Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the flexibility instrument according to point 24 of the Interinstitutional Agreement of 6 May 1999

(2003/C 20 E/09)

COM(2002) 399 final

(Submitted by the Commission on 10 July 2002)

EXPLANATORY STATEMENT

The fisheries agreement between the European Union and the Kingdom of Morocco has not been renewed, and as a result the fishing fleets covered by the agreement have been forced to stop their operations.

Following the Commission's (1) proposal, the Council adopted at the end of 2001 a programme (2) for actions aiming to supplement the actions carried out in the context of the interventions of the Structural Funds in the Member States affected by the non-renewal of the fisheries agreement with Morocco. This action therefore falls under heading 2 'structural measures', sub-heading 'Structural Funds' of the financial perspectives.

This action amounts to 197 million EUR, of which 170 million have already been entered in the 2002 budget (budget line B2-200) and were financed by the mobilisation of the flexibility instrument. A joint statement by Parliament, Council and the Commission of 21 November 2001 (3) stipulates that the 27 remaining million will be entered in the 2003 budget.

On 28 May 2002 the Commission proposed an ambitious reform programme for the European fisheries policy to safeguard the future of this sector (4). This reform of the fisheries policy will have important financial consequences since the cost of the scrapping of the vessels was estimated at 712 million EUR. Given the financial resources that Member States had already programmed under the FIFG for the scrapping of vessels and if the amounts initially planned for export or mixed companies are reprogrammed, the Commission evaluates the additional amount necessary to carry out the scrapping of vessels at 272 million EUR over the period 2003-2006. The proposal involves therefore a broad operation of reprogramming of means available within the framework of the Structural Funds, which Member States will be invited to carry out within the framework of the midterm review in 2004. Thus Member States should be able to re-deploy 240 of the 272 million EUR intended for the demolition of the vessels. In the light of the timetable for the mid-term review of the Structural Funds, which will not take place until 2004, an additional amount of 32 million EUR is necessary in 2003 to start the reform of the fisheries policy. These 32 million EUR will be used to provide additional incentives to the owners of vessels to initiate without delay the decommissioning of over-capacity of the fleets.

In accordance with the inter-institutional agreement of 6 May 1999 on budgetary discipline and the improvement of the budgetary procedure, the commitments relating to the structural measures do not leave any margin available under the ceiling of heading 2 of the financial perspectives. The 27 million EUR for the Spanish and Portuguese fleets affected by the non-renewal of the agreement with Morocco and the 32 million EUR for the supplementary measure for demolition will have therefore to be financed beyond the ceiling of the heading 2 of the financial perspectives.

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(1) Proposal for a Council Regulation aiming to promote the conversion of the vessels and the fishermen who were, up to 1999, dependent on the fisheries agreement with Morocco (Document COM(2001) 384 final of 18 July 2001).

(2) Regulation (EC) No 2561/2001 of the Council at its meeting on 17 December 2001 aiming to promote the conversion of the vessels and the fishermen who were, up to 1999, dependent on the fisheries agreement with Morocco.

(3) Doc. SN 4641/01 of the conciliation meeting at the time of the 2nd reading of the 2002 budget by the Council.

(4) COM(2002) 181, 186, 187, 190 of 28 May 2002.

In addition, the PDB 2003 [1] mentioned the difficulties encountered in 2003 in the field of administrative expenditure to finance the necessary preparations to the enlargement so that all the European institutions are able to ensure as from 1 January 2004 the functioning of an enlarged European Union of 25 Member States and the application of the 'acquis communautaire'. This expenditures had not been envisaged in Berlin at the time of the discussions on the financial perspectives 2000-2006. This fact led the Commission to propose in the PDB, on the basis of the most recent estimates of all the institutions, an overshooting of the ceiling of heading 5 of the financial perspectives to the tune of 65,814 million EUR for additional administrative expenditure connected with preparations to the enlargement. These estimates were updated recently by the second report on 'the development of the heading V' [2] established by the Secretaries-General of the institutions at the request of the budgetary authority [3] and transmitted on 31 May 2002 According to these new forecasts, the ceiling of the heading 5 would be exceeded by 74,2 million EUR in 2003.

The present proposal is based on the deficit of 65,814 million EUR included as a basis of calculation in the PDB. The exact figure shall be determined taking into account all possibilities to advance expenditure from 2003 to 2002 and after having exploited all possibilities of redeployment within the heading including between institutions, as foreseen in the Inter-institutional agreement. Also, further examination of reinforced inter-institutional cooperation and the creation of offices open to other institutions will be carried out after a proposal by the Commission of an amending letter for this purpose to be presented in autumn. The budgetary authority will then have all the elements, including the implementation of the 2002 budget, to examine and decide. If still necessary the amount finally to be taken from the flexibility instrument should be confirmed. The repartition over the institutions and expenditure lines will thus be determined in the course of the budgetary procedure.

The inter-institutional Agreement envisages in its point 24 the mobilisation of the flexibility instrument to 'allow financing, for a given financial year and up to the amount indicated (the annual ceiling amounting to 200 million EUR), of clearly identified expenditure which could not be financed within the limits of the ceilings available for one or more other headings'. Although the inter-institutional Agreement also stipulates that 'the flexibility instrument should not, as a rule, be used to cover the same needs two years running', it is recommended nevertheless to make an exception for the residual 27 million EUR for the Spanish and Portuguese fishing fleets, since its financing in 2003 was agreed via joint statement in November 2001 and should be continued under heading 2 as initiated in 2002.

The Commission proposes therefore to have recourse to the flexibility instrument to finance the specific action for the conversion of the Spanish and Portuguese fleets, the Community emergency measure for the destruction of the fishing vessels as well as the overshooting of the ceiling for administrative expenditure necessary for the preparation of the institutions to the enlargement.

[1] SEC(2002) 464 of 30 April 2002.

[2] Letters from Mr O'Sullivan to Mrs. Rodríguez Herrer and Mr. Wynn of 31 May 2002, ref. D (2002) 100187 and PBDGBUDG/100188.

[3] Joint letter from Mrs. Rodríguez Herrer and of Mr. Wynn of 20 March 2002 (ref. 302878).

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure [1], and in particular point 24 thereof,

Having regard to the proposal from the Commission,

[1] OJ C 172, 18.6.1999, p. 1.

whereas:

(1) Following the non renewal of the fisheries agreement between the European Union and the Kingdom of Morocco, a specific action for the conversion of the Spanish and Portuguese fleets was decided for an amount of EUR 197 million. Of this total the budgetary authority agreed on 21 and 22 November at the conciliation meeting between the Council and a delegation of the European Parliament, with the participation of the Commission, to enter EUR 27 million in the 2003 budget.

(2) According to Commission proposals of 28 May 2002 for reform of the common European fisheries policy to safeguard the future of this sector and in particular the Community emergency measure for the scrapping of fishing vessels for 2003, a reduction in the fishing capacity by means of scrapping of vessels is required. The Financial Instrument for Fisheries Guidance will therefore be reprogrammed and it is necessary to provide for a supplementary measure for an amount of EUR 32 million for 2003 to accompany and encourage these measures.

(3) The actions for the conversion of Spanish and Portuguese fleets and for scrapping of vessels fall under heading 2 'structural measures', sub-heading 'Structural Funds' of the financial perspectives.

(4) In accordance with point 12, paragraph 2 of the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure, the appropriations foreseen for actions covered by the heading 2 'structural measures' of the financial perspectives do not leave any margin under the ceiling. Consequently it is necessary to use the flexibility instrument to cover these expenditure.

(5) In particular, for the action of conversion of the Spanish and Portuguese fleets, it is then appropriate to make an exception to the general rule of the Interinstitutional Agreement, providing that: 'the flexibility instrument should not, as a rule, be used to cover the same needs two years running.'

(6) In 2003, Community institutions have to assume costs connected with the effective administrative preparation to the enlargement and to the application of the 'acquis communautaire' in ten new Member States in order to ensure as from 1 January 2004 the smooth operation of an enlarged European Union.

(7) These expenditures related to enlargement were not foreseen in heading 5 of the financial perspectives. Accordingly, the flexibility instrument should be used to provide such expenditures. The Community institutions intend to examine the actual needs for 2003 in autumn, taking into account the implementation in 2002, the possibilities to front-load some expenditures initially foreseen for 2003, and to explore the redeployment within and between institutions and all possibilities of inter-institutional cooperation. The budgetary authority will then conclude for which amount and budget lines to mobilise the flexibility instrument,

HAVE DECIDED AS FOLLOWS:

Article 1

For the general budget of the European Union for the financial year 2003 (hereinafter 'the 2003 budget'), the flexibility instrument shall be used to provide the sum of EUR 124,814 million in commitment appropriations.

From this amount:

(a) EUR 27 million shall be used for the financing of the targeted measure for the promotion of the conversion of vessels and of fishermen who were, until 1999, dependent on the fisheries agreement with Morocco, covered by the 'structural measures' heading of the financial perspectives, under line B2-200 heading of the 2003 budget.

(b) EUR 32 million shall be used for the financing of supplementary measures for the demolition of the fishing vessels in the framework of the reform of the common fisheries policy, to be covered by a new budget line B2-201, which is to be created by a letter of amendment in the 2003 budget.

(c) [EUR 65,814 million] shall be assigned to the administrative expenditure of the Community institutions for the preparation to enlargement, according to the distribution set out in the Annex.

Article 2

This decision shall be published in the *Official Journal of the European Communities* at the same time as the 2003 budget.

ANNEX

Distribution of the [EUR 65 814 million] for the preparation to the enlargement on the various Community institutions

Section	Institution	Budget line	Name	Amount
Section II	Council			
Section III	Commission			
Section IV	Court of justice			
Section VI	CESE			
Section VII	CdR			
	Total			