

# 2013 general budget: all sections

2012/2092(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 492 to 123 votes, with 82 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2013 (all Sections).

Parliament stresses that the priorities expressed in the opinions given by its specialised committees, as well as those which emerged on the occasion of the meetings with the Rapporteurs specialising in budgetary matters, have as far as possible been taken into account in this resolution.

Noting the [Amending Letter No 1 to the Draft General Budget 2012](#), Parliament sets the overall level of appropriations for 2013 at:

- **EUR 151 151 840 000** for commitment appropriations and
- **EUR 137 898 015 000** for payment appropriations.

Parliament's resolution may be summarised as follows:

## **Section III – Commission:**

Parliament recalls that its priorities for the 2013 budget, as detailed in its [resolution of 4 July 2012](#) have been taken into account: they consist in: support for **sustainable growth, competitiveness and employment, particularly for SMEs and youth**. It welcomes the fact that the Commission's draft budget (DB) reflects Parliament's priorities and is aware of the severe difficulties arising from the state of the national economies and of the need for a responsible and realistic reading.

Parliament **cannot accept, however, the approach according to which the EU budget is made the source for possible savings with the same proportion and logic applied to the national budgets**, given the substantial difference in nature, objectives and structure. It considers that decreasing EU resources will surely result in a lack of investment and liquidity in the Member States.

In Parliament's view, **the EU budget is to be seen as a complementary instrument of support for Member States' economies**, capable of concentrating initiatives and investment in areas strategic for growth and the creation of jobs as well as and of bringing about a leverage effect in sectors overcoming national boundaries. Such a role is legitimised by the same Member States, who, together with Parliament, are responsible for the decisions from which most of the EU law stems.

Recalling that 2013 is the last year of the current multiannual financial framework (MFF), Parliament deplores the decision of the Council to proceed again this year with the **usual approach of horizontal cuts to the DB**, aimed at artificially reducing the level of the EU's resources for 2013 by an overall total of EUR 1 155 million (-0.8%) in commitment appropriations (CA) and **EUR 5 228 million** (-3.8%) in payment appropriations (PA).

Parliament is also surprised that the Council has not taken into account the latest Commission's forecasts for programme implementation, based on estimates of the same Member States. It warns about the **severe risk of shortages of payments, in particular under Headings 1a, 1b and 2**, entailing a risk that sufficient funds are not made available to enable the EU to honour its debts.

**Reductions damaging for growth:** underlining that the current procedures for assessing the real needs for payment appropriations for Member States take place in total obscurity, Parliament has examined the

Council's cuts, noting that Headings 1a and 1b are particularly affected as regards payments (-EUR 1.9 billion and -EUR 1.6 billion respectively as compared to the DB), i.e. the headings under which most of the programmes and initiatives responsible for delivery of the objectives of the Europe 2020 strategy are concentrated. It underlines that **these cuts are fully at odds with the conclusions of the June 2012 European Council**, which identified the EU budget as "a catalyst for growth and jobs across Europe" and decided to concentrate resources, including EUR 55 billion coming from the Structural Funds, on growth-enhancing measures. Parliament considers that that decision, taken at the highest political level of the EU, needs to be translated into a sufficient level of payments for 2013 in favour of programmes and actions underpinning this priority.

Parliament also rejects the Council's argument that these cuts correspond to under-implemented or low-performing programmes, (e.g. the Lifelong Learning Programme and the Competitiveness and Innovation Framework Programme (CIP) under Heading 1a and the Competitiveness and Employment objective under Heading 1b), since such criteria completely disregard the multiannual character of the EU's policies, and of cohesion policy in particular, characterised by a rising profile of payments towards the end of the MFF.

Furthermore, the substantial reduction in the level of payments as compared to commitments set by the Council would logically result in a further increase of the RAL by EUR 4.1 billion, especially considering that the largest shares of the RAL relate to cohesion policy (65.6%) and to R&D sector (10.5%).

**Restoring at the level of DB payment appropriations to enable the main EU programmes to function:** Parliament doubts that the increase in payments by 6.8 % proposed in the DB will be sufficient to cover reimbursements of payment claims awaited by Member States under the various headings – and in particular for Headings 1a and 1b – in the absence of an amending budget covering payment needs for 2012. **It will therefore reject any attempt to reduce the level of payment appropriations as compared to the DB proposal.** From experience, Parliament does not deem the declaration of payments proposed by the Council in its reading as a sufficient guarantee that an adequate level of payments will eventually be made available for all headings. It therefore **takes the general approach, therefore, of restoring, at the level of DB payments cut by Council in all headings** and increasing payment appropriations over DB on a selected number of lines characterised by high levels of implementation within each heading, in particular Headings 1a and 4, to cover the real needs of the corresponding programmes, as identified by the Commission. It calls on the European Parliament to mandate its **delegation for the Budget 2013 conciliation not to accept** any level of payments both for the Amending budget 6/2012 and the Budget 2013 **that does not fully cover the payment needs for 2012 and 2013**, as estimated by the Commission. It recalls that Council completely disregarded Parliament's priorities that it expressed in the trilogue and that Parliament's reading is based instead upon the latest figures and relevant benchmarks.

**More Europe and not less Europe:** Parliament underlines that the answer to the crisis must be 'more Europe and not less Europe' in order to restart investment, boost the creation of jobs and help rebuild confidence in the economy. It cannot, therefore, accept Council's decision to reduce commitment appropriations further down to 1.27% compared to budget 2012. It even intends to increase commitment appropriations above the DB on a few selected budget lines directly related to the delivery of the Europe 2020 priorities and in line with traditional Parliament's priorities;

As far as each of the budgetary headings is concerned, Parliament's views are as follows:

**Heading 1a:** Parliament regrets that Heading 1a bears practically the totality of the Council's cuts in commitments (-2.9% compared to DB in Heading 1) and is the most affected as regards decreases in payments (-EUR 1.9 billion or **-14% compared to the DB**). It has decided to reverse almost all cuts by Council. It introduces the following amendments to the budget:

- increase commitment and payment appropriations in favour of the Competitiveness and Innovation Framework Programme (CIP) Entrepreneurship and Innovation Programme and CIP Intelligent Energy Europe;
- partly compensate decreases to ITER by setting commitments above DB on a selected number of operational FP7 lines directly underpinning the Europe 2020 strategy and characterised by excellent levels of implementation and strong absorption capacity;
- **finance this partial offset above the available margin through the mobilisation of the Flexibility Instrument for an amount of EUR 50 million;**
- increase appropriations for Lifelong Learning and Erasmus Mundus programmes which, against modest financial envelopes, provide great returns in terms of effective implementation and positive image of the Union vis-à-vis its citizens;
- maintain the level of commitments and payments proposed in the DB for projects of common interest in the Trans-European transport network;
- restore DB payments for the European Globalisation Adjustment Fund (EGF).

**Heading 1b:** once again, Parliament strongly regrets the substantial cuts in payments (-EUR 1.6 billion or -3.3% as compared to the DB) by the Council affecting the Regional Competitiveness and Employment objective (-12.9%), the European Territorial Cooperation objective (-18.7%) and the Cohesion Fund (-4.7%). According to Parliament, such cuts would definitely hamper the correct execution of projects during the last year of the programming period, with dramatic consequences, especially for the Member States which are already under social, economical and financial constraints, thereby substantially increasing the RAL.

Recalling the doubts expressed in its mandate for the trilogue as to whether the level of payments proposed in the DB will be sufficient to reimburse the totality of the expected payment claims in the absence of an amending budget this year, Parliament rejects the cuts introduced by the Council on Heading 1b, which would lead to a much more serious shortage in payments than already expected and would also lead to a strong increase in the level of RAL by the end of next year. It does not consider the Council's declaration asking the Commission to submit a draft amending budget in case of insufficient payments under Heading 1b as a sufficient guarantee that an adequate level of payments will be made available in 2013, given that similar commitments have been already undertaken and disregarded by the Council in the past two years. In this context, **Parliament asks the Council Presidency to make a public statement and explain the discrepancy between the Council's reading on payments and the actual needs of Member States**, as expressed in their estimates. In sum, Parliament decides to restore the DB in commitments and in payments for all budget lines cut by Council under this heading. It urges the Council to agree on Draft amending budget 6/2012 with the aim to compensate the shortage of payment appropriations this year and to avoid blocking the execution of running projects at the end of the programming period.

Parliament also decides to increase commitment and payment appropriations above the DB for the technical assistance to the Baltic Sea Strategy.

**Heading 2:** Parliament considers that the Commission's estimates of budgetary needs are more realistic than the Council's forecast figures, and restores, therefore, Council's cuts under this Heading to a level of EUR 60 307.51 million, which is 0.6% above the 2012 budget. In an amendment adopted in Plenary, Parliament calls on the Commission to increase its efforts to define clear priorities under this Heading that favour sustainable farming systems which preserve biodiversity, protect water resources and soil fertility, respect animal welfare and support employment. It rejects the increase of the so-called negative expenditure line (clearance of accounts) as this appears to be set artificially high compared to Heading 2 appropriations and partly restores the Commission's proposal.

Parliament also makes the following budgetary adjustments:

- granting an adequate level for producer groups for preliminary recognition;
- increase in the Union's contribution to the crisis fund within operational funds for producer organisations;
- increased support for the school milk programme and the continued support for programme concerning school fruit;
- maintaining the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the with Members welcoming the effort made by the Commission in finding a political and legal solution to continue with the programme in 2013;
- continued support on a commensurate level for the LIFE+ programme,
- maintaining financing of the CFP at the proposed DB levels, in view of its upcoming reform.

Parliament supports the sharp reduction of some budget lines on refunds, and in some cases even to zero, as this instrument is politically controversial.

**Heading 3a:** Parliament rejects the cuts performed by the Council in payment appropriations in the following areas:

- European Return Fund (-EUR 18 million),
- European Refugee Fund (-EUR 1.8 million),
- European Fund for the Integration of third-country nationals (-EUR 3.2 million) and
- Fundamental Rights and Citizenship (-EUR 1 million).

It decides, therefore, to restore the level of the DB on the corresponding lines. It also increases the payment appropriations of the DAPHNE programme above the level of the DB, emphasising the positive role of the programme.

**Parliament also rejects the Council's unilateral decision to change the legal basis of the proposal on the "Schengen evaluation mechanism"** from the ordinary legislative procedure to Article 70 of the Treaty on the Functioning of the European Union. It supports the Conference of Presidents' decision to block cooperation with the Council on the 2013 budget as regards internal security aspects and confirms it will place in the reserve some budgetary lines in Title 18 which relate to internal security (in commitment and payment appropriations) until a satisfactory outcome is achieved on the Schengen governance package.

**Heading 4:** Parliament highlights that cut in payments brought by the Council to Heading 4 (-EUR 1 billion or -14.1% as compared to DB) represent approximately 20% of the overall cuts across all headings. It considers that **such a massive reduction would impede the Union to respect the commitments to which it has committed itself on the world scene.** It decides, therefore, to restore the level of both commitment and payment appropriations in most budget lines to the levels proposed in the DB.

It considers, however, that some decreases compared to the DB can be accepted in some budget lines, such as

- macro-Financial Assistance,
- membership of international organisations in the field of customs and tax and
- cooperation with Greenland.

It proposes a small increase in the level of commitment and payment appropriations above the DB for budget lines in the areas of geographical development cooperation, as well as for the Electoral Observation Mission and the Global Fund to Fight Aids, Tuberculosis and Malaria.

Pointing out that increased funding for Palestine and UNRWA is crucial for ensuring that UNRWA is given the necessary resources it needs to provide the essential services for which it has been mandated by

the UN General Assembly and to safeguard the safety and livelihood of refugees, Parliament increases the relevant funding. It also increases appropriations for the support to the economic development of the Turkish Cypriot Community.

**Heading 5:** taking note of the Council's position decreasing the Commission's proposal on Heading 5 by EUR 146 million overall, despite the institutions' efforts towards budget consolidation of administrative expenditure, Parliament welcomes the efforts of the institutions, including the Commission, which complied with and even overstepped their commitment to restrict their administrative budgets to an increase below the expected inflation rate.

For all the institutions, apart from the Council, as well as for the European Schools, Parliament decides to restore (or in the case of the Court of Justice, add) in reserve the amounts corresponding to the 1.7% 2011 salary adjustment for budget year 2013, pending the Court's ruling. This is sound budgeting, given the likelihood of a ruling in favour of the Commission. Parliament warns the Council that, in this event, the budgetary authority will need to accommodate the retroactive effect of such ruling for years 2011 and 2012, including late interest. Parliament also undoes other cuts brought by the Council on specific items of administrative expenditure, notably, within the Commission, on ICT equipment and services and some offices.

While restoring or maintaining the Commission's and, in part, other institutions' requests for posts on the basis of a case-by-case approach, Parliament calls for an in-depth impact assessment to be carried out on the planned staff reductions by 2018, taking full account of, inter alia, the Union's legal obligations and the institutions' new competences.

Parliament notes with concern that staff cuts were made within the Commission and asks the Commission to include in its annual staff screening report an assessment of the impact. It also sets a number of reserves on some budget lines with a view to obtaining specific information. Lastly, deploring the cuts made by the Council on the administrative and research support lines, Parliament considers underlines that these would be likely to affect the swiftness and quality of budgetary implementation of the multi-annual programmes to which they are related. It decides therefore to restore the DB for those lines.

**Agencies:** Parliament endorses, as a general rule, the Commission's estimates of agencies' budgetary and staff needs and notes that the Commission had already considerably reduced the agencies' initial requests. Parliament considers that any further cuts as proposed by the Council would endanger the proper functioning of the agencies and would not allow them to fulfil the tasks they have been assigned. They decide to increase the 2013 budget appropriations for the three financial supervision agencies. Aware that certain agencies (such as Europol, EASA, ACER) have to implement additional tasks in 2013 which might not be reflected in the allocated budget or establishment plan for 2013, Parliament requests the Commission, in case of necessity, to propose timely an Amending Budget for the relevant agency. It also expects the Commission to present a new financial statement when a legislative procedure has been finalised by Parliament and the Council extending the mandate of an agency.

### **Other sections**

Parliament is generally concerned by the Council's position of a nominal freeze across all EU institutions, believing that each institution should be dealt with on a case-by-case basis, taking into account the needs and specific situation of each institution. It welcomes efforts made by the institutions to find additional savings and restrict their budgets bearing in mind the costs of the enlargement to Croatia.

**European Parliament:** concerning its own budget, Parliament points out that the level of its 2013 budget is 1.9% above the 2012 budget including the costs for Croatian accession but that due to the current

inflation rate of 1.9%, there is a real decrease of the operating budget, despite recently added competences, new posts and actions, the financing of Croatia's accession and the costs for preparing the 2014 elections. Parliament's budget is thus set at **EUR 1 750 463 939 for 2013**.

Parliament approves the following adjustments to the estimates:

- reduction in the appropriations in the contingency reserve,
- internalisation of the security service in a budget-neutral manner,
- pursuit of the internalisation of ICT activities
- adjustment in the appropriations for the European Parliamentary Association;
- reduction of appropriations for the House of European History by EUR 5.3 million.

Other specific demands are made in regard to the internal organisation of Parliament's work, travel and ICT and translation expenditures.

### **The question of Parliament's seat:** Parliament

Parliament believes that, like every directly elected parliament, the **European Parliament should have the right to decide on its own seat and working place arrangements**. It declares, therefore, that Parliament's seat and places of work for Members and officials should be decided upon by Parliament itself. It urges the two arms of the budgetary authority (the Council and Parliament), in order to make financial savings and to promote a more sustainable climate- and environmentally-friendly solution, **to raise the issue of a single seat and Parliament's working places for Members and officials in the upcoming negotiations on the next MFF for 2014-2020**. It urges the Member States to revise the issue of Parliament's seat and working places in the next revision of the Treaty by amending Protocol 6. Furthermore, it calls on the Council to start elaborating a road-map with the Parliament towards a single seat and a more efficient use of Parliament's working places, taking into account specific up-to-date figures detailing the cost of each place of work and working conditions for staff, as well as economic, societal and environmental factors – to be presented in a report by 30 June 2013.

**Other institutions:** lastly, Parliament makes a series of recommendations on the other institutions and bodies of the EU calling generally for the restoration of certain appropriations allocated to each in order to enable them to carry out their tasks and meet the needs of enlargement to Croatia.