

Guidelines for the 2014 budget: Section III – Commission

2013/2010(BUD) - 25/02/2013 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Anne E. JENSEN (ADLE, DK) on the general guidelines for the preparation of the 2014 budget, Section III – Commission.

Taking note of the European Council conclusions of 8 February 2013 on the next multiannual financial framework (MFF), Members insist that if the European Parliament has not yet given its consent to the new MFF Regulation, the **European Commission should first draw up the Draft Budget for 2014 on the basis of its own proposals on the MFF 2014-2020**, and then if no agreement is reached on a new MFF it should adjust its proposal according to Article 312(4) of the Treaty. This shall mean a **prolongation of the 2013 ceilings, adjusted with a 2% fixed deflator a year**, until adoption of a new MFF regulation. Members reiterate, in this eventuality, its readiness to reach a swift agreement with the Council and the Commission on ensuring that legal bases are in force for the implementation of EU programmes and policies in 2014.

Acknowledging the difficulty in defining general guidelines on the 2014 budget while there is much uncertainty as to the level of the 2014 commitment ceiling, Members underline that this could range from EUR 143.8 billion in 2014 prices – if the MFF 2014-2020 were to be agreed on the basis of the European Council's negotiating box dated 23 November 2012 – to EUR 155.5 billion in 2014 prices in case of prolongation of the 2013 ceiling.

A sufficient and realistic level of payments: Members are of the opinion that budgeting a **sufficient and realistic level of payments** at the beginning of the budgetary cycle would avoid unnecessary complications during the implementation of the budget, as witnessed in particular with the 2012 budget.

Due to the intransigent position of the Council in the negotiations, the overall level of payments set in the 2013 budget is **EUR 5 billion lower than the Commission's estimates for payment needs** in the draft budget. Members are extremely worried about the level of payments in the 2013 budget and points out that this level of appropriations will be insufficient to cover actual payment needs in 2013 as the margin of payments left below the MFF payments ceiling in the 2013 budget amounts to 11.2 billion while the carryover alone of additional payment needs from 2012 is over 16 billion.

The committee recalls that, in line with the provisions of the joint statement on payments 2012, the Commission shall present at an early stage in 2013 a **draft amending budget** devoted to the sole purpose of covering the suspended claims from 2012, amounting to EUR 2.9 billion, and other pending legal obligations, without prejudice to the proper implementation of the 2013 budget. This draft amending budget should be submitted without any delay and at the latest by the end of March 2013. In parallel, Members call on the Commission to provide monthly reports to Parliament and the Council on the evolution of Member States' payment claims for the structural funds, cohesion fund, rural development and fisheries funds (breakdown per Member State and per fund). The information provided by these monthly reports should be the basis for monitoring the fulfilment of commitments agreed upon between the institutions. Members also call for the setting up of an interinstitutional working group on payments as soon as possible. It should address as a matter of priority the question of the gap between forecasts provided by Member States' authorities for shared management expenditures and the level of payment appropriations that the Council is collectively imposing in the course of the budget negotiations.

RAL: Members are deeply concerned that, despite the payment implementation level being 99% at the end of 2012, the stock of outstanding commitments (RALs, or restes à liquider) has increased over the past year by 10 billion to now reach the unprecedented level of 217.3 billion. They consider that a dialogue should be established with the Commission in order to fully clarify the composition of RAL and assess whether the current peak in RAL is primarily due to the economic crisis or whether it indicates wider structural problems. They insist that the **Council refrain from deciding a priori the level of payments**, without taking account of actual needs and legal obligations.

EU revenue: Members insist that the 2013 budget negotiations have demonstrated once more that the system of financing the EU budget – with national contributions amounting to more than 75% of EU revenue – **is in contradiction with the letter and the spirit of the Treaty, and is putting the EU budget in a position of total dependency on national treasuries**, which can be particularly detrimental at a time of national budgetary constraints. They urge that the structure of Union revenue be reformed to include the introduction of new and genuine own resources, like the financial transaction tax and the new EU VAT. They reiterate support to the Commission proposal for reforming the own resources system.

The role of the EU budget in implementing the EU 2020 strategy and in creating economic growth and jobs: Members recall the particular nature of the EU budget, which amounts to only 1% of the EU GDP and is an investment budget with a strong leverage effect. They underline that 94 % of it goes back to the Member States and European citizens through its policies and programmes, and therefore should not be seen as an additional burden but as a tool to boost investment, growth and jobs in Europe. **The EU budget should be seen as an instrument to exit the crisis.**

The report outlines further priorities such as:

- the fight against youth unemployment;
- the promotion of education, lifelong learning and mobility;
- synergies between the national consolidation effort and the added value of a well-prioritised EU budget.

The committee invites the Commission when presenting its Draft Budget for 2014 to properly address the role of the EU budget in the **European Semester process**.

Furthermore, the report emphasises the need to take advantage of all tools and actions at the disposal of the European Union to help Member States emerge from the crisis and to prevent future ones. In this respect, Members highlight the crucial role played by the three European supervisory authorities in enabling comprehensive delivery of the financial regulation agenda and supervisory structures. The Commission is called upon to propose sufficient funding for these three agencies in its 2014 draft budget and to foresee, when preparing the assessment and a revision of the regulations for January 2014, a revised funding model for these agencies that will increase their independence, while safeguarding the unity of the EU budget.

Members recall that the **EU 2020 strategy should be at the heart of the next MFF (2014 – 2020)** and emphasis should be placed on investments in the fields of the knowledge triangle (education, research innovation), infrastructures, SMEs, renewable energy, sustainable development, entrepreneurship, employment – in particular youth employment – and skills, as well as the strengthening of economic, social and territorial cohesion.

Lastly, Members deplore the Council's usual horizontal cuts and warns it against the temptation to again make use of such **artificial cuts**. They intend to continue a close examination of the Commission's intention of reducing the staffing level in EU institutions. They note the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes.

