2009 budget: Section III, Commission

2008/2026(BUD) - 04/12/2008

The Committee on Budgets unanimously adopted the joint report drafted by Jutta **HAUG** (PES, DE) and Janusz **LEWANDOWSKI** (EPP-ED, PL) confirming the 2nd reading of the draft general budget of the European Union for the financial year 2009 as modified by the Council (all sections). It sets the overall level of payments at **EUR 116 096 million**, equivalent to 0.89% of EU GNI leaving a significant margin of EUR 7 762 million beneath the payments ceiling of the multi-annual financial framework (MFF) for 2009. MEPs underlines the joint commitment of both arms of the budgetary authority to a prompt provision of additional payment appropriations, particularly in the event of structural policies being more quickly implemented during the budgetary year.

Key issues outcome of the conciliation, overall figures and amending letters:

Budget conciliation: MEPs welcome the overall agreement on Budget 2009, reached in the traditional budgetary conciliation meeting with Council on 21 November 2008, especially with regard to the financing of the Food Facility. They are extremely concerned, however, about the possible effects of a recession on European citizens and regret, therefore, that at the conciliation meeting, the Commission was reluctant to disclose any information on the possible budgetary impact of its coming proposal on tackling the economic crisis (see COM(2008)800).

MEPs point out that this plan, if approved, will have a significant impact on Budget 2009 and request the Commission to further clarify this impact by providing the European Parliament, as one arm of the budgetary authority, with further details on the scope of its proposal and concrete figures relating to its implementation particularly in respect of the financial programming. They insist that the current crisis not be used as a pretext to delay a much needed reorientation of spending towards "green" investments, but should rather be used as an extra incentive to press ahead with such reorientation.

MEPs reiterate that initiatives for sustainable development, growth in jobs and support for SMEs and for research and innovation are of the utmost importance in the current economic situation and have to be top priorities reflected in the Union's budget for 2009. They support amending letters 1, 2, 3 and 4 to the preliminary draft budget (PDB) 2009.

As regards the **level of payments**, MEPs can accept the level of payments agreed with Council; however they reiterate their growing concern about the low payments and the subsequent disparity between the level of commitments and payments, which will reach an unprecedented extent in 2009.

Again, they underline the vital importance of effective budget implementation and of reducing unpaid commitments in light of this very modest overall level of payments and calls on the Commission and on Member States to do their utmost to implement, in particular, lines in heading 1b of the MFF, because this sub-heading not only finances numerous important policies and activities aimed at tackling climate change but also supports growth for jobs initiatives contributing to economic growth. MEPs stress that improvement and simplification measures are needed in order to accelerate the implementation of structural and cohesion funds.

Sectoral issues: MEPs welcome the agreement on the EUR 1 billion financing over three years for the Food Facility (EUR 420 million will be financed by fresh money via the flexibility instrument, while EUR 340 million will come from the Emergency Aid Reserve and EUR 240 million will be redeployed within heading 4).

The committee has taken note of the Commission's Letter of Executability regarding the amendments to the draft budget adopted by Parliament at 1st reading, however, they consider it unacceptable that the Commission presented this document at such a late stage in the procedure.

MEPs have decided to create new budgetary lines on climate change, on the Small Business Act (SBA), on the financial instrument for the adaptation of the fishing fleet to the economic consequences of fuel prices, on the EU Baltic Sea Strategy and on aid for rehabilitation and reconstruction of Georgia.

MEPs reiterate that the reductions in the administrative expenditure lines of some multi-annual programmes that the budgetary authority has decided on for 2009 must under no circumstances lead to reductions in the overall co-decided envelopes of the programmes concerned. The Commission should compensate for the amounts reduced in later years of the programme period, preferably on the operational lines of the programmes.

Other specific issues dealt with in this report can be summarised as follows:

- **European Institute of Innovation and Technology (EIT)**: MEPs confirm its decision taken in Budget 2008 to include the EIT in the policy area "Research" and to finance its governing structure, given its administrative nature, under heading 5 of the MFF.
- **School fruit scheme**: MEPs welcome the political agreement of the Council on the legal base for such a programme; expects the programme to start as soon as the legal base is adopted and in time for the 2009/2010 school year. They regret that the Council did not accept the Commission's proposal to create already a token entry ("p.m.") in the budget for this issue.
- **Food programme for the most deprived persons in the European Union**: MEPs welcome the financing proposed by the Commission to improve the current food distribution programme for the most deprived persons in the Union by increasing the budget by two thirds to around EUR 500 million for 2009.
- **Communication policy**: MEPs regret the lack of consistency and coherence regularly evident in communication measures from the Commission. They wish for an adequate level of harmonisation in presentation of communication policy with the aim of developing one recognisable EU trademark to be used in all communication measures.

- **Heading 4**: MEPs regret that, once more, heading 4 has been under steady pressure since its available margins are not sufficient to finance new priorities. The insufficient funds do not allow the Union to assume its role as a global player despite its various declarations of intent. MEPs fear that the Union's credibility in third countries may be irreversibly altered for the worse if, year after year, the budgetary authority is not able to provide the adequate financing to its political commitments. They note with concern that appropriations for commitments for Palestine in 2009 will amount to EUR 300 million, which represents a decrease of 21% compared to the level of funds committed in 2008 after transfers. They are aware that the Commission will likely present transfer requests in the course of 2009 to increase appropriations for Palestine. The report notes that appropriations for assistance to Kosovo will only just suffice to keep pace with reforms and investment. On the other hand, MEPs welcome the fact that the Union has decided to contribute to the reconstruction process in Georgia and has committed its financial assistance accordingly with a pledge of up to EUR 500 million over 3 years, based on certain political conditions. In addition, they decide to maintain its first reading position as regards encouraging the economic development of the Turkish Cypriot community.
- **Heading 5**: MEPs decide to maintain a reduced amount of the Commission's administrative expenditure (heading 5) in reserve, notably in the areas of staff and building expenditure. They also restore fully its first reading position as regards the "other institutions", including the decision to frontload some building expenditure to 2009.

- **Pilot projects and preparatory actions**: MEPs propose a range of initiatives and innovative projects that respond to the real needs of the Union's citizens. They decide to allocate an amount of EUR 124.4 million to pilot projects and preparatory actions for the budgetary year 2009 as agreed upon in the IIA.

- **Decentralised agencies**: MEPs maintain their 1st reading position as regards restoring the amounts proposed in the PDB for decentralised agencies. They decide to maintain the increase in the amounts for operational expenses of FRONTEX, in order to enable it to run permanent missions all year round. They have also decided to : maintain the increase in the amounts for tackling illegal immigration; bolstering the European Refugee Fund to facilitate solidarity between Members States; maintain in the reserve one third of the amounts for its operational expenses for GALILEO pending the adoption of the revised legal basis; maintain in the reserve 10% of the amounts for administrative expenses of European Food Safety Authority until it has been informed of the results of the "Staff satisfaction survey" carried out in 2007.