2013 budget: priorities - section III, Commission

2012/2000(BUD) - 14/03/2012 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 513 votes to 106, with 73 abstentions, a resolution on general guidelines for the preparation of 2013 Budget - Section III – Commission.

Members acknowledge the **fiscal consolidation efforts undertaken by most Member States because of the financial and budgetary crisis**. They underline, however, the fact that the EU will never be able to respond properly to the current economic and social crisis or prevent future crises without further political integration, common instruments, such as automatic sanctions, and the Commission having the right to take legal action in a deficit procedure, but also common EU-funded programmes and the resources to make them work. Plenary insisted that economic recovery requires measures to strengthen solidarity and boost sustainable growth and employment. It welcomed the fact that the European Council recognised this in its statement of 30 January 2012 (see summary 21 February 2012) and in its Conclusions following the Summit of 1-2 March 2012, but insists on the need for concrete measures to be taken, notably by making use of the EU budget as a common instrument. It underlines the fact that the priorities singled out in the above-mentioned statements are those defended by Parliament in previous budgetary procedures.

Parliament is worried that the unprecedented global crisis has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States.

Concerned at the unprecedented global crisis, Members insist that 2013 will be a key year for economic recovery. In this context, they recall that the European Union’s budget is one of the most important instruments for demonstrating solidarity between Member States and that it provides a **clear added value**, given its extraordinary impact on the real economy and daily lives of European citizens. According to Members, austerity measures undertaken at national level should not lead to an equivalent decrease at EU level. Moreover, in times of crisis, and in view of the leverage effect of the EU budget for the Member States, Members consider that **lowering the level of the EU budget would have an adverse impact on the creation of growth and jobs in the Union**.

Members take the view that the promotion of growth and jobs requires specific actions and enhanced budgetary efforts to support:

- **competitiveness, innovation and SMEs**, since most of the EU’s economic potential lies in SMEs, which, according to latest studies, created 85% of net new jobs in the EU between 2002 and 2010 and are the backbone of our economic growth. Plenary states that the promotion of entrepreneurial mindsets and business start-ups through concrete actions is of utmost importance and adequate resources should be provided for that purpose. It acknowledges, therefore, that efforts need to be made to further strengthen EU funding in support of growth efforts;
- **increased investments through the EU budget in a sustainable economy** could lead to a higher rate of job creation than with the current budget;
- **young people** are the biggest asset for growth and jobs in the EU. Plenary insists on the need to address urgently the challenges of unemployment and the growing level of poverty in the European Union in the spirit of the flagship initiative ‘European Platform against poverty and social exclusion’.

Parliament takes note of the Commission's proposal to redirect EUR 82 billion of the money still to be programmed under all EU structural funds (the European Regional Development Fund and the European Social Fund) into helping SMEs and combating youth unemployment. It asks to be kept duly informed about this initiative, its implementation and its eventual impact for the 2013 budget.

A well-coordinated and responsible budget for 2013: Parliament stresses that the tailor-made austerity measures already taken need to be accompanied by targeted investments resulting in sustainable economic development. It points out that the EU budget has a decisive role to play in this context as a tool to ensure prompt and well-coordinated action in all fields. It stresses that well-coordinated, coherent and timely implementation of political commitments and priorities shared at national and EU level requires national and European institutions to work together to prioritise public spending on growth areas. It is for this reason that it calls for the presentation by the Commission of its draft budget, and the start of the national budgetary procedures in Member States, interparliamentary debates on the common economic and budgetary orientations of the Member States and the Union in order to ensure that there is coordination between the national and EU budgets in the general framework of Parliament's upgraded activities in the European Semester in order to enhance its democratic legitimacy.

Members call for the adoption of a **responsible and result-oriented budget**, based on good-quality spending and optimal and timely use of existing EU financing. They emphasise the need to invest in **growth and jobs, especially in terms of SMEs and young people**. In this context, they propose the development of new and improved financial instruments to further enhance the leverage effect of the EU budget.

Members call for the **budgetary priorities to be respected**. Recalling that between 2000 and 2011, national budgets in the EU increased on average by 62% while EU budget payments increased by slightly less than 42% (although the EU grew from 15 to 27 Member States), Members recall that the ceilings for several headings, in particular Heading 1a (competitiveness for growth and jobs) and Heading 4 (the EU as a global actor) within the current financial framework are insufficient to meet the policies approved as priorities.

Moreover, the appropriations allocated for some policies have had to be revised several times in order to meet new goals and tasks, making the use of the Flexibility Instrument necessary in almost every annual budget. Members stress that **they will not accept longstanding EU political commitments being jeopardised**. Financial commitments entered into in international agreements and/or agreements between the EU and international organisations should be respected and duly included in the draft budget.

A 2013 budget oriented towards fulfilling the Union's programmes and priorities: Members stress that since 2008 the EU has experienced an unprecedented crisis, the 2007-2013 financial framework was not revised to accommodate additional financing needs stemming from the current crisis but that, on the contrary, substantial global margins have been left under the overall ceilings in every annual budget since 2007 and that, to that extent, all the annual budgets have been contained and austere. It stresses that the corresponding payments should therefore at least be disbursed according to the normal budget cycle.

Stressing that, 2013 being the last year of the current programming period, **catching up will be necessary in terms of payments**, as has always been the case at the end of financial perspectives, owing to the start of the completion process for the 2007-2013 programmes, and, in terms of commitments, in order to respect the financial programming amounts, which are close to **EUR 152 billion for 2013**.

Members reiterate that any artificial cut made to the level of payments will delay meeting both contractual obligations and past EU commitments, and could also result in late interest being due and loss of confidence in European policies and the EU institutions' credibility. They underline, therefore, that **contractual debts should be paid** as soon as possible as a matter of budgetary discipline.

The resolution notes that the level of payments, which, being the mere result of past commitments, should be determined on the basis of technical criteria such as implementation figures, absorption forecasts or the level of outstanding commitments (RAL), has become the main political issue within the Council in the past few budgetary procedures (the growing level of RAL at the end of 2011, amounting to EUR 207 billion, which represents almost 7% more than the level at the end of 2010). In view of the upcoming interinstitutional meeting on the difference between commitment and payment appropriations, Members call for a dialogue to be established with the Commission in order to fully clarify how the RAL is composed.

Members regret the fact that, while the Council refused in December 2011 to finance identified additional needs, some payment claims amounting to more than **EUR 10 billion could not be honoured in late 2011** , which is now impacting directly on available 2012 payments. They are extremely worried about the payments situation in 2012 and call for the Commission to put forward proposals so that a solution can be found as early as possible this year, in order to avoid postponing the problem once again, to 2013. They take the view, moreover, that such use of the upcoming year's appropriations to fund current needs is bad financial management and infringes the principle of budget annuality.

Parliament reiterate its call for the Council to **refrain from making artificial cuts in payments during the budgetary procedure**, and stress that this seems to be leading to an unsustainable level of payments. It requests, in the event of such proposals being made, that the Council clearly and publicly identify and justify which of the EU's programmes or projects it believes could be delayed or dropped altogether.

The Council is also called upon to:

- align its position to one of realistic and responsible budgeting, and undertakes to continue to monitor constantly the implementation of the 2012 appropriations and, in particular, payments;
- follow suit, so that the budgetary authority can work on the basis of common, updated implementation data and make reliable estimates of expenditure;
- invite the Commission to an interinstitutional meeting with a view to clarifying and settling any possible misunderstanding as to implementation figures and estimated payment needs and to jointly taking stock of the payments situation for the budget years 2012 and 2013.

In an amendment adopted in Plenary, Parliament highlights the importance of funding the European Supervisory Authorities (EBA, EIOPA and ESMA) to enable comprehensive delivery of the financial regulation agenda and supervisory structures to prevent future crises. It stresses that funding for ESAs and independent legal services for them should be prioritised within the budget.

As regards ITER: Members welcome the agreement reached on financing the additional costs of ITER in December 2011 and urge the Commission to respect the joint conclusions in this agreement in their entirety and to make concrete proposals on the amount of EUR 360 million in the 2013 draft budget. They reiterate their strong conviction that securing this amount budget should not impair the successful implementation of other EU policies, especially those that contribute to achieving the goals of the EU 2020 strategy during this last year of the programming period and specifically opposes any redeployments infringing upon this budgetary priority; stresses that in its financial programming the Commission foresees a margin of EUR 47 million in Heading 1a, which partially covers the needs for ITER.

Moreover, Parliament expects, in view of the upcoming accession of **Croatia** on 1 July 2013, that the revision of the MFF will be adopted swiftly. It reiterates that the enlargement to include Croatia should be **accompanied by appropriate additional funding with fresh money rather than redeployments for the second part of 2013**.

Administrative expenditure: lastly, Members take note of the Commission's willingness to reduce the number of posts in its establishment plans by 1% as early as 2013 and intend to closely examine the Commission's intention of reducing by 2018 the staffing level in EU institutions and bodies by 5% compared to 2013. According to the Members, any short-term or long-term reduction in staff should be based on a **prior impact assessment** and take full account of, inter alia, the Union's legal obligations and the institutions' new competences and increased tasks arising from the treaties.