2011 budget: all sections, first version

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The Committee on Budgets adopted the report jointly drafted by Sidonia Elbieta JDRZEJEWSKA (EPP, PL) - (Section III - Commission) and Helga TRÜPEL (Greens/EFA, DE) - (Other sections) on the Council's position on draft general budget of the European Union for the financial year 2011 - all sections as well as Letters of Amendment 1, 2 and 3/2011 to the EU 2011 draft general budget.

Under **Section III**, the key issues and priorities for the 2011 budget may be summarised as follows:

A new procedure and a high-level commitment: the committee is firmly convinced that the budgetary procedure under the new Treaty on the Functioning of the European Union (TFEU) requires **full and high-level political involvement** of all institutions concerned. It underlines that the conciliation procedure aims at reconciling the views of both branches of the budgetary authority and that the Joint Text on Budget 2011 will still have to be approved by both branches according to their own rules and Article 314(7) of the Treaty.

Members consider the **written procedure for the adoption of the Council's position to be particularly inappropriate for the budgetary procedure**, and questionable in the absence of public and clear political endorsement by the Council at ministerial level of an essential piece of EU legislation.

“Lisbonisation” of the budget: importantly, Members consider that the entry into force of the TFEU, which strengthens EU policies and creates new fields of competence - notably Common Foreign and Security Policy, competitiveness and innovation, space, tourism, the fight against climate change, social policy, energy policy, justice and home affairs - implies a "**lisbonisation**" of the budget and therefore requires both branches of the budgetary authority to be coherent and consistent as regards increased financial capacities.

A tight budget: the committee recalls that, despite consecutive Treaty changes and increased responsibilities transferred at Union level, the EU budget amounts to a modest 1% of GNI. It **opposes consequently the severe cuts adopted by the Council**. The EU institutions are called upon to define a proper mechanism to evaluate and assess the "cost of non Europe" which would highlight the savings in national budgets generated by the pooling of resources.

Although Members consider that savings are necessary, they consider arbitrary reductions in payments appropriations not to be in line with sound budgeting and that arbitrary reductions in commitments appropriations jeopardize the implementation of Union policies and programmes already agreed.

However, MEPs understand the pressures on Member States' budgets and therefore broke with the tradition of suggesting a much larger budget than the Commission proposes, and increased it only very slightly. The committee agreed on a total of **€130.14 billion** in payments and **€142.65 billion** in commitments (compared to the Commission's €130.14 billion in payments and €142.56 billion in commitments).

Moreover, the budget should be viewed not as an additional burden to national budgets, but rather as an opportunity to gear up national initiatives and investments to which it can add value.

The report recalls that youth-, education- and mobility-related policies have been identified by Parliament as one of its most important priorities for the 2011 budget since they are essential and necessary parts of the EU strategy for the economic recovery and the Europe 2020 strategy.

Members reiterate their firm conviction that the financing of EU policies should be **closely monitored** in order to avoid any expenditure which is not driven by a clear and identifiable objective. They emphasise that an overwhelming part of EU budget expenditures supports long-term investments necessary to stimulate EU economic growth.

As regards the **margins** stemming from the Multiannual Financial Framework (MFF), Members state that these do not allow real room for manoeuvre, especially in subheadings 1a and 3b and heading 4, and reduce the capacity of the EU to react to policy changes and unforeseen needs while maintaining its priorities. They point out that the scope of the challenges the EU faces, would require means **well beyond** the current ceilings of the multiannual financial framework. They recall, in that respect, that a **substantial budget review is absolutely needed** and that an **immediate revision of the ceilings** of the current MFF as well as some provisions of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management has been rendered unavoidable by the various challenges and new priorities that have arisen.

The committee recalls that the financing of its priorities and of the new policies stemming from the entry into force of the Treaty could **not have been rendered possible by the ceilings of the MFF**. It stresses that, in order to ease the negotiation within the Conciliation Committee, it has, at the price of severe compromises, proposed the financing of these policies within the ceilings. Members points out, nevertheless, that this can only be managed through the **decrease of appropriations** on other, specific and carefully chosen, budget lines.

Payment appropriations: as regards **payment appropriations**, the committee refuses to consider an overall figure of the Council's position as a final target arrived at by decreasing or increasing expenditure on different lines without in-depth assessments of the real needs. It recalls that this practice of the Council may impact on the execution rate for commitments for the same year, by slowing down the rate of signing new contracts, especially in the final quarter, therefore disturbing multiannual life cycles of the EU programmes.

New own resources: Members also wants to start talks with the Council and the Commission about new sources of income for the EU. It therefore added two new lines to the 2011 budget. One line asks the Council to open the negotiations on new own resources, adding that this element is a full part of the overall agreement on the 2011 budget. The other budget line asks the Council and the Commission to decide on mechanisms to facilitate the transfer of unused appropriations of year N in particular in the context of the revision of the Financial Regulations. Until now, money that is not used has been paid back to the Member States at the end of the year. The budget lines do not contain any figures.

Lastly, Members state that **administrative expenditure supporting EU programmes should not be cut.** Therefore, they **restore** all of the Council's cuts in respect of the administrative management lines of those programmes.

On the **other Sections** of the EU budget, the report outlines the minor changes regarding the creation of new posts as a consequence of the Lisbon Treaty.