European Parliament press release on the financial perspective 2007–2013 (21 May 2006)

Caption: On 17 May 2006, the European Parliament approves the Interinstitutional Agreement on budgetary discipline and sound financial management and, in so doing, adopts the financial framework for the period from 2007 to 2013. Reactions among MEPs to this agreement are somewhat varied.

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Long-term budget makes its way through European Parliament

The European Parliament approved the EU's budget for the coming seven years, but underlined the need to resolve a number of shortcomings, including funding, during the budget review in 2009. Following Parliament's approval, it was signed into law by the EP, Commission and the Council. MEPs welcome the extra €4 billion to be used on EP priorities, but said the higher figures approved by Parliament last June would have offered the best way of funding EU policies.

The agreement was signed by European Parliament President Josep Borrell, by Austrian Federal Chancellor Wofgang Schüssel for the EU Presidency and by Budgets Commissioner Dalia Grybauskaite for the European Commission.

The report, adopted by Parliament with 440 votes in favour, 110 against and 35 abstentions and drawn up by Reimer BÖGE (EPP-ED, DE), stresses the main points of the deal of 4 April: four billion euros will be redistributed to a range of programmes and, following the 2009 European elections, Parliament will have the chance to vote on the budget review carried out by the Commission, a review in which Parliament will be closely involved (see our press release of 5 April - link at bottom of this page).

A key point, say MEPs is that the political agreement reached on 4 April is the "*only possible compromise that Parliament could achieve…with a view to guaranteeing the continuity of EU legislation*". However, the deal will also ensure that the EU budget is soundly managed and will preserve Parliament's legislative and budgetary powers over the period 2007-2013. Parliament comments on the outcome of the European Council of December 2005 and makes clear its belief that national interests overrode common European goals when the Member States adopted their position on the FP.

Among the shortcomings identified by the draft report is the system of own-resources, which MEPs say should be revised to "*avoid the same painful experience of national bargaining for the next Financial Perspective*". Lastly, the House adds that it still believes the higher figures adopted in June 2005 offered the best way of funding Community policies.

Parliament also voted on a report by Sérgio SOUSA PINTO (PES, PT) which gives the formal go-ahead for Parliament to sign the Inter-Institutional Agreement needed to establish the new Financial Perspective.

Key speakers in debate preceding the vote

Speaking during the debate preceding the vote, Parliament's rapporteur on the Financial Perspective agreement Reimer **BÖGE** (EPP-ED, DE) said: "*After difficult negotiations, we have an Interinstitutional Agreement on budgetary discipline and sustainable budgetary management.*" Thanking all those who took part on the Parliament side, he said it showed the strength of Parliament that it had been looking for European added value, not just using a profit and loss approach. "*We now have more flexibility in budgetary procedure, we can react better and more quickly to disasters, we have strengthened budgetary rights, clearer obligations of the Member States, better financial planning and better controls on the setting up of new agencies.*"

"*We have not been fixated on the 1 per cent debate like the Council. We wanted a deeper analysis of challenges of enlarged Union. We sought to improve and modernise structures and budgetary discipline. While we are far from achieving everything we wanted, there have been some real improvements.*" The rights of Parliament in foreign policy instruments had been shored up, he said. The whole system would be reviewed in 2009 and Parliament would be able to check what happens then. Galileo, he said, was still underfinanced, and Natura 2000 had been left to one side, so this was still a work in progress. "*On 8 June [at the European Council] we are looking for ambitious challenges to be set and met.*"

He thanked the Commission and the Austrian Presidency for playing their part in reaching an agreement: "*There is a very clear advantage for citizens, with reforms to budget and maintenance of Parliament's budgetary rights.*"

Sérgio **SOUSA PINTO** (PES, PT), rapporteur for the Constitutional Affairs Committee, said the proposed agreement was compatible with the Treaties and respected Parliament's prerogatives. In future, there should be a five year budgeting period in line with the mandate of Parliament and Commission. While this agreement was very far from the statements of intention laid out by European Councils and EU government leaders, "*it is a satisfactory compromise, safeguarding cohesion as the basis of the European Union and supporting the Lisbon Strategy. It is enormous progress, and infinitely better than having an extended squabble between the European institutions.*" Parliament would, he said, be fully involved in all aspects of expenditure and revenue. Given the exceptionally difficult circumstances of the negotiation, he paid tribute to the work of Reimer Böge in representing Parliament.

Janusz **LEWANDOWSKI** (EPP-ED, PL), Chairman of the Budgets Committee said that the latest compromise on the Financial Perspective coincided with the second anniversary of enlargement to the new Member States as was a "*sort of birthday present*". The negotiations had proven that it was possible to reach a compromise with 25 Member States. Nevertheless, Mr Lewandowski doubted whether if there was enough money to achieve the EU's ambitions. The figures would have to be reviewed upwards. He welcomed the increased flexibility in the budget citing increased loans from the European Investment Bank, the new globalisation fund and the EU Solidarity Fund. The lesson learnt from the negotiation was that the EU had to plan better in the future.