

2015 general budget: all sections

2014/2040(BUD) - 22/10/2014 - Budgetary text adopted by Parliament

The European Parliament adopted by 464 votes to 186, with 46 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2015.

Section III – Commission: overall, Parliament highlighted that Heads of States and Governments agreed once more in June 2014 on the need 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) of Union significance as well as in energy efficiency, innovation and research, and skills. It stipulated that the Union 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.**

Council's position on the 2015 budget: Parliament 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. It 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 position on the draft budget 2015: once again, Parliament deplored that the Council, in its reading, **reduced commitment appropriations by EUR 522 million and payment appropriations by EUR 2.1 billion**, 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.

It 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 policies and renders the MFF totally irrelevant. It noted in this regard that the growing gap between payment and commitment appropriations exacerbates the problems with the backlog of outstanding commitments. It also underlined the negative impact that this approach has on the perception of the Union by its citizens; most of all reiterates that, in order to overcome the economic crisis, **the Union should increase its investments.**

Council's budget cuts: Parliament deplored the arbitrary cuts proposed by the Council to the administrative and support lines financing the implementation of key Union programmes. It is deeply concerned about the Council's use of double standards as regards the Union budget, where, on the one hand, it calls for an increase in Union funds in areas which can generate sustainable growth and, on the other hand, proposes major cuts in key areas such as research, innovation, space, infrastructures, SMEs and energy.

Recurrent payment situation: Parliament considered that the Council holds a strong political responsibility for the very tense situation in payments. It denounced the fact that this has progressively led to the creation of a structural deficit in the Union budget, which contradicts the Treaty provisions and which puts at risk the ability of the Commission to meet its legal obligations. It regretted the innate conflict between the Council on the one hand and the Parliament and Commission and called for ways to convert this tension in a more productive exchange of opinions in order to lead to structural changes that foster a balanced budget deal that reflects the ambitions and concerns of both the Parliament and the Council.

Parliament's position: 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. It also aimed 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 and 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.

Parliament set the overall level of appropriations for 2015 at:

- EUR 146 380.9 million in commitment appropriations;
- EUR 146 416.5 million in payment appropriations.

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

It 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. According to the Parliament, this issue needs to be effectively addressed without further delay. Hence, Parliament 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 regard, Parliament called on the Commission to stand ready to put forward relevant proposals for the mobilisation of the flexibility mechanisms included in the MFF Regulation.

It 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**. It reiterated that DABs 2, 3 and 4/2014 should be considered as a package and that the **Council cannot expect to benefit from the unexpected revenue** resulting from the budgetisation of the surplus and fines without delivering on the additional payment needs presented in DAB 3/2014.

Parliament stressed that in order to ensure adequate resources for the Union wide investment plans (as mentioned in the June 2014 European Council and highlighted as a major political priority of President-elect Juncker in his political guidelines), continuation of the Youth Employment Initiative, notably the European Youth Guarantee as of the 2016 budget, 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, Parliament made the following remarks:

- **Heading 1a:** Parliament noted that this heading 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). It decided, therefore, as a general line to restore the level of the DB for 2015 for all cuts performed by the Council and to increase a selected number of lines within the programmes which correspond to the Parliament's priorities under Heading 1a (Horizon 2020, COSME, Erasmus+, Digital Agenda, Social Agenda) by exhausting the margin (total increases above DB of some EUR 200 million). It deemed necessary to increase above the DB the CEF-Energy lines by a total amount of EUR 34 million in order to partly mitigate the effect of the backloading of this programme for the second year in a row as a result of the MFF agreement. It also considered it also a priority to reinforce investments in the digital agenda and the broadband and consequently increases CEF-Telecommunication networks by EUR 12 million above the DB.
- **Heading 1b:** Parliament is 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. It decided to **restore the DB in payments for budget lines dedicated to the new programmes**, cut by the Council, and to exceed the DB in payments for a number of lines notably concerning the completion of the 2007-2013 MFF programmes. Parliament stressed 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. This practice caused serious consequences for Member States and regions mostly affected by crisis. It is for this reason that the Parliament 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. In an amendment adopted in plenary, Parliament stated that neither CAP appropriations nor any other appropriations from the budget should be used for financing **lethal bullfighting** activities.
- **Heading 2:** Parliament 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. It proposed to increase the Union co-financing for promotion measures in the Common Agricultural Policy by EUR 30 million in order to help producers find alternative sales opportunities.
- **Heading 3:** Parliament underlined that, while representing only 1.5% of the Union budget, 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. It calls therefore on the Commission and the Council to keep increasing financial and political efforts in this heading in the coming years. It stressed the importance of maintaining the DB for the budget lines 'Ensuring the protection of rights and empowering citizens' and 'Promoting non-discrimination and equality', implementing the programme Rights, Equality and Citizenship 2014 – 2020 and adopted the general approach to **restore the DB on all lines under this heading**.
- **Heading 4:** Parliament deplored the Council's cuts to Heading 4 (-0.83% in commitment appropriations and -5.24% in payment appropriations) which **makes it the heading most severely affected by the Council's cuts to payment appropriations**. It strongly condemned the Council's cut to commitment appropriations for humanitarian aid. It emphasised its support for the Middle East Peace Process and its determination to ensure a sufficient amount of funding to UNRWA and the Palestinian Authority by increasing the level of commitment appropriations by **EUR 35.5 million above DB**. Parliament underlined the need to ensure support for countries in the Union's Eastern and Southern neighbourhood as well as the need for additional efforts needed to **respond to the situation in Ukraine**. It called therefore, for 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:** Parliament 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. It decided to hold some appropriations in reserve until the Commission modifies the rules on expert groups and ensures their full implementation within all DGs.

Other sections: Parliament 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. It strongly disagreed with the Council's approach which horizontally inflates the vacancy rate by one percentage point, thus artificially increasing the margin. It underlined that this increase, in addition to the posts already suppressed by the 1% staff reduction, would force certain institutions, already impacted by the above mentioned staff reduction, to freeze recruitment to vacant posts, thus hampering their functioning.

It commended all other institutions on the **savings and efficiency gains** which they have already incorporated into their draft budgets. However, it maintains that the Parliament and the Council should set a sufficient level of appropriations to ensure the smooth functioning of the institutions.

As far as the European Parliament's budget is concerned, it 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. It decided to increase the appropriations for funding of the European political foundations by EUR 3 million to ensure that political foundations can fully execute their activities.

In addition, plenary stressed that the Parliament and the Council, in order to create long term savings in the Union budget, must address the need for a **roadmap to a single seat**.

Lastly, other technical amendments were approved for the other EU institutions.