

# 2012 budget: all sections

2011/2020(BUD) - 26/10/2011 - Budgetary text adopted by Parliament

The European Parliament adopted by 431 votes to 120 with 124 abstentions a resolution on [the draft general budget of the European Union for the financial year 2012 as modified by the Council - all sections and Letters of amendment Nos 1/2012 and 2/2012](#).

Generally speaking, Parliament has aimed to retain the draft budget as proposed by the Commission, after the cuts made by Council in July. Parliament's position involves an increase in payments of 5.2% compared to the 2011 budget.

**The overall level of appropriations is set at EUR 133 143 18 million in payment appropriations and EUR 147.763.82 million in commitment appropriations.**

With regard to **Section III of the budget, Parliament sets out the main factors and budget priorities as follows :**

**A budget for the Europe 2020 strategy and investment:** Parliament recalls that the implementation of the Europe 2020 strategy will require a huge amount of future-oriented investment up to 2020, estimated at no less than EUR 1 800 billion by the Commission in its communication of 19 October 2010 entitled 'The EU Budget Review' (**COM(2010)0700**). The necessary investments must be made now and delayed no longer.

In order to help Europe recover from the crisis and come out stronger, the Europe 2020 strategy for a smart, sustainable and inclusive growth must be at the centre of the 2012 EU budgetary strategy for 2012. However, the crisis has resulted in a drop in public investment because of the adjustments that Member States have made to their national budgets. Parliament calls for this trend to be reversed and firmly believes that investments need to be guaranteed both at EU and national level if the Union.

Stating that that the EU budget has a significant role to play as a leverage tool for Member States' recovery policies by triggering and supporting national investment to reinforce growth and employment, Parliament emphasises that this is fully in line with the dynamics of the European Semester, which aims at increasing consistency, synergies and complementarities between the EU and the national budgets. Parliament recalls, once more, that the EU budget should in no way be perceived and evaluated simply as a financial item added as a burden to national budgets but, on the contrary, is to be understood as an opportunity to gear up those initiatives and investments that are of interest and of added value to the Union as a whole. Given its very nature and limited size it should not be checked and curbed by arbitrary reductions. On the contrary targeted areas need to be reinforced. Parliament recognises, however, that there is an acute shortage of funds in the EU, both at Member State and Union levels, and stresses that all programmes and expenditure should be carefully analysed for viability, efficiency and effectiveness.

Parliament also points out that the margins stemming from the Multiannual Financial Framework (MFF) do not allow real room for manoeuvre, especially in subheading 1a and heading 4, and reduce the capacity of the EU to react to policy changes and unforeseen needs while maintaining its priorities. However, the scope of the challenges the EU faces, would require means well beyond the current ceilings of the MFF. Members recall, in that respect, that the mobilisation of the ad hoc instruments has been rendered unavoidable by the various challenges and new priorities that have arisen, such as the Arab Spring this year and the need to give a strong impetus to the implementation of the EU 2020 strategy.

**Council's position:**Members regret **Council cuts to Commission's Draft Budget (DB)** by EUR 1.59 billion in commitments (-1.08%) and by EUR 3.65 billion in payments (-2.75%). The Council proposed cuts for several hundreds of budget lines, while proposing no single reinforcement. The resolution points out at the inconsistencies of some of these cuts compared with the positions taken recently by the Council, such as the cuts it has made in the draft budget 2012 on the budgetary lines of the newly created agencies for financial supervision. Parliament acknowledges the Council's concern about economic and budgetary constraints at national level, stating that the Union should show budgetary responsibility, but recalling that under Treaty provisions the EU budget cannot run a public deficit; and that the EU budget represents 2 % of total public spending in the Union.

The Council also made horizontal cuts in the budget, deciding on the overall level of appropriations a priori, without taking into account an accurate assessment of the actual needs for the achievement of the Union's agreed objectives, or the Parliament's priorities, as presented in its [resolution of 23 June 2011](#) on the mandate for the trilogue.

Parliament deplores the low level of payments proposed by Council which would lead to a bigger discrepancy between PA and CA, mechanically resulting in an **increase of RALs** at year end, particularly in subheadings 1a and 1b.

**Parliament's budget proposal:** in this context, Parliament's position on the 2012 budget may be summarised as follows:

- **the overall level of appropriations is set at EUR 147 766.52 and 133 143.18 million in respectively commitment and payment appropriations;**
- **the proposed increase in appropriations for a selected number of budget items serves both short- and long-term strategies for the future of the EU and the Europe 2020 strategy;**
- **restoration of most payment appropriations to DB levels, all the more so because Council cuts in payments also affect areas and budget lines falling under EU 2020 objectives, particularly in Headings 1a and 1b.**

As regards each of the budget headings, Members state the following:

**On Heading 1a:** Members regret that the Commission and the Council do not generally propose to boost the support for investments urgently needed to implement the **seven flagship initiatives of Europe 2020**, which are postponed in terms of common financial effort to the post-2013 MFF. Members propose some targeted increases over the draft Budget of the Commission in some key areas, namely competitiveness and entrepreneurship, research and innovation, education and life long learning.

On the issues under this heading, Parliament states the following:

- strong opposition to any form of redeployment from FP7 like proposed by the Commission as part of the ITER financing package and therefore restores FP7 to financial programming figures by adding the EUR 100 million to the budget lines cut by the Commission;
- restores the bulk of payments cuts brought on FP7 lines by the Council (EUR 492 million), as a matter of avoiding any risk of non implementation of existing legal obligations, which could lead to additional costs due to late interests to pay, and increase the level of commitment appropriations for selective lines of the FP 7 (Capacities - Research for the benefit of SMEs, Cooperation - Energy, Ideas, People, Research related to energy);
- further increase the overall level of commitment appropriations for the Competitiveness and Innovation Framework programme (CIP - Intelligent energy and CIP - Entrepreneurship and Innovation) compared to what was initially foreseen, as a matter of delivering on the flagship initiatives of the Europe 2020 strategy (this increase will contribute to improving the access of

SMEs to this programme and to developing specific programmes and innovative financial mechanisms);

- an important increase of commitment appropriations for the Lifelong Learning programme, given its high European added value and also because of its strong contribution to the flagship initiatives 'Youth on the Move' and 'Innovation Union';
- further increase in commitment appropriations for the Erasmus Mundus programme;
- restore DB payments for the European Globalisation Adjustment Fund (EGF) line and reiterates its call for further improvements in the procedure of mobilising the EGF, in order to accelerate assistance on the ground;
- **mobilisation of the Flexibility instrument** for an amount of EUR 30.75 million under subheading 1a.

**On Heading 1b:** Members deplore Council's restrictive approach on payments, which were cut by some EUR 1 300 million as compared to Commission's forecasts of payment needs for 2012. They note that only the convergence objective and the technical assistance lines remained untouched by the cuts of Council. These cuts apply to budget allocations that were already far below Member States' own estimates (EUR 61 billion for 2012 or some 50% above DB) and widely considered as being the bare minimum for honouring upcoming payment claims and be consistent with the speeding up of implementation at the end of the programming period. Members are convinced that this attitude of the Council is all the more unacceptable since the European Commission has recently made some concrete proposals to boost payments of structural and cohesion funds in those countries most affected by the current financial and economic crisis. They restore Council's cuts in payment appropriations to the level of DB and request an assessment of the implementation of regional and cohesion policy, with concrete proposals on how to reduce RALs.

**On Heading 2:** Parliament generally restores Council's cuts under this Heading to a level EUR 60 457.76 million, which is 3.07% above 2011 Budget. This approach is more realistic than the Council's proposals, in particular against the current background of great economic uncertainty and of instability in the markets. It calls on the Commission to increase its efforts to define clear priorities under this Heading in favour of sustainable farming systems, which preserve biodiversity, protect water resources and soil fertility, respect animal welfare and employment.

Rejecting the increase of the so called negative expenditure line (clearance of accounts) which appears as an artificial reduction of the overall level of heading 2 appropriations, Parliament emphasises that the prevention and response mechanisms with relation to crises in the fruit and vegetable sector are clearly insufficient and therefore an immediate solution needs to be found until the new CAP is in place. It urges the Commission to present a concrete proposal to Parliament and the Council to ensure a sufficient increase of the Union's contribution to the crisis fund within the operational funds for producer organisations. Members call for this increase to serve for specific measures for the producers affected by the E. coli crisis and to prevent future crises.

Parliament also provides for an increased support for the school milk programme and the continued support for programme concerning school fruit. At the same time it maintains the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the Union that supports 18 million people with problems of malnutrition within the Union. It welcomes the recent effort of the Commission to find a political and legal solution to avoid any drastic cuts in the implementation of the programme in 2012 and 2013 and strongly calls on the Council to endorse without any delay this proposal, especially in view of the difficult social situation in many Member States.

Parliament continues to support on a commensurate level for the LIFE+ programme, and also stresses that the Common Fisheries Policy remains an important political priority and maintains its financing at the proposed DB levels.

**On Heading 3a:** Members call for an appropriate and balanced answer to the current challenges in the area of migration and solidarity. They call for a balanced increase of budget appropriations over the Draft Budget for, on one hand, both Frontex and the European Asylum office, in view of their increasing tasks and, on the other hand, the European Refugee Fund. They restore moreover to DB level commitment appropriations for both the European Return Fund and the External Borders Fund. They intend, by restoring the Draft budget appropriations for the prevention of crime and the prevention of terrorism in line with financial programming, to further advance increasingly needed cooperation in areas such as a European cyber-security strategy, or confiscation of assets of criminal organisations. Noting also that the Daphne programme has been underfunded so far, Parliament indicates that it will ensure appropriate funding to tackle recognised needs in the fight against violence towards women.

**On Heading 3b:** Parliament intends to further increase funding for the "Youth in action" programme, and it rejects any further cut on the Civil Protection Financial Instrument's funding since the draft budget is already below Financial programming and restores the draft budget amounts. It decides to hold in reserve part of Communication appropriations until Commission demonstrates its willingness to improve interinstitutional collaboration in this respect. It sets a number of reserves to receive specific assessment reports and a formal commitment for enhanced inter-institutional cooperation. Parliament also supports the Commission's efforts to continue the HELP campaign for a life without tobacco under the Public Health programme.

**On Heading 4:** Members recall that this year even more than in the past, Heading 4 of the EU Budget 2012 is underfinanced and the margin available under the same heading is too low to cope with the increased political challenges in our neighbourhood and worldwide. They welcome the reinforcement of appropriations for the Neighbourhood Instrument, as proposed in Amending Letter n°1/2012, as in line with its support to a clear and consistent EU response to recent political and social developments in Southern Mediterranean. They reiterate nevertheless very clearly that **such a financial assistance can in no way be detrimental to existing priorities.**

Parliament also accepts **decreases in commitment appropriations can be agreed upon on several budget areas**, and especially on Common Foreign and Security Policy. It believes that the increased funding for Palestine and UNRWA it proposes is crucial for better ensuring the safety and livelihood of refugees and current efforts to ensure a viable Palestinian state, and calls again for a **clear strategy for Palestine**, linking the Union's financial assistance to an increased political role for the Union in the peace process in relation to both parties in the conflict.

Members regret that all needs and limited priorities carefully identified by its specialised committees could not have been financed within the ceiling of the MFF for the heading 4, and consider its reading as the **minimum required** for a credible stance of the EU as a global player. They propose in that regard to the other branch of the budgetary authority the mobilisation of the Flexibility instrument for an amount of EUR 208.67 million under heading 4.

**On Heading 5:** Members reject Council's general position on heading 5 expenditure which consists in an overall reduction of some EUR 74 million, including EUR 33 million for the Commission, resulting from across the board cuts in each institution's budget. Such a restrictive approach, while resulting in short-term savings for the EU budget and the Member States, endangers the implementation of EU policies and programmes. The other institutions should be provided with adequate resources to carry out their tasks. Parliament acknowledges the great efforts made by the Commission to freeze its administrative expenditure in nominal terms in its DB proposal, and decides to restore all heading 5 expenditure within Section III to that level.

## **Other sections**

Parliament recalls its position calling on every institution to make all possible efforts towards limiting expenditure increase below 1% compared to 2011. Recognising the efforts that were made by all institutions, Members note that the administrative and operating expenditure budget from all institutions represents 5.59% of the global EU budget, of which heading 5 has a margin of EUR 497.9 million. They reaffirm that savings measures cannot jeopardise payment of salaries and pensions, maintenance of buildings and security as institutions must have the minimum and the necessary to operate.

**Section I — European Parliament:**Parliament points out that the current voted actualisation of the 2012 budget is 1.44% compared to 2011 (without the amending letter on Croatia) as the amending letter on Croatia will be dealt with in the conciliation committee with the Council. It expects that the necessary expenses for Croatia will be added, and expects the final actualisation of the budget 2012 to be therefore 1.9% (including Croatia) after conciliation committee, which is the lowest actualisation for 12 years and without the expenses for Croatia accession and the 18 new MEPs following the Lisbon Treaty it is only 0.8%. Parliament points out that the overall level of its 2012 budget is EUR 1 710.1 million (including the 18 MEPs following the Lisbon Treaty), which represents a net reduction of EUR 14,5 million compared to the Estimates and EUR 74.085 million to the initial budget proposals before conciliation with the Bureau.

Parliament points out that the budget for 2012 is a budget of consolidation, in which the Parliament did a maximum effort to do savings without putting in danger the quality of work and the legislative excellence. This 2012 budget and the following 2013 budget are the reference for the next Multiannual Financial Framework.

Members reiterate that the savings expected from the budget lines for translation and interpretation can **not harm the principle of multilingualism** in the European Parliament. However, they ask the Bureau to create conditions for making savings of 5% in all kind of travel expenditure including delegations of committees and interparliamentary delegations in full respect of the Statute for Members. Parliament requests that 15% of the travel appropriations be placed in reserve pending a report by the Secretary General of Parliament to be delivered to the Bureau and the Committee on Budgets by 31 March 2012 (such a report should examine the feasibility of measures to ensure the utmost efficiency of Members' travel with a view to making recommendations for potential budgetary savings). Parliament expects that the appropriations for the travels are reduced in 2012 and in the following years till the end of the legislature.

Members maintain their position that, in any event, a policy of identifying savings wherever possible and the continued pursuit of reorganisation and redeployment of existing resources are crucial elements of its budgetary policy, especially in this time of economic crisis. The cuts which the Parliament has accepted will force structural changes, which will not endanger the legislative excellence of the Parliament.

Members note that the general expenditure allowance is frozen at 2011 level and that a number of reserves have been proposed. The plenary considers also that, in view of making long-term savings making the organisation more modern and efficient, the budget of Parliament should be subject to a comparative study with the budgets of a representative sample of Member States and with the budget of the United States Congress.

Parliament again points out that 2012 budget includes expenditure resulting from additional 18 Members following the entry into force of the Lisbon Treaty (EUR 10.6 million).

**As regards buildings policy,** Parliament's states that its building policy requires careful analysis and requests therefore to be kept informed on a regular basis on new developments with significant financial implications for the budget, such as e.g. the KAD building; the **House of European History** and building /acquisition projects at the Parliament's places of work. It believes that the project of the House of European History requires an active cooperation and financial contribution of other institutions. It asks the

administration to establish a service agreement for cost sharing with the Commission of the running costs and any other institution that may wish to use the facilities of the House of European History, and calls upon the EU institutions to better coordinate their visitors' programs with a view to exploiting synergies. Generally, it welcomes the commitment of the Commission to contribute substantially to the project and ensure support to the functioning of the House of European History.

**As regards the other institutions** (Court of Justice, Court of Auditors, European Economic and Social Committee, Committee of the Regions, European Ombudsman, European Data Protection Supervisor, European External Action Service): Members recover part of the amounts specified in the budget proposals to enable the institutions to function efficiently.

Members make the following recommendations as regards the following institutions:

- **EDPS:** Parliament accepted the creation of two additional permanent posts in the EDPS' establishment plan because of that institution's new task, and also accepted in order to comply with legal obligations the upgrading of its director from AD 14 to AD 15, although the total staff of the EDPS is 43 posts.
- **EEAS:** Members note that the EEAS as a new organisation which represents a major European ambition needs to be **endowed with sufficient means**. However, they call on the EEAS to exert restraint when it comes to the future creation of high-ranking posts. Parliament accepts the requested amendments to the EEAS establishment plan, notably with a view to reinforcing delegations. It will however continue exercising vigilance as regards the composition of the EEAS staff and compliance with the statutory obligation that EU officials represent at least 60% of the EEAS AD staff.