2009 budget: Section III, Commission

2008/2026(BUD) - 18/12/2008 - Final budget adopted by Parliament

The European Parliament adopted by 539 votes to 33, with 27 abstentions, a resolution approving, in second reading, the draft general budget of the European Union for the financial year 2009 as modified by the Council (all sections) and Letters of amendment Nos 1, 2 and 3/2009 to the draft general budget of the European Union.

The report had been tabled for consideration in plenary by Jutta **HAUG** (PES, DE) and Janusz **LEWANDOWSKI** (EPP-ED, PL), on behalf of the Committee on Budgets.

In its resolution, the Parliament sets the overall level of expenditure as follows:

- EUR 133 846 million in commitment appropriations, equivalent to 1.03% of EU GNI;
- EUR 116 093 million in payment appropriations, equivalent to 0.89% of EU GNI.

It notes that this leaves a significant margin of EUR 7 762 million beneath the payments ceiling of the multi-annual financial framework (MFF) for 2009, while underlining 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.

In terms of **budget conciliation**, the Parliament welcomes the overall agreement reached on 21 November 2008, especially with regard to the financing of the Food Facility. It is extremely concerned, however, about the possible effects of a recession on European citizens and regrets, 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). Yet, this plan will have a significant impact on Budget 2009. The Parliament therefore requests the Commission to provide concrete figures relating to its implementation. In an amendment adopted in plenary, the Parliament calls on the Council to enter into negotiations on the basis of the Commission's proposal for a revision of the multi-annual financial framework (MFF) 2007-2013 for **EUR 5 billion** in the framework of the proposed European Economic Recovery Plan.

Do not delay the environmental commitments of the budget: even if the crisis will have detrimental effects on investment, the Parliament insists that the current crisis should not be used as a pretext to delay spending towards "green" investments, but should rather be used as an extra incentive. In this context, the plenary reiterates the importance of the budgetary review planned for 2009, which should not be limited to a theoretical vision what the budget could look like after 2013, but which should include bold proposals for a shift in programming at the time of the mid-term review of the multi-annual programmes to respond to the current crisis, taking into account the challenges posed by climate change.

Moreover, the Parliament recalls 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.

At the same time, Parliament approves Letters of amendment Nos 1, 2 and 3 to the draft budget.

Level of payments: while Parliament is overall satisfied with the agreement of 21 November with the Council, it strongly regrets the unprecedented disparity between the level of commitments and payments in 2009. It points out that there is some danger of future budgets becoming unrealistic and reiterates the terms of the joint declaration adopted at the budget conciliation meeting, instructing the Commission to provide for higher payment appropriations, if the amounts in the budget for 2009 prove insufficient.

Better implementation of the EU budget: once again, the Parliament insists on the importance of effective budget implementation and calls for unpaid commitments to be reduced in light of the very modest overall level of payments: this is particularly true for heading 1b of the budget which finances both activities aimed at tackling climate change and growth for jobs initiatives. Moreover, the Parliament raises the recurring problem of heading 2 and reiterates its view that it is necessary to accelerate the implementation of structural and cohesion funds. The plenary also notes with great concern that the Commission has, on the basis of evidence, seen fit to cut EUR 220 million of funding for Bulgaria. It therefore asks the Commission to support both **Bulgaria** and Romania in their reforms and to report to Parliament every three months on problems or irregularities in implementing EU funds.

Sectoral issues: the Parliament welcomes the agreement on the EUR 1 billion financing over three years for the Food Facility, reached in the conciliation meeting (EUR 420 million will be financed 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 plenary recalls the Commission's commitment to present to the budgetary authority an **assessment of the situation within heading 4**, accompanied, if necessary, by relevant proposals, in the course of 2009, taking into account political evolution as well as budget execution.

Furthermore, the Parliament confirms in second reading the creation of new budgetary lines: (i) climate change; (ii) the Small Businesses Act (SBA); (iii) the financial instrument for the adaptation of the fishing fleet to the economic consequences of fuel prices; (iv) the EU Baltic Sea Strategy; (v) aid for rehabilitation and reconstruction of Georgia.

It also recalls 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 therefore compensate for the amounts reduced in later years of the programme period, preferably on the operational lines of the programmes.

Adequate funding of heading 4: the Parliament expresses its regret that, once more, heading 4 has been under steady pressure since its available margins are not sufficient to finance priorities. It reiterates its concerns that the funds available in this heading do not allow the Union to assume its role as a global player despite its various declarations of intent. The plenary expects the ongoing mid-term review of the current MFF to provide additional resources for the growing commitments under heading 4, as the Union’ s credibility in third countries is at stake. In fact, if, year after year, the budgetary authority is not able to provide the adequate financing to the EU’s external political commitments, the Union will lose its influence.

The Parliament also regrets that appropriations for commitments for Palestine (EUR 300 million in 2009), have decreased by 21% compared to the level of funds committed in 2008. The Commission will likely present transfer requests in the course of 2009 to increase appropriations for Palestine. In terms of Kosovo, the plenary notes that appropriations for assistance to this region of the Western Balkans will only just suffice to keep pace with reforms and investment. However, it is important for these funds to be monitored, which is why the Parliament insists on a proper follow-up of the conclusions of the final report from the ITF (Investigation Task Force), as well as on the creation of a successor organisation for combating fraud and financial irregularities.

However, the Parliament welcomes the fact that the Union has decided to contribute to the reconstruction process in Georgia with a pledge of up to EUR 500 million over 3 years.

Heading 5 of the budget: finding a solution for European schools: the Parliament has decided to maintain a reduced amount of the Commission's administrative expenditure in reserve and restores fully its first reading position as regards the "other institutions", including the decision to frontload some building expenditure to 2009. Under this budgetary heading, the plenary expresses its concern, in an amendment, about the situation of present and future young pupils in the European schools in Brussels resulting from the delayed and still pending opening of the fourth school in Laeken and the current enrolment procedure leading to long and unacceptable travelling times for the children. The Parliament expects the Commission, in cooperation with the Secretariat General of the European schools in Brussels, to present a revised enrolment procedure by the end of March 2009 with objective and comprehensible criteria (including principal residence and already enrolled siblings), which will come into force with the next enrolment period.

Other points raised by the Parliament can be summarised as follows:

- **School fruit scheme**: the Parliament welcomes the political agreement of the Council on the legal base for a school fruit scheme and expects the programme to start in time for the 2009/2010 school year. It regrets, however, that the Council refused to create a token entry ("p.m.") in the budget for this;
- **Food programme for the most deprived persons in the European Union**: the Parliament welcomes the financing to improve the current food distribution programme for the most deprived persons in the Union by increasing the budget to around EUR 500 million;
- **Communication policy**: the Parliament regrets the lack of consistency and coherence in communication measures from the Commission. It wishes for an adequate level of harmonisation in the presentation of communication policy with the aim of developing one recognisable EU trademark to be used in all communication measures;
- **Pilot projects and preparatory actions**: the Parliament proposes a series of initiatives and innovative projects that respond to the real need of EU citizens. It has decided to allocate an amount of EUR 124.4 million to pilot projects and preparatory actions, as agreed upon in the Interinstitutional Agreement on budgetary discipline (IIA);
- **Decentralised agencies**: the Parliament maintains its 1st reading position as regards restoring the amounts proposed in the PDB for decentralised agencies. It decides to maintain the increase in the amounts for operational expenses of FRONTEX, in order to enable it to run permanent missions all year round. It has also decided to maintain the increase in the amounts for tackling illegal immigration, to bolster the European Refugee Fund to facilitate solidarity between Members States, to maintain in the reserve one third of the amounts for its operational expenses for GALILEO pending the adoption of the revised legal basis, to 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.