Basic information

2010/2002(BUD) BUD - Budgetary procedure	Procedure completed
2011 budget: draft mandate for the draft budget conciliation procedure before the first reading **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets		
	Shadow rapporteur GODMANIS Ivars (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	BERMAN Thijs (S&D)	04/02/2010
INTA International Trade	The committee decided not to give an opinion.	
CONT Budgetary Control	The committee decided not to give an opinion.	09/02/2010
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI Environment, Climate and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	HERCZOG Edit (S&D)	04/03/2010

IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	The committee decided not to give an opinion.	23/03/2010
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	MCGUINNESS Mairead (PPE)	09/11/2009
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	08/03/2010
LIBE	Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	22/02/2010
FEMM	Women's Rights and Gender Equality	GARCÍA PÉREZ Iratxe (S&D)	26/01/2010
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3015	2010-05-18

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
02/06/2010	Vote in committee		Summary
07/06/2010	Committee report tabled for plenary	A7-0183/2010	
14/06/2010	Debate in Parliament		
15/06/2010	Decision by Parliament	T7-0205/2010	Summary
15/06/2010	Results of vote in Parliament		
15/06/2010	End of procedure in Parliament		

Technical information

Procedure reference	2010/2002(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budgetary preparation
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/01937

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE439.418	05/05/2010	
Committee opinion	FEMM	PE441.134	05/05/2010	
Committee opinion	DEVE	PE441.036	11/05/2010	
Committee opinion	ITRE	PE441.171	11/05/2010	
Amendments tabled in committee		PE441.198	12/05/2010	
Committee opinion	AGRI	PE441.263	02/06/2010	
Committee report tabled for plenary, single reading		A7-0183/2010	07/06/2010	
Parliament's opinion on budgetary estimates/guidelines		T7-0205/2010	15/06/2010	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

2011 budget: draft mandate for the draft budget conciliation procedure before the first reading

2010/2002(BUD) - 18/05/2010

The Council took note of the presentation by the Commission of its draft for the EU's general budget for 2011.

It asked the Permanent Representatives Committee to examine the draft, with a view to enabling the Council to establish its position.

On 16 March, the Council set out principles for preparation of the 2011 budget (doc. 6794/10).

These will be used by the incoming Belgian presidency as a reference in negotiations later in the year with the European Parliament and the Commission.

In its draft budget, the Commission proposes a total of **EUR 142.6 billion** in commitment appropriations (+0.8% compared with 2010) and **EUR 130.1 billion** in payment appropriations (+5.9% compared with 2010). Commitment appropriations represent 1.15% of EU gross national income, and payment appropriations amount to 1.05%.

The key objective is to support **economic recovery in Europe** by reinforcing growth and employment opportunities, in line with the new "Europe 2020" strategy for growth and jobs. To accelerate the recovery process, the draft budget provides for significant increases in payment appropriations for activities under sub-headings 1a (competitiveness for growth and employment) and 1b (cohesion for growth and employment).

2011 budget: draft mandate for the draft budget conciliation procedure before the first reading

2010/2002(BUD) - 15/06/2010 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 571 votes to 45, with 41 abstentions, a resolution on the mandate for the trilogue on the 2011 draft budget.

General remarks on the 2011 draft budget: Parliament recalls that the 2011 budgetary procedure is the first of its kind under the Lisbon Treaty with **a single reading**. This calls for increased cooperation and coordination with the other branch of the budgetary authority, the Council, in order to reach an agreement during the conciliation procedure on all expenditure.

As far as the amount of expenditure is concerned, Parliament underlines that the 2011 draft budget (DB) is **EUR 142 576.4 million in commitment appropriations** (CA) and **EUR 130 147.2 million in payment appropriations** (PA), leaving therefore a margin of EUR 1 224.4 million in CA and EUR 4 417.8 million in PA. These total amounts represent respectively 1.15% and 1.05% of the EU's forecast GNI for 2011.

Parliament is concerned by the fact that the increase in CA is only 0.77% compared to the 2010 budget as adopted, a difference which is out of step with the widely voiced expectations of the EU budget playing a crucial role in support of Europe's post-crisis economies. It welcomes the reduction in the discrepancy between CA and PA compared with the 2010 which indicates better implementation of the EU budget. It notes that the bulk (70%) of the overall margin of EUR 1 224.4 million in the DB stems from the margin under heading 2 on the preservation and management of natural resources, and that the other headings – in particular headings 1a, 3b and 4 – have very limited margins, thus proportionally reducing the capacity of the EU to react to policy changes and to unforeseen needs while maintaining its priorities.

A modest 2011 budget to meet important challenges: Parliament draws attention to the large number of outstanding procedures with far-reaching budgetary consequences that will need to be concluded by the two branches of the budgetary authority in 2011 (budget review, setting up of the European External Action Service (EEAS), amending budgets, revision of the IIA, revision of the Financial Regulation, etc.). It recalls the priorities established by the Commission for 2011, which are as follows:

- post-crisis support of the European economy,
- implementation of the Lisbon Treaty,
- funding of the new authorities responsible for financial supervision,
- funding of the Global Monitoring for Environment and Security (GMES) initiative,
- implementation of the Stockholm programme, etc.

Overall, Parliament questions whether the modest increase in CA compared to the 2010 budget **is enough to address them**. It underlines the importance of a strong reaction to the crisis and to the instability of financial markets that should involve greater funding capacity and flexibility for the EU budget. It awaits further detailed information on the impact that the European Financial Stabilisation Mechanism decided on at the extraordinary Ecofin Council meeting in May 2010, as well as the impact of the **setting up of an efficient monitoring system** designed to prevent such a crisis in the future, which would be required to keep Parliament directly informed.

Top priority of the 2011 budget: young people: Parliament recalls that Parliament's main budgetary priority for 2011 is **youth policy**. However, the increase in appropriations proposed in the DB for the key youth instruments and programmes, such as Lifelong Learning, Youth in Action and Erasmus Mundus, is rather symbolic. Parliament calls, therefore, for increased funding for these programmes.

Institutions: Parliament is determined to tackle the negotiations on the 2011 budget in a constructive and open-minded manner and expect in return that the Council will adopt a cooperative approach and will depart from an accounting exercise based on savings and budget cuts. It also recalls that

the Union's budget can be instrumental in key areas in supporting long-term investment and jobs. The Council is called upon to take this duly into consideration when deciding on the EU budget and to refrain from making across-the-board cuts.

Parliament reviews each of the budget headings and makes the following remarks:

- **Heading 1a**: Parliament notes an increase of 4.4% in CA (to EUR 13 437 million) and of 7% in PA (to EUR 11 035 million) for this heading and notes the reduction in appropriations for a number of programmes, such as Customs 2013 and CIP-Entrepreneurship and Innovation. It calls for enhanced support for all programmes and instruments aimed at fostering SMEs, given the importance of the sector in ensuring the recovery of the European economy. It also recalls that the new needs to be financed under this heading (Kozloduy decommissioning programme, European financial supervision authorities, ITER, and GMES, including Parliament's request for increased appropriations for its operational phase) were not provided for when the current MFF was adopted. It underlines that this heading includes many **EU2020 strategy** flagship initiatives (such as Innovation Union, Youth on the Move, Resource-efficient Europe, New Skills and Jobs, and Industrial Policy for the Globalisation Era) and **expresses doubts regarding the capacity to ensure, in the context of the current financial framework, adequate funding for these initiatives**. Among the other policies financed under this heading are the European space policy, which requires both the EU and the Member States to make a further financial effort within the context of the GMES. Members support initiatives in favour of young people and call on the Union to give an unprecedented momentum for the **development of a comprehensive EU youth policy**. They are disappointed that tourism, which indirectly generates more than 10% of the EU's GDP is not clearly identified in the 2011 DB. They also note the stagnation in the commitment appropriations for EURES and for the three budget lines supporting industrial relations and social dialogue which runs counter to actual needs in terms of the funding of measures in favour of employment;
- **Heading 1b**: Parliament notes that the 2011 DB provides for an increase of 3.2% in CA to a total of EUR 50 970 million for this heading. It considers, moreover, that **adequate resources for cohesion policy are crucial** in order to accelerate the recovery of the European economy and to contribute to the Europe 2020 strategy for the regions. It therefore calls on the Commission and Council to adopt an amending budget without delay, should payment appropriations not be sufficient to cover needs. It also calls on the Commission to keep on working closely with those Member States with a low absorption rate and to continue its reflection on how to reshuffle the complex system of rules and requirements applicable in the sector;
- **Heading 2**: Parliament points out that, over the last few years, the budgetary authority has made use of this heading to reach global agreement on the annual budgets, through use of the margin or redeployment of appropriations for use in other programmes and actions. It notes that, despite the claim that appropriations remain stable, assigned revenue is down by more than 25 % in 2011, that market support is down by almost 22% (to EUR 3 491 million), and that appropriations for veterinary and phytosanitary measures show a fall of 7.8%. It expresses concern about the Commission's optimistic assumptions (in view of increased market volatility and the vulnerability of agricultural activity to health hazards) with regard to trends in agricultural markets in 2011, resulting in a reduction of around EUR 900 million in market-related expenditure. Members urge the Commission and the Council to carefully monitor developments in agricultural markets and to **be prepared to react swiftly and effectively with the necessary safety net measures to counter adverse market developments** and volatility in market prices. Although they welcome the increase in appropriations for decoupled direct aid, the school fruit and vegetables scheme, and school milk, as well as the appropriations earmarked for the aid for deprived persons programme, Members recall that the **Milk Fund** adopted under the 2010 budget to mitigate the consequences of the dairy crisis and ask the Commission to examine how the EUR 300 million in exceptional funding for the dairy sector is being used by the Member States with a view to making it permanent, together with proposals for a permanent approach and concrete proposals for dealing with price volatility in this sector. They also mention the increase in appropriations proposed for the implementation of EU policy and legislation on climate action, as well as the increase in CA for LIFE+. They call for increased funding to combat water pollution and for the integrated maritime policy;
- **Heading 3a**: Parliament welcomes the overall increase in the funds pertaining to this heading (+12.8%) to give practical effect to the Stockholm Programme. It stresses the need to increase appropriations for the improvement of detention conditions, for social inclusion measures and social resettlement programmes and to support anti-drug initiatives. Members also welcome the proposed increase in CA for the External Borders Fund, the European Return Fund and the European Refugee Fund. They call for sufficient resources to be allocated to the European Asylum Support Office (EASO). They comment once more on the uncertainty of the timetable for the development and entry into operation of the **SIS II.** They consider it necessary, given that the prospect of a migration to SIS II is growing increasingly unlikely and a replacement option is currently being prepared, to place part of these funds in **the reserve**, pending further analysis;
- **Heading 3b**: this heading covers issues of key concern to citizens and is the subject of great concern because appropriations are, once again, reduced (by 0.03% compared with the 2010 budget). Parliament reiterates that **coordinated and multidisciplinary investment in youth** must be started without delay as **a cross-policy theme**. In this regard, it calls for an increase in youth policy instrument funding and deplores the lack of ambition shown by the Commission in failing properly to address this priority. Members confirm their intention to amend the draft budget in order to provide appropriate funding for this priority. They also deplore that there no funding is planned for encouraging and promoting cooperation in the field of youth and sports, that funding has been reduced for programmes promoting European citizenship, communication and information for the media and the DAPHNE Programme to combat violence against children, adolescents and women;
- **Heading 4**: once again, Members are critical of the very tight margins available under heading 4, which do not allow the EU to react adequately to recurring and emerging crises and emergencies. They point out that the increasing and unbearable discrepancy between this underfinanced heading and the Council's new political commitments on the world stage **can only be addressed by a revision of the ceiling under the existing MFF**. They also urge the Commission to ensure that extra financial assistance is provided for the new ENPI Multi-Annual Indicative Programmes and National Indicative Programmes for the period 2011-2013 covering Eastern Partnership countries. Noting **the proposed decrease of more than 32% in CA for financial assistance to Palestine**, the peace process and UNRWA, Members protest against the Commission's statement according to which 'the exceptionally high allocations of previous years [that] cannot be maintained without jeopardising the funding for other countries in the region. According to MEPs, there is an urgent need for a substantial revision of financing capacities under heading 4, and, above all, this should not lead to a decrease in financial support for the Palestinian Authority in stepping up its institutional capacities. An amendment introduced in plenary points out that, even if the EU were to be ready to extend its package of assistance to the Palestinians, this commitment is not open-ended, and insists that, while humanitarian aid must remain unconditional, the EU must play a political role which delivers tangible results in terms of progress towards the creation of a Palestinian state which are consistent with its significant financial assistance and economic influence in the region. It points out, in that respect, that even the use of the entire margin of heading 4 exclusively for financial assistance to Palestine would not suffice to reach the 2010 level of CA (EUR 295 million in 2010,

as compared to a hypothetical EUR 270 million in 2011). Although Parliament recalls its support for the principle of financial assistance for the main ACP banana supplying countries, it reiterates its firm **opposition to the financing of Banana Accompanying Measures via the use of the margin**. Members welcome the increase in appropriations for the CFSP to EUR 327.4 million (CA) in line with the ever more ambitious role the EU wishes to play in zones undergoing a stabilisation process or affected by conflicts and crises. They reiterate Parliament's intention to provide the European External Action Service with the necessary administrative means to fulfil its mission. As regards climate change, Parliament considers that the proposed increase for DCI to be appropriate, but deplores the misleading presentation by the Commission, which flags up an increase of EUR 65 million for the environment and sustainable management of natural resources as a follow-up to the Copenhagen Accord, whereas that increase is based on the financial programming and not on the 2010 budget (the 2011 DB in fact provides for a decrease of EUR 1.2 million against this line, as compared to the 2010 budget), which is a source of concern). It insists that the 'fast start' climate finance package must be additional and not come at the expense of existing development cooperation programmes. Members express concern regarding the coherence and visibility of the EU 'fast start' finance contribution, and call on the Member States to make information available to the Commission promptly so as to ensure the full transparency and additionality of the EU contribution. Moreover, Parliament welcomes the proposal to amend the regulation creating an instrument for industrialised countries (ICI+), but is firmly opposed to its being financed from appropriations programmed for use under the Development Cooperation Instrument; stresses that funds earmarked for development cooperation must target poverty alleviation. It is extremely dissatisfied that of the total of EUR 70.6 million in appropriations earmarked for this new instrument in the draft budget, EUR 45 million have been taken from the Development Cooperation Instrument;

- **Heading 5**: Parliament notes that the total administrative expenditure for all institutions is estimated at EUR 8 266.6 million, i.e. an increase of 4.5%. It recalls that the institutions must make all possible efforts to finance the administrative needs related to their staff's remuneration **within the appropriations entered in their respective sections of the 2010 budget.** Once again, it stresses the need to arrive at an effective structure, with a clear definition of responsibilities, in order to avoid any overlapping of tasks and unnecessary (administrative) costs. Members are deeply concerned about the fact that, in general, the Commission's **outsourcing tendencies**, together with the conversion of posts into appropriations for contract agents, have led to a situation where an increasing number of staff employed by the EU are neither visible in the institutions' establishment plans as adopted by the budgetary authority nor paid under heading 5. Moreover, this conversion of establishment plan posts into external staff is likely to have an impact on the quality and independence of the European civil service. Members therefore ask for further information regarding the amounts written into the budget in relation to building projects that have significant financial implications for the budget.

Parliament also makes some general remarks in regard to pilot projects and preparatory actions, as well as the **agencies**. Although its welcomes the overall stabilisation of the agencies' budgets (at EUR 679.2 million), it disapproves, as regards the assigned revenue of fee-dependent agencies, of the Commission's approach in increasing margins artificially.

Conciliation: in regard to the conciliation procedure, Parliament recalls that the institutions involved are supposed to reach agreement at the trilogue scheduled for July and recall the following points to be of specific interest for the trilogue due to take place on 30 June 2010:

- budgetary implications of the European Stabilisation Financial Mechanism,
- budgetary implications of the EU2020 strategy,
- youth-related programmes,
- financial sustainability and manageability of heading 1a, including the changes made by the Lisbon Treaty,
- heading 4, including the setting up of the European External Action Service,
- the limited margins in the 2011 DB and the need for a revision of the current MFF.