On agriculture spending, the committee deplored the fact that the share of the total budget taken by compulsory expenditure on the common agricultural policy (CAP) had been increased from 40.2% in the 2003 budget to 42.7% in the PDB 2004, thereby going against Parliament's request for the overall proportion of non-compulsory expenditure in the budget to be increased. The committee also urged the Commission to clarify the CAP mid-term review's budgetary impact on the EU general budget. Whilst MEPs were happy with the large increase for health and consumer protection, they also wanted to create a special item for insurance schemes for farmers for emergencies and calamities (such as foot and mouth disease, classical swine fever, avian influenza and similar diseases). The committee also wanted to see resources allocated for the development of environmental indicators and for the promotion of quality schemes in agriculture. Following the creation of a section comprising all expenditure related to the EU's fisheries policy (policy area 11: "Fisheries") under the "Activity-Based Budgeting" (ABB) system, MEPs said that they would look carefully at cuts made by the Commission in research and under the Structural Funds, and would also look into the need to raise payment appropriations for the scrapping fund for fishing vessels (the final decision on the financing of the fund is yet to be made by Council). As regards former heading 4 ("external actions"), the committee pointed out that increased appropriations for common foreign and security policy (CFSP) and European security and defence policy (ESDP) actions had been entered in the 2003 budget on the basis of an agreement whereby Parliament would be informed of and consulted on such actions. MEPs criticised Council for not having informed Parliament as regards the ESDP action in FYROM ("Mission Concordia") and urged it to deliver this information and henceforth to respect the agreement. They added that, in the meantime, the committee would withhold its final decision on the 2004 CFSP expenditure. As for pilot projects and preparatory actions, the committee regretted the small margin earmarked for this area (EUR 82.5m) and called for the introduction of new measures such as the training and exchange of national judges and a network of public institutions responsible for the training of the judiciary in the Member States (as well as the agriculture-related measures listed above). In a bid to boost entrepreneurship, MEPs also voiced concern about unchanged or insufficient funding of budget lines for SMEs compared to 2003 levels, despite the accession of ten new Member States in 2004.?

2004 budget: conciliation procedure

The Parliament adopted the report by Jan MULDER (ELDR, NL) which sets out its priorities for the 2004 EU budget ahead of the forthcoming 1st-reading conciliation between Parliament and Council. The Parliament agrees with the decision of the committee responsible (please refer to the document dated 17/06/03). On agriculture spending, the Parliament notes that the compulsory part of the common agricultural policy's total expenditure is cut from 40.2% in the 2003 budget to 36.8% in the 2004 PDB for EU-25 and that the share of non-compulsory expenditure is increased from 4.7% in 2003 to 5.8% in 2004. Concerning pilot projects and preparatory actions, the Parliament confirms the need to consider the continuation of existing pilot projects and preparatory actions based on their implementation; reminds the Council and Commission at this stage of the procedure of its intention to examine the introduction of new actions in the field of agriculture in heading 1a on an insurance scheme for farmers, the implementation of environmental indicators, and a quality scheme for food production. Parliament asks the Council to take a position on this issue; will consider the introduction of new actions in other policy areas at its first reading. As regards the issue of structural operations, Parliament expresses concern about the fact that the payment appropriations for the Structural Funds for the current 15 Member States have been reduced by EUR 4.2 billion, or 13.9%, compared to the 2003 budget; stresses that their volume should be assessed on the basis of not just the Member States' forecasts, but also the level of outstanding commitments and payments for the current financial year, and that the closure of programmes from the previous period (1994-1999) does not in any way justify any cuts in appropriations. The Commission is called upon to submit an assessment of the implementation of the N+2 rule and its real impact and to include an analysis of the appropriations expected to be freed up and their impact over the year. Parliament also asks the Commission to inform Parliament on Member States' forecasts for Structural Funds payments for 2004 in order to assess the appropriate level of payments. As regards subsidies, Parliament takes note of the Commission communication (COM(2003) 274) containing the different legal bases for the activities financed under former Chapter A-30 and for which a legal basis is now needed as a result of the ABB nomenclature (CNS/2003/0110 and 0116 and COD/2003/0109, 0113, 0114 and 0115). The Parliament urges the Council to cooperate closely with Parliament to adopt the legal basis before the end of the 2004 budgetary procedure and it recalls that Parliament had expressed its preference for a framework regulation in order to avoid the rigidity of specific requirements imposed by various legal bases, depending on the Treaty article concerned; reminds the

Commission that the legal aspects should not undermine the principles agreed in Article 107 of the Financial Regulation concerning the implementation of Parliament's priorities. Parliament will ensure that none of the European Parliament's political priorities are lost after the change in the system of Subsidies. It also intends to examine all proposals together so as to ensure a coherent legislative framework for all activities under former Chapter A-30 in accordance with the new Financial Regulation. ?