2015 general budget: all sections

2014/2040(BUD) - 09/10/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the joint report by Eider GARDIAZABAL RUBIAL (S&D, ES) (section III – Commission) and Monika HOHLMEIER (EPP, DE) (other sections) on the Council position on the draft general budget of the European Union for the financial year 2015 – all sections.

Section III – Commission: overall, Members stressed the need to **reinforce strategic investment** in actions with European added value (employment, youth employment, competitiveness, etc) and the need for Europe to invest and prepare Member States' economies for the future by addressing overdue investment needs in transport, energy and telecom infrastructure (including the completion of the digital single market by 2015). It recalled the **unquestionable role of the European Union budget** in achieving these political objectives.

Members noted that the Draft Budget 2015 (DB) proposed by the Commission amounts to (including special instruments) EUR 145 599.3 million in commitment appropriations (CA) and EUR 142 137.3 million in payment appropriations (PA) and highlighted that the overall volume of the payment appropriations in the DB represents a moderate 1.4% increase over the 2014 Budget, and is still EUR 2 billion lower than the implemented 2013 budget. They noted that the Commission proposed to leave a total margin of EUR 1 478.9 million in commitment appropriations under the ceilings in its DB.

Council's cuts: once again, the committee deplored that the Council, in its reading, **reduced commitment appropriations by EUR 522 million and payment appropriations by EUR 2.1 billion** (reduction of 0.18% as compared to 2014), thus setting the Union budget for 2015 at EUR 145 077.4 million in commitments and EUR 139 996.9 million in payments. It is especially concerned about the severe cuts in the payment appropriations of the funds for competitiveness for growth and jobs under Heading 1a that represent an **egregious breach of the Council's commitment to overcome the crisis** and to reinvigorate economic growth.

Members disapproved of the Council's reading on the 2015 Budget which disregards the multiannual character of the Union's policies, and which would instead of tackling the issue further aggravate payments shortages and slowdown further the implementation of Union programmes.

They underlined once more that the Council's approach of fixing the level of payments in accordance with the inflation rate totally disregards the nature and function of the multiannual character of Union polices and renders the MFF totally irrelevant and that the growing gap between payment and commitment appropriations exacerbates the problems with the backlog of outstanding commitments.

They stressed the **negative impact** that this approach has on the perception of the Union by its citizens.

Main priorities for 2015: Parliament decided to concentrate its efforts on the programmes which are at the core of the Europe 2020 strategy aimed at fostering growth, competitiveness and employment, namely Horizon 2020, COSME, Erasmus+, the Digital Agenda, Progress and the Social Agenda (including EURES and the Microfinance Facility) as these programmes are exemplary as to how the Union contributes to an innovative and prosperous economy across the continent.

They, furthermore aim to reinforce programmes that are instrumental to the delivery of the Union's external policy agenda, such as the Neighbourhood Policy, Development and Humanitarian Aid. They also insisted on the need to increase the financing of important programmes and policies to fight against inequalities, such as FEAD, Europe for Citizens, and the promotion of gender equality.

The 2015 budget in figures: Members called on Parliament to set the overall level of appropriations for 2015 at:

- EUR 146 348.9 million in commitment appropriations;
- EUR 146 416.5 million in payment appropriations.

Payment crisis: Members supported the Commission's proposal to make full use of resources available under the 2015 payment ceiling thereby leaving no margin under the 2015 payment ceiling.

They **restored all of the Council's cuts in payments** on the basis of current and expected implementation patterns.

They highlighted however, that even the full use of the 2015 payment ceiling is **not sufficient to adequately address the Union's ongoing payment problems** that have erupted since the 2010 Union budget (notably, the huge backlog in payments).

They stressed, therefore, that the recurrent **problem of shortage of payments** needs to be effectively addressed without further delay. Against this background, they decided to **go beyond the Commission's proposals in payments by EUR 4 billion for a number of budget lines**, including the main "2007-2013 completion lines" of the Union structural funds and research programmes, where the situation in payments is very critical.

In this respect, they called on the Commission to stand ready to put forward relevant proposals for the mobilisation of the **flexibility mechanisms** included in the MFF Regulation.

They stressed the fact that, in order to clearly identify the 2015 needs stemming from previous years, the **negotiations on the additional 2014 payment needs should be finalised** before the conciliation on 2015 Budget.

Members also pointed out that in order to ensure adequate resources for the Union wide investment plans (major political priority of President-elect Juncker), continuation of the Youth Employment Initiative, notably the European Youth Guarantee as of budget 2016, and in order to address the persistent problem of payment appropriations, the **post electoral revision of the MFF 2014-2020**, as provided for in Article 2 of the MFF Regulation, should be launched as soon as possible by the new Commission.

In regard to each of the budget headings, Members had the following remarks:

- **Heading 1a**: Members noted that Heading 1a bears the **largest share of Council's cuts** both in commitments (EUR -323.5 million as compared to the DB) and in payments (EUR -1 335 million). They highlighted that some of these cuts are not in line with the agreement on the MFF 2014-2020, in so far as they heavily decrease Horizon 2020 (by EUR 190 million in commitments against the DB) that was significantly frontloaded by EUR 200 million in 2014, as well as the ITER programme (EUR -11.2 million), which should instead be frontloaded in 2015 to compensate its backloading in 2014. They called for the alignment of the spending objectives of energy funds under Horizon 2020 with the commitments made during the legislative process. They decided, therefore, as a general line to **restore the level of the DB for 2015 for all cuts performed by the Council**, both in commitments and in payments.
- **Heading 1b**: Members are deeply concerned that the Council, while maintaining the level of commitment appropriations at the DB level (EUR 49 227 million), has decreased the payment appropriations by EUR 220 million, setting the level of payments at EUR 51 382 million. They stated that Heading 1b bears the biggest part of the current outstanding commitments which is impeding reimbursement for resources already spent by the beneficiary Member States and regions.

They decided to go above the level of the DB by an amount of EUR 20.2 million for the Fund for European Aid to the Most Deprived (FEAD) and PP/PAs.

- **Heading 2**: Members regretted the unjustified Council's cuts to the school fruit and school milk schemes and decided to increase the amount available for the school fruits scheme by EUR 7 million and school milk scheme by EUR 4 million above the draft budget of the Commission.
- **Heading 3**: they underlined that, while being the smallest heading of the MFF in terms of financial allocation, Heading 3 covers issues of key concern to the European citizens as well as to the national governments, such as asylum and migration policies and internal security. They called therefore on the Commission and the Council to keep increasing financial and political efforts in this heading in the coming years.
- **Heading 4**: again, Members deplored the Council's cuts to Heading 4 (-0.83 % in commitment appropriations and -5.24 % in payment appropriations). They strongly condemned the Council's cut to commitment appropriations for humanitarian aid. They are astonished that the Council has once again reduced the DB payment appropriations for UNRWA and the Palestinian Authority by EUR 2.4 million without clear justification and considers this line under-budgeted already in the DB. They called for an additional EUR 203.3 million above DB to be allocated to the European Neighbourhood Instrument to enable the Union to meet its responsibility in its Eastern and Southern neighbourhood.
- **Heading 5**: Members decided to restore, the DB on all the lines of the administrative and support expenditure and on all the lines in Heading 5 decreased by the Council.

Other sections: Members reiterated that the budget of each Union institution, due to its specific mission and situation, should be treated individually, without ‘one-size-fits-all’ solutions. They commended all other institutions on the **savings and efficiency gains** which they have already incorporated into their draft budgets.

As far as the European Parliament’s budget is concerned, Members reiterated the need for a roadmap to a **single seat**.

They recalled that the Parliament's estimates for 2015 were set at EUR 1 794 929 112, corresponding to an overall rate of increase of 2.24% over 2014. They stressed, however, that 0.67% of this increase is linked to the legally binding exceptional transitional allowance for the end of the Members' mandate and 0.4% to the agreement on the adjustment of the remunerations and pensions for 2011-2012. The level of other expenditure therefore increased by only 1.18 % over 2014.

Other technical amendments were approved for the other EU institutions.