

# 2010 budget: section III, Commission

2009/2002(BUD) - 02/12/2009

The Committee on Budgets adopted the joint report drawn up by László SURJÁN (EPP, HU) and Vladimír MANKA (S&D, SK) confirming the second reading of the 2010 budget (all sections). It sets the final level of appropriations as follows:

- commitment appropriations at **EUR 141 452 827 822** (equivalent to 1.2 % of EU GNI);
- payments at **EUR 122 937 000 000** (equivalent to 1.04% of EU GNI).

These figures show that this leaves a significant margin of EUR 11.22 billion below the payments ceiling of the Multi-Annual Financial Framework for 2010. Yet again, MEPs consider that the level of payments does not contribute to diminishing the disparity between the level of commitments and payments. They are concerned about the consequences it could have on the development of the overall unpaid commitments (reste à liquider - RAL) which stands at EUR 155 billion.

The main issues concerned in this report are as follows:

**Overall outcome of the budget conciliation:** recalling Parliament's political priorities for Budget 2010, MEPs welcome the overall agreement on Budget 2010, reached in the last budgetary conciliation meeting with Council on 18 November 2009 before the entry into force of the Treaty on the Functioning of the European Union, especially with regard to the financing of the [European Economic Recovery Plan](#). They emphasise that, as a consequence, very tight margins remain available under the ceilings in all the headings of the Multiannual

Financial Framework (MFF) for the 2010 budget. MEPs recall that margins available according to the financial programming published by the Commission in May 2009 for the budget years 2011 -2013 are very tight and that this will prevent the institutions from taking any new, meaningful political initiative in areas set as priorities by the newly appointed President of the Commission such as, for example and to name only a few, addressing climate change or the "EU 2020" strategy. Moreover, they recall that, following the entry into force of the Lisbon Treaty, a number of policies will be strengthened at EU level, which will require additional EU funding. In this context, they call on the new Commission to publish, as soon as possible, a report on the functioning of the [IIA](#) together with an adjustment, a review and a revision of the current MFF 2007-13, including its prolongation until 2015/2016. They also await the launch of a proper public and open debate on the post-2013 MFF.

Overall, MEPs deplore the fact that the Council was not willing to increase financing so as to further support the EU's needs in facing the current crisis, under existing programmes under "Competitiveness for growth and employment" in sub-heading 1a. They consider that this heading should be examined in depth and, if needed, be revised to ensure that it fulfils its objectives in future years.

**On the European Economic Recovery Plan:** stressing that the financing of the second phase of the European Economic Recovery Plan was a priority for Parliament, MEPs recall that it amended the Draft Budget of the Council in this spirit, giving impetus to economic growth, competitiveness, cohesion and job protection. They welcome the agreement with the Council on the European Economic Recovery Plan as a key objective of the 2010 budget, particularly the fact that it enabled completing the second step of its financing in 2010.

**On Lisbon Treaty:** MEPs endorse the joint declaration on the continuity of the budgetary procedure for 2010 agreed by the European Parliament, the Council and the Commission during the budgetary

conciliation of 18 November 2009, by which the three institutions accept the results of the previous decisions taken during the different steps of the budgetary procedure as if they had been taken under the powers vested in them by the Treaty of Lisbon. They stress the need to provide the EU with the appropriate financial means to effectively develop measures to meet the existing and new needs for the implementation of new Lisbon Treaty-related EU policies.

MEPs also consider the following budget headings:

- **On sub-heading 1a:** MEPs welcome the financing of the decommissioning of the Kozloduy nuclear power plant for 2010 through the flexibility instrument. However, they deplore the Council's additional cuts on lines supporting the Lisbon strategy. According to the members, this is contrary to what should have been done in order to address the current economic crisis. They so intend, on the contrary, to support even if in a limited way, these lines. They call for full use of the appropriations available to activities and policies under subheading 1a which foster sustainable growth and job creation, including new green jobs, and deliver solutions to European citizens namely by providing greater energy security, increasing support for research and innovation, particularly on clean and renewable energy technologies, promoting small and medium-sized enterprises and reinforcing lifelong learning.
- **On sub-heading 1b:** regretting that the budgetary cuts introduced by the Council under this heading, MEPs recall that they have increased payments on the main lines to boost implementation of structural policy in the Member States, so as to enhance economic recovery. They are again concerned by the low rate of payments implementation for Research Framework programmes in 2009 and state their intention to monitor their implementation, in a constructive spirit, in 2010. They also point out that the current weak implementation of structural and cohesion policy is mainly due to the low flexibility in the system of complicated rules and requirements imposed by the Commission and Member States.
- **On heading 2:** MEPs welcome the agreement with the Council on additional support for the milk-producing sector, currently in crisis, to reach the amount of EUR 300 million as requested by Parliament. They consider Council's endorsement as application of the "spirit of the Lisbon Treaty" as this will place Parliament on an equal footing on agriculture expenditure. Members regret the fact that the call of the Parliament for establishing a **permanent EU Dairy Fund** to help the sector through the readjustments was not retained. They request the Commission to re-examine the necessity of alternative or further measures in the light of the market evolution and the report of the High Level Expert Group on milk in order to support the restructuring process for milk producers. They reiterate their request for the creation of a budgetary line, permanently establishing a Dairy Fund. MEPs regret that the fight against climate change is not sufficiently reflected in the EU budget and intend, consequently, to put stronger emphasis on this key policy. Lastly, they call on the new Commission to submit a financing proposal in the aftermath of the climate change conference.
- **On sub-heading 3a:** MEPs stress the importance of further funding being made available via the EU budget to manage legal immigration and integration of third-country nationals while in parallel tackling illegal immigration and border protection.
- **On sub-heading 3b:** as regards citizenship, MEPs disagree with the Council's cuts in this sub-heading and endorse the specialised committees' approach, ensuring that the increase of the appropriations is justified.
- **On heading 4:** as regards the "Union as a Global Partner", MEPs reiterate their serious concerns about the narrow margin for manoeuvre resulting from chronic under-financing of a heading constantly under pressure as a result of crises occurring in third countries. They call on the new European Council not to make far-reaching political commitments calling for stronger EU financial support without at the same time providing for the requisite budgetary appropriations when there is an obvious contradiction with the funds available under the annual ceilings of the current MFF. They welcome the creation of the **European external action service**, which, as a matter of urgency, must be subject to parliamentary scrutiny and control in both budget and budgetary control

matters. In that regard, they stress their demand for an all-encompassing and rapid communication of an overall strategy for the implementation of the external action service.

- **On a political level**, MEPs continue to count on support for the peace process in Palestine and the reconstruction needs in Gaza Strip. They call on the Commission to communicate which measures it has taken to minimise the risks that projects and programmes financed under this budget line are used or diverted to terrorist organisations or acts of terrorism, or inefficient bureaucracy. They therefore welcome the signature of all participatory countries to the Nabucco project and stress the necessity of allocating sufficient funding to the EU Baltic Sea Strategy.
- **On heading 5 and other sections**: MEPs welcome the agreement reached on heading 5, which should safeguard the administrative functioning of the EU institutions while, at the same time, through a transfer of EUR 126.5 million, contributing to the completion of financing for the European Economic Recovery Plan. It underlines, at the same time, that the tight margin of heading 5 for 2010, partly resulting from this shift of resources, will lead to a need for strict budgetary management by the institutions in 2010 in order to use the resources available in a prudent and cost-effective way. MEPs agree that the priority for use of the margin available should be given to finance any additional expenditure directly stemming from the entry into force of the Treaty on the Functioning of the EU, but only after a thorough examination of the current resources and needs, and the scope for any further savings by all the institutions. MEPs note that the adoption of Letter of Amendment No. 3/2010 concerning section II (Council) was agreed for an amount of EUR 23.5 million, leaving a margin under heading 5 for 2010 of EUR 72 million. They regret that Council presented this proposal without considering, and before having a comprehensive overview of, all institutions' administrative requirements. In this context, draws attention to the joint declaration obtained on heading 5, which encompasses the above points and will serve as a basis to ensure the necessary financing of any supplementary needs for Parliament and the other institutions. MEPs urge all institutions, as far as possible, to cover all administrative needs resulting from salaries and pensions adjustments within the appropriations now budgeted for each section. Lastly under this heading, MEPs decide to restore fully its first reading position as regards the "other institutions" on the grounds already expressed in its resolution on the 1st reading.

**As regards pilot projects and preparatory actions**, MEPs have decided to take advantage of the full amounts provided for in the IIA for pilot projects (up to EUR 40 million in any budget year) but to leave a margin for preparatory actions (IIA up to EUR 100 million, out of which a maximum of EUR 50 million may be allocated to new preparatory actions).

Lastly, MEPs approve a series of joints declarations: (i) on the continuity of the 2010 budgetary procedure; (ii) on the building policy of EU Institutions and bodies; (iii) on simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis; (iv) on Heading 5 ; (v) on the decommissioning of the Kozloduy nuclear power plant; (vi) transitional measures applicable to the budgetary procedure after the entry into force of the Lisbon Treaty.