Basic information

2012/2016(BUD) BUD - Budgetary procedure	Procedure completed
2013 budget: mandate for trilogue **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	LA VIA Giovanni (PPE)	09/02/2012
	Shadow rapporteur GARDIAZABAL RUBIAL Eider (S&D) PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	JÄÄTTEENMÄKI Anneli (ALDE)	06/03/2012
DEVE Development	MITCHELL Gay (PPE)	14/02/2012
INTA International Trade	ŠŤASTNÝ Peter (PPE)	29/02/2012
CONT Budgetary Control	FJELLNER Christofer (PPE)	24/01/2012
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	BOULLAND Philippe (PPE)	15/09/2011
ENVI Environment, Climate and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	BÜTIKOFER Reinhard (Verts/ALE)	28/02/2012

	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.	
	REGI Regional Development	STAVRAKAKIS Georgios (S&D)	26/01/2012
	AGRI Agriculture and Rural Development	DE LANGE Esther (PPE)	05/10/2011
	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.	
	LIBE Civil Liberties, Justice and Home Affairs	IACOLINO Salvatore (PPE)	20/03/2012
	AFCO Constitutional Affairs	GUERRERO SALOM Enrique (S&D)	28/02/2012
	FEMM Women's Rights and Gender Equality	HONEYBALL Mary (S&D)	25/01/2012
	PETI Petitions	The committee decided not to give an opinion.	

Council of the European Union	

European Commission	Commission DG	Commissioner
	Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
20/06/2012	Vote in committee		

26/06/2012	Committee report tabled for plenary	A7-0215/2012	Summary
03/07/2012	Debate in Parliament		
04/07/2012	Decision by Parliament	T7-0289/2012	Summary
04/07/2012	Results of vote in Parliament		
04/07/2012	End of procedure in Parliament		

Technical information

Procedure reference	2012/2016(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/7/08796

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE489.403	08/05/2012	
Committee opinion	AFET	PE488.069	24/05/2012	
Committee opinion	INTA	PE486.033	30/05/2012	
Committee opinion	AFCO	PE486.105	30/05/2012	
Committee opinion	CONT	PE485.881	31/05/2012	
Committee opinion	REGI	PE486.122	31/05/2012	
Committee opinion	AGRI	PE487.912	31/05/2012	
Committee opinion	LIBE	PE487.917	31/05/2012	
Amendments tabled in committee		PE489.697	31/05/2012	
Committee opinion	ITRE	PE486.135	01/06/2012	
Committee opinion	FEMM	PE486.209	01/06/2012	
Committee opinion	EMPL	PE486.233	01/06/2012	
Committee opinion	DEVE	PE487.958	05/06/2012	
Committee report tabled for plenary, single reading		A7-0215/2012	26/06/2012	Summary
Parliament's opinion on budgetary estimates/guidelines		T7-0289/2012	04/07/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06260/2012	08/02/2012	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

2013 budget: mandate for trilogue

2012/2016(BUD) - 08/02/2012 - Document attached to the procedure

The Council adopted conclusions setting **its priorities for the EU's general budget for 2013**. They will serve as the basis for negotiations with the European Parliament.

They may be summarised as follows:

A realistic budget reflecting real absorption capacities: the first key element of the requested budgetary discipline is that the budget for 2013 should **strictly respect the ceilings of the current multiannual financial framework (MFF).** Moreover, with the exception of sub-heading 1b (Cohesion for growth and employment), the Council stresses the need to leave sufficient margins under all ceilings of the various headings and sub-headings of the MFF, in order to be able to deal with unforeseen circumstances.

The Council insists on the need for a **realistic budget** respecting the principle of sound financial management. Especially in the current economic context, commitment and payment appropriations have to be kept under strict control and correspond to real needs.

The Council encourages the Commission and Member States to continue their efforts to deliver better forecasts in all domains. An accurate draft budget is essential to allow Member States to precisely anticipate the level of their contribution to the Union's budget. The draft budget has to present appropriations reflecting genuine needs, taking into account past implementation, future needs and **absorption capacities**. In this respect, the Council asks the Commission to provide precise and frequent information on the budget implementation at every stage of the budgetary procedure. This rigorous follow-up is essential to avoid past experience of significant under-implementation of certain funds and unjustified carry-overs, or to justify any additional need for appropriations or redeployment of existing resources.

In close relation with all these issues, the Council notes with great concern the volume of outstanding commitments (**at the end of 2011, outstanding commitments (RAL) amounted to EUR 207 billion**). This issue has to be examined thoroughly and the Council urges the Commission to take all appropriate remedial measures in each annual budgetary procedure.

Specific issues: on a strictly technical level, the Council encourages the Commission to continue the improvement of the documents accompanying its draft budget which should be as transparent, simple and concise as possible, and clearly justify the appropriations requested to facilitate decision-making to a maximum.

- Administrative expenditure: in the context of a rigorous fiscal consolidation in Member States, already highlighted in the introduction, national administrations have to optimise the use of limited resources. Therefore, the Council urges the institutions not to increase administrative expenditure and to provide financing only for real needs, in order to give a positive signal to the citizens. All the institutions should continue their efforts by increasing administrative efficiency with restricted resources and by preferring r**edeployment and reprioritisation** to requests for additional appropriations.

The Council welcomes the Commission's initiative to reduce by 1% the number of posts for 2013 in its establishment plans. It calls on all institutions and agencies to follow a similar approach, without prejudice to its position in the context of the revision of the staff regulation and the negotiations on the next MFF. The Council is concerned about the evolution in appropriations for pensions and their impact on administrative expenditure in the future.

- **Agencies**: the Council regrets the **recurrent over-budgeting of some agencies**, leading to unjustified carry-overs. It reiterates the importance of keeping their funding under firm control, so as to provide for real needs. It expects the Commission to continue to provide a comprehensive picture concerning agencies, including their building policy, in due time for the draft budget for 2013. The Council strongly urges the Commission, when establishing its draft budget, to continue to take into account the appropriations unused by the agencies, in order to **bring down their annual surpluses**. It also urges the Commission to carefully check, and if necessary revise, the requirements of funds and posts as proposed by the agencies taking into account proven problems with implementation and recruitment with the aim of presenting a realistic budget proposal.

- **Financing of the ITER project**: the Council recalls the agreement reached in December 2011 on the additional financing of the ITER project in 2012 and 2013. According to this agreement the ceiling for commitment appropriations under sub-heading 1a (Competitiveness for growth and employment) has been increased in 2013 by EUR 190 million and a further EUR 360 million will be made available within the ceilings. It recalls its preference that

the outstanding appropriations in the budget for 2013 should be made available through redeployments. Therefore, the Council asks the Commission to examine all possibilities of redeployment and accordingly make concrete proposals within the draft budget for 2013.

The Council concludes that the annual budgetary procedure is one of the main ways to ensure that the Union is accountable to its citizens. In particular, it stresses that in the current context, well-targeted and responsible use of the Union's resources is a vital means of strengthening European citizens' confidence. As a result, it underlines that it considers these guidelines to be of the utmost importance and hopes that they will be taken fully into account in the 2013 draft budget.

These guidelines shall be forwarded to the European Parliament and to the Commission, as well as to the other institutions.

2013 budget: mandate for trilogue

2012/2016(BUD) - 26/06/2012 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted the report by Giovanni La Via (EPP, IT) on the mandate for the trilogue on the 2013 Draft Budget.

Draft budget for 2013 – general assessment: Members recall that in its resolution of 14 March 2012 Parliament placed the promotion of growth and jobs at the centre of its priorities, in line with the Europe 2020 strategy, arguing in particular for the concentration of resources in support of SMEs and youth.

Recognising the persistent economic and budgetary constraints at national level, as well as the need for fiscal consolidation, Members reiterate their conviction that the EU budget represents a common and effective instrument of investment and solidarity, which is needed particularly at the present time to trigger economic growth, competitiveness and job creation in the 27 Member States. Despite its limited size, not exceeding 2 % of total public spending in the Union, the EU budget has had a real economic impact. Accordingly, **Members intend strongly to defend an adequate level of resources for next year's budget,** especially for policies delivering growth and employment. They believe that the EU budget should not be the victim of unsuccessful economic policies at national level.

In terms of priorities, the committee believes that resources must be concentrated on those areas where the EU budget can deliver added value, whilst they could be reduced in sectors which are experiencing unjustified delays and low absorption. It considers that real savings can be made by identifying overlaps and inefficiencies across budgetary lines. It asks the Commission, to this end, to provide both arms of the budgetary authority with prompt, regular and complete information on the implementation - on the basis of performance target indicators - of the various programmes and initiatives´, and to weigh them against the EU's political commitments.

Budget 2013: Members note that the EU draft budget for 2013 proposed by the Commission amounts to:

- EUR 150 931.7 million in commitment appropriations (CA) (i.e. +2 % compared to the 2012 budget) and
- EUR 137 924.4 million in payment appropriations (PA) (i.e. +6.8 % compared to Budget 2012).

These amounts represent respectively 1.13 % and 1.03 % of the EU's forecast GNI for 2013. Noting the ongoing discrepancy between the levels of commitment and payment appropriations, Members stress that this will result in a further increase of reste-à-liquider (RAL).

The committee understands that the Commission proposes freezing commitment appropriations at the level of the estimated inflation rate for next year, but feels that this cannot be considered an acceptable strategy for keeping the level of RAL under control.

The report also makes the following points:

- Members view the proposed increase of 6.8 % in PA compared to 2012 as an initial response to Parliament's call for responsible and realistic budgeting;
- they remain sceptical as to whether the proposed level of payment appropriations in 2013 is adequate to cover the actual needs for next year, especially in Headings 1b and 2, warning also that the insufficient level of payments might not be sufficient to honour the claims being addressed to the Commission, and could then result in billions of decommitments for cohesion policy alone;
- they note a significant number of legitimate claims, notably in the field of cohesion policy, could not be paid out and will also need to be covered by the 2012 budget, requiring the Commission to come up with a draft amending budget in order to rectify this situation, and to avoid shifting 2012 payments to the following year, since this would create an unsustainable level of payments in 2013;
- they deplore the Council Presidency's reluctance to participate in the interinstitutional political meeting on payments proposed by Parliament as a follow-up to last year's budgetary conciliation, which behaviour is seen as an irresponsible attempt to ignore the lack of payments issue and the question of RAL;
- they stress that any reduction in the level of payment appropriations below that of the Commission proposal would also result in a further increase in the outstanding commitments (RALs), which at the end of 2011 **already reached the unprecedented level of EUR 207 billion** and reiterate the call on the Council to refrain from making artificial cuts by deciding on the overall level of payments a priori, without taking into account the assessment of actual needs.

Taking note of the overall margin of EUR 2.4 billion in CA in the DB 2013, the committee states its determination to make full use of it - as well as of the other flexibility mechanisms foreseen by the IIA - whenever it proves to be necessary. It also notes that no appropriations have been entered in the draft budget for the accession of Croatia in July 2013, and asks for the necessary amounts to be provided.

Members make the following comments on the separate budget headings :

Heading 1a: they note the Commission's proposal for increasing commitments under this Heading by 4.1 % (to EUR 16 032 million) as compared to the 2012 budget. They are pleased to see that the highest increases in CA are concentrated in Heading 1a, where most of the policies and programmes

triggering growth, competitiveness and jobs are placed, and that they reflect the priorities highlighted by Parliament for 2013: the increases for FP7-EC (+6.1 %), CIP (+7.3 %) and TEN-T (+6.4 %) programmes. Furthermore, Members consider the substantial increase in payments, by 17.8% (to EUR 13.552 million) as compared to the Budget 2012 a realistic estimation of the payments needed under this heading, stating that the level of payments proposed by the Commission to be the minimum level needed under Heading 1a.

Taking note of the rationale adopted by the Commission when proposing reductions as compared to the financial programming, Members ask for increased resources for SME's which created 85 % of jobs in the last ten years. They ask for measures that will facilitate access to debt and equity financing for innovative SMEs.

They deeply regret that, at a time of economic crisis and especially of high youth unemployment the appropriations for the PROGRESS programme have been reduced by EUR 5.3 million compared to the financial programming, thus being brought back practically to the 2012 levels, despite the good performance of this programme so far. The committee also deplores the fact that not even in the last year of the current MFF has the Commission seized the opportunity to reinstate under this programme the EUR 60 million redeployed in favour of the Progress Microfinance Facility. It regrets that the contribution to the Youth on the Move Flagship Initiative is slightly reduced compared to last year, and **opposes, therefore, the proposed reduction by EUR 10.2 million as compared to the 2012 budget** for the Lifelong Learning Programme.

Stressing the role of the TEN-T programme for meeting the goals of adaptation to climate change, Members welcome the Commission's proposed increase of approximately EUR 85 million compared to the 2012 budget, but asks for further clarification on the proposed reduction by EUR 118 million as compared to the financial programming. They stress generally that innovative solutions are urgently required in order to mobilise private or public funds to a greater extent and extend the range of financial instruments available for infrastructure projects. They deplore the Commission's proposed cuts for the European Supervisory Authorities, compared to what was originally envisaged in the financial programming, and consider the current level of appropriations insufficient to allow those agencies to cope efficiently with their tasks.

As regards ITER, Members are concerned that the Commission proposes to finance this additional amount only through redeployment from lines of the FP7 programme, contrary to Parliament's long-standing position on the matter.

Heading 1b: the committee notes that the DB 2013 provides for an increase in CA of 3.3 % (to EUR 54 498 million) compared to the 2012 budget, of which EUR 42 144 million are for the Structural Funds (ERDF and ESF) and EUR 12 354 million for the Cohesion Fund. It stresses that cohesion policy has long proved its added value as a necessary investment tool to deliver growth and job creation effectively by accurately addressing the investment needs of the regions, thus contributing to economic recovery and the development of the Union as a whole. Members welcome, therefore, the Commission's initiative of reprogramming where possible EUR 82 billion of unallocated Structural Fund moneys in some Member States in favour of SMEs and youth employment, in line with Parliament's priorities for 2013.

However, they are extremely concerned over the payment situation of cohesion projects under this Heading, and note that two-thirds of the total level of RAL at the end of 2011 (i.e. EUR 135.8 billion) reflects unpaid projects under cohesion policy. They recall that at the end of 2011 **the Commission was unable to reimburse some EUR 11 billion corresponding to legitimate payment claims submitted by project beneficiaries due to the insufficient level of payment appropriations provided in the budget.** This has led to a considerable payment backlog, which will have to be addressed through the availability of sufficient payment appropriations in 2012. The committee firmly points out that it will not accept a recurrence of this situation in 2013.

Accordingly, Members call on the Council and Commission to immediately analyse and assess, along with Parliament, the figures and requirements concerned, so as not to jeopardise implementation for 2013, pointing out that a lack of payment appropriations could endanger currently well-functioning programmes. They consider therefore as a minimum the proposed increase in payment appropriations by 11.7 % (to EUR 48 975 million) as compared to last year. They stress that **this increase in payments is only a first step to cover the actual needs** of running projects, and call on the Council and Commission to carefully evaluate the real needs in terms of payments for 2013 under Heading 1b, stating that they will oppose any possible cut in the level of payments compared to the proposal included in the DB 2013.

Heading 2: Members note that the DB 2013 proposes to increase CA by 0.6 % (to EUR 60 307 million) and PA by 1.6 % (to EUR 57 964 million) as compared to the 2012 budget (these levels remain below the increase proposed by the Commission for the budget as a whole). They note that the proposed funds for market interventions are EUR 419 million less for 2013 than in the 2012 budget. They also stress that the appropriations for Heading 2 are lower than the estimated needs, since assigned revenues to the EAGF are estimated to be higher in 2013 than in 2012. They recall that an adjustment of the current estimates on the basis of actual needs will be made in the autumn through the agricultural amending letter. Members note the proposed slight increase of CA - by 3.3 % to EUR 366.6 million - for LIFE +, but regrets that the appropriation is EUR 10.55 million below the level of the financial programming of January 2012. The committee welcomes the amounts proposed by the Commission for the food distribution programme for Most Deprived Persons (MDP) and considers it important to maintain the financial support for the common fisheries policy (CFP) with a view to its imminent reform.

Heading 3a: Members note the overall increase in funding proposed in DB 2013 - EUR 1 392,2 and 928 3 million in commitments and payments respectively - compared to the 2012 budget. They stress the need : (i) to reinforce appropriations for cybersecurity in the IT sector ; (ii) to continue support for FRONTEX, as well as for the various recently created agencies under this heading ; (iii) to take note of the significant increase in commitments and comparatively low level of payments for SIS II. Members recommend maintaining a substantial part of the budget for SIS II in the reserve until its operational progress and compliance with the financial planning have been justified. They appreciate the increase proposed by the Commission for the European Refugee Fund and reiterate their request for an appropriate and balanced answer to the challenges of legal migration and slowing-down of illegal migration.

Heading 3b: Members deplore the fact that again for 2013 the overall appropriations under this Heading, compared to 2012 budget, are to be reduced, with a cut in CA of 1.2 % (EUR 26.8 million) and in PA of 0.4%, excluding the Solidarity Fund. They welcome the increased funding in 2013 for the Youth in Action programme and the increase in commitments compared to the 2012 budget for the Culture

programme (+1.4 %), Media 2007 (+1.1 %) and Union action in the field of health (+3.1%), but regrets the cuts in appropriations compared to the 2012 budget for the Europe for Citizens programme - especially during the European Year of Citizens – as well as for Union action in the field of consumer

policy and Media Mundus. They also regret the decreased volume of commitments for communication actions compared to the 2012 budget, at a time when the gap between the European Union and its citizens is more evident than ever.

Heading 4: Members note that the commitment and payment appropriations presented in the DB 2013 mark an increase of 0.7 % and 5.1 %, as compared to the 2012 budget, to EUR 9 467.2 and EUR 7 311.6 million respectively. They point out that these increases remain below that proposed by the Commission for the budget as a whole. Noting the significant increase of EUR 272.3 million in the proposed margin for Heading 4 compared to the financial programming for 2013 which reflects the net effect of the increase in commitments for ENPI, ICI and ICI + and decreasing the growth in commitments for the Guarantee Fund, the Instrument for Pre-Accession Assistance, macro financial assistance, the Development Cooperation Instrument, and the Instrument for Stability, Members call on the **Commission to provide sufficient explanation as to why such a significant scaling-down of some programmes was needed compared to the financial programming**. They regret, in particular, the ongoing decrease of appropriations in the field of development cooperation. They wonder how this is compatible with the EU's international commitments in terms of allocating, by 2015, 0.7 % of GNP to the Millennium Development Goals. They call on the Commission to ensure a more coherent, realistic and better planned approach to the financing of DCI. They also note the proposal to increase appropriations under the European Neighbourhood Instrument, addressing the needs of countries facing major political and economic change in the wake of the Arab Spring. Members consider that a sufficient level of EU financial assistance to the Palestinian Authority and UNRWA is still needed in order to adequately and comprehensively respond to the political and humanitarian situation in the Middle East and the peace process. As regards Croatia, Members acknowledge the fact that with the accession of Croatia to the Union, a reduction of EUR 67.6 million will be made to the IPA allocations. They are nevertheless concerned that the Commission is proposing a greater than expected reduction in support for institutional capacity building for candidate countries, with the cut in IPA allocations for Croatia. They recognise the need to react to the transregional challenges posed by organised crime, trafficking, the need to protect critical infrastructure , threats to public health and the fight against terrorism and call on the Commission to provide evidence as to why an increase of 50 % is needed for these measures in 2013.

Heading 5: Members note that total administrative expenditure for all institutions is estimated at EUR 8.544.4 million, representing an increase of 3.2 % as compared to 2012 and leaving a margin of EUR 636.6 million, including additional expenditure linked to Croatia's accession. Acknowledging that most institutions, including the European Parliament, have made an effort to restrict their administrative budgets to an increase below the expected inflation rate, Members underline the need for the long-term rationalisation of administrative resources, and insists on the need to strengthen interinstitutional cooperation in areas such as human resources, translation and interpretation, buildings, and information technology. Overall, Members welcome this effort towards budget consolidation in administrative expenditure at a time of economic and budgetary constraints at national level. However, they are concerned at the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes. According to Members, **any staff reduction should be based on a prior impact assessment** and take full account of, inter alia, the Union's legal obligations, the EU's priorities and the institutions' new competences and increased tasks arising from the treaties. Such assessment should also take carefully into account the effects on the different Directorates-General and services, given their size and workload notably, as well as on the different types of posts concerned as presented in the Commission's annual screening of human resources. Members take the view that questions remain about the high number of costly management positions at high grade levels among the staff of the European External Action Service. They also state that the European Schools should be adequately funded.

Agencies: Members note the overall level of EUR 748 million (i.e. 0.5 % of the total EU budget) devoted to the decentralised EU agencies in DB 2013, resulting in an increase in the total EU contribution (including assigned revenue) as compared to the 2012 budget amounting to EUR 24 million, or +3.2 %. They note that for the first time the Commission has cut the budgetary requests of almost all the agencies, which were in line with the financial programming amounts overall.

Interinstitutional budgetary trilogue: lastly, Members consider the following issues to be of specific interest for the trilogue due to take place on 9 July 2012:

- support for growth, competitiveness and employment, and particularly for SMEs and youth, in the budget for 2013;
- a sufficient level of payment appropriations to cover the increasing needs of running projects, in particular under Headings 1a, 1b and 2, at the end of the programming period;
- the problem of outstanding commitments (RAL);
- an amending budget for 2012, in order to cover past and current payment needs and avoid shifting 2012 payments to 2013 as was the case this year;
- a sufficient level of commitment appropriations - more Europe in times of crisis;
- an interinstitutional meeting on payments;
- financing of ITER in the 2013 budget;
- the discrepancy between financial programming and the DB 2013 in the case of Heading 4.

2013 budget: mandate for trilogue

2012/2016(BUD) - 04/07/2012 - Parliament's opinion on budgetary estimates/guidelines

The European Parliament adopted by 540 votes to 93, with 52 abstentions, a resolution on the mandate for the trilogue on the 2013 Draft Budget.

Draft budget for 2013 – general assessment: Parliament recalls that in its resolution of 14 March 2012 Parliament placed the promotion of growth and jobs at the centre of its priorities, in line with the Europe 2020 strategy, arguing in particular for the concentration of resources in **support of SMEs and youth**.

Recognising the persistent economic and budgetary constraints at national level, as well as the need for fiscal consolidation, Parliament reiterates its conviction that the EU budget represents a common and effective instrument of investment and solidarity, which is needed particularly at the present time to trigger economic growth, competitiveness and job creation in the 27 Member States. Despite its limited size, not exceeding 2 % of total public spending in the Union, the EU budget has had a real economic impact. Accordingly, **Members intend strongly to defend an adequate level of resources**

for next year's budget, especially for policies delivering growth and employment. They believe that the EU budget should not be the victim of unsuccessful economic policies at national level.

In terms of priorities, Parliament believes that resources must be concentrated on those areas where the EU budget can deliver added value, whilst they could be reduced in sectors which are experiencing unjustified delays and low absorption. It considers that real savings can be made by identifying overlaps and inefficiencies across budgetary lines. It asks the Commission, to this end, to provide both arms of the budgetary authority with prompt, regular and complete information on the implementation - on the basis of performance target indicators - of the various programmes and initiatives´, and to weigh them against the EU's political commitments.

In an amendment adopted in plenary, Members consider that the EU, not least in the context of the austerity policies being implemented in the Member States, must show responsibility and take immediate, **concrete measures to establish a single seat for Parliament**.

Budget 2013: Parliament notes that the EU draft budget for 2013 proposed by the Commission amounts to:

- EUR 150 931.7 million in commitment appropriations (CA) (i.e. +2 % compared to the 2012 budget) and
- EUR 137 924.4 million in payment appropriations (PA) (i.e. +6.8 % compared to Budget 2012).

These amounts represent respectively 1.13 % and 1.03 % of the EU's forecast GNI for 2013. Noting the ongoing discrepancy between the levels of commitment and payment appropriations, Members stress that this will result in a further increase of reste-à-liquider (RAL).

RAL: Parliament understands that the Commission, at the end of the programming period, is putting the accent on the side of payments, as it intends also to provide a solution to the ever-growing level of RALs. While sharing this approach, Parliament is particularly concerned at the proposed freezing of commitment appropriations at the level of the estimated inflation rate for next year. It stresses the importance of commitments for determining political priorities and thus ensuring that the necessary investment will eventually be made to boost growth and employment. It intends to analyse carefully whether such a level of commitments will allow the proper implementation of key EU policies. It is also of the opinion that even if the freezing of commitment appropriations can be presented by the Commission and Member States as a partial solution to the RAL problem, **it cannot be considered an acceptable strategy for keeping the level of RAL under control**.

On the issue of payments: Parliaemnt views the proposed increase of 6.8 % in PA compared to 2012 as an initial response to Parliament's call for responsible and realistic budgeting. It notes that the increases in payments are concentrated in the areas of competitiveness and cohesion. It remains, however, sceptical as to whether the proposed level of payment appropriations in 2013 is adequate to cover the actual needs for next year, especially in Headings 1b and 2. Members also warns that the insufficient level of payments for 2012 combined with the **level proposed by the Commission for 2013 might not be sufficient to honour the claims being addressed to the Commission**, and could then result in billions of decommitments for cohesion policy alone.

Parliament also highlights the following:

- the current proposal would bring the overall level of payments for the period 2007-2013 to EUR 859.4 billion, i.e. approximately EUR 66 billion lower than the agreed MFF ceilings. Parliament asks the Commission to present, in the context of the amending budget for 2012, accurate information on the results of the current implementation of the European Economic Recovery Plan programmes;
- the endorsement of the increase in payment appropriations, as proposed by the Commission, which is the result not only of past commitments that need to be honoured but also of the actual implementation of programmes, which is expected to reach cruising speed by the last year of the current MFF. Parliament calls on the Commission to verify with the Member States that their estimated demands for payment increases are accurate and realistic;
- the significant number of legitimate claims, notably in the field of cohesion policy, could not be paid out and will also need to be covered by the 2012 budget, requiring the Commission to come up with a draft amending budget in order to rectify this situation, and to avoid shifting 2012 payments to the following year, since this would create an **unsustainable level of payments in 2013**;
- the Council Presidency's reluctance to participate in the interinstitutional political meeting on payments proposed by Parliament as a follow-up to last year's budgetary conciliation, which behaviour is seen as an irresponsible attempt to ignore the lack of payments issue and the question of RAL;
- the fact that any reduction in the level of payment appropriations below that of the Commission proposal would also result in a further increase in the outstanding commitments (RALs), which at the end of 2011 **already reached the unprecedented level of EUR 207 billion** and reiterate the call on the Council to refrain from making artificial cuts by deciding on the overall level of payments a priori, without taking into account the assessment of actual needs.

Taking note of the overall margin of EUR 2.4 billion in CA in the DB 2013, Parliament states its determination to make full use of it - as well as of the other flexibility mechanisms foreseen by the IIA - whenever it proves to be necessary. It also notes that no appropriations have been entered in the draft budget for the accession of Croatia in July 2013, and asks for the necessary amounts to be provided.

Budget headings: Parliaments makes the following comments on the separate budget headings:

Heading 1a: it notes the Commission's proposal for increasing commitments under this Heading by 4.1 % (to EUR 16 032 million) as compared to the 2012 budget. It is pleased to see that the highest increases in CA are concentrated in Heading 1a, where most of the policies and programmes triggering growth, competitiveness and jobs are placed, and that they reflect the priorities highlighted by Parliament for 2013: the increases for FP7-EC (+6.1 %), CIP (+7.3 %) and TEN-T (+6.4 %) programmes. Furthermore, Members consider the substantial increase in payments, **by 17.8% (to EUR 13.552 million) as compared to the Budget 2012 a realistic estimation of the payments needed under this heading, stating that the level of payments proposed by the Commission to be the minimum level needed under Heading 1a**.

Taking note of the rationale adopted by the Commission when proposing reductions as compared to the financial programming, Members ask for increased resources for SME's which created 85 % of jobs in the last ten years. They ask for measures that will facilitate access to debt and equity financing for innovative SMEs.

They deeply regret that, at a time of economic crisis and especially of high youth unemployment the appropriations for the PROGRESS programme have been reduced by EUR 5.3 million compared to the financial programming, thus being brought back practically to the 2012 levels, despite the good performance of this programme so far. Parliament also deplores the fact that not even in the last year of the current MFF has the Commission seized the opportunity to reinstate under this programme the EUR 60 million redeployed in favour of the Progress Microfinance Facility. It regrets that the contribution to the Youth on the Move Flagship Initiative is slightly reduced compared to last year, and **opposes, therefore, the proposed reduction by EUR 10.2 million as compared to the 2012 budget** for the Lifelong Learning Programme.

- As regards the **EGF**, Parliament welcomes the Commission's decision to include in the DB, for the third year running, payment appropriations (EUR 50 million) for the European Globalisation Adjustment Fund (EGF).
- As regards **ITER**, Members are concerned that the Commission proposes to finance an additional amount of EUR 360 million in 2013 only through redeployment from lines of the FP7 programme, contrary to Parliament's long-standing position on the matter. It aims to explore other means available under the IIA and the Financial Regulation for this purpose. Parliament emphasises the need for an adequate staffing level for Fusion for Energy (F4E), the European Joint Undertaking for ITER, so as to ensure the careful management and sound implementation of the EU's contribution to the ITER project.
- On **supervisory authorities**, Members stress generally that innovative solutions are urgently required in order to mobilise private or public funds to a greater extent and extend the range of financial instruments available for infrastructure projects. They deplore the Commission's proposed cuts for the European Supervisory Authorities, compared to what was originally envisaged in the financial programming, and consider the current level of appropriations insufficient to allow those agencies to cope efficiently with their tasks.

Heading 1b: Parliament notes that the DB 2013 provides for an increase in CA of 3.3 % (to EUR 54 498 million) compared to the 2012 budget, of which EUR 42 144 million are for the Structural Funds (ERDF and ESF) and EUR 12 354 million for the Cohesion Fund. It stresses that cohesion policy has long proved its added value as a necessary investment tool to **deliver growth and job creation effectively** by accurately addressing the investment needs of the regions, thus contributing to economic recovery and the development of the Union as a whole. Members welcome, therefore, the Commission's initiative of reprogramming where possible EUR 82 billion of unallocated Structural Fund moneys in some Member States in favour of SMEs and youth employment, in line with Parliament's priorities for 2013.

However, they are extremely concerned over the payment situation of cohesion projects under this Heading, and note that two-thirds of the total level of RAL at the end of 2011 (i.e. EUR 135.8 billion) reflects unpaid projects under cohesion policy. They recall that at the end of 2011 **the Commission was unable to reimburse some EUR 11 billion corresponding to legitimate payment claims submitted by project beneficiaries due to the insufficient level of payment appropriations provided in the budget.** This has led to a considerable payment backlog, which will have to be addressed through the availability of sufficient payment appropriations in 2012. Parliament firmly points out that it will not accept a recurrence of this situation in 2013.

Accordingly, Members call on the Council and Commission to immediately analyse and assess, along with Parliament, the figures and requirements concerned, so as not to jeopardise implementation for 2013, pointing out that a lack of payment appropriations could endanger currently well-functioning programmes. They consider therefore as a minimum the proposed increase in payment appropriations by 11.7 % (to EUR 48 975 million) as compared to last year. They stress that **this increase in payments is only a first step to cover the actual needs** of running projects, and call on the Council and Commission to carefully evaluate the real needs in terms of payments for 2013 under Heading 1b, stating that they will oppose any possible cut in the level of payments compared to the proposal included in the DB 2013.

Heading 2: Parliament notes that the DB 2013 proposes to increase CA by 0.6 % (to EUR 60 307 million) and PA by 1.6 % (to EUR 57 964 million) as compared to the 2012 budget (these levels remain below the increase proposed by the Commission for the budget as a whole). It notes that the proposed funds for market interventions are EUR 419 million less for 2013 than in the 2012 budget. It also stresses that the appropriations for Heading 2 are lower than the estimated needs, since assigned revenues to the EAGF are estimated to be higher in 2013 than in 2012. Members recall that an adjustment of the current estimates on the basis of actual needs will be made in the autumn through the agricultural amending letter. They note the proposed slight increase of CA - by 3.3 % to EUR 366.6 million - for LIFE +, but regret that the appropriation is EUR 10.55 million below the level of the financial programming of January 2012. Parliament welcomes the amounts proposed by the Commission for the food distribution programme for Most Deprived Persons (MDP) and considers it important to maintain the financial support for the common fisheries policy (CFP) with a view to its imminent reform.

Heading 3a: Members note the overall increase in funding proposed in DB 2013 - EUR 1 392,2 and 928 3 million in commitments and payments respectively - compared to the 2012 budget. They stress the need : (i) to reinforce appropriations for cybersecurity in the IT sector ; (ii) to continue support for FRONTEX, as well as for the various recently created agencies under this heading ; (iii) to take note of the significant increase in commitments and comparatively low level of payments for SIS II. Members recommend maintaining a substantial part of the budget for SIS II in the reserve until its operational progress and compliance with the financial planning have been justified. They appreciate the increase proposed by the Commission for the European Refugee Fund and reiterate their request for an appropriate and balanced answer to the challenges of legal migration and **slowing-down of illegal migration**.

Heading 3b: Members deplore the fact that again for 2013 the overall appropriations under this Heading, compared to 2012 budget, are to be reduced, with a cut in CA of 1.2 % (EUR 26.8 million) and in PA of 0.4%, excluding the Solidarity Fund. They welcome the increased funding in 2013 for the Youth in Action programme and the increase in commitments compared to the 2012 budget for the Culture

programme (+1.4 %), Media 2007 (+1.1 %) and Union action in the field of health (+3.1%), but regrets the cuts in appropriations compared to the 2012 budget for the Europe for Citizens programme - especially during the European Year of Citizens – as well as for Union action in the field of consumer policy and Media Mundus. They also regret the decreased volume of commitments for communication actions compared to the 2012 budget, at a time when the gap between the European Union and its citizens is more evident than ever.

Heading 4: Parliament notes that the commitment and payment appropriations presented in the DB 2013 mark an increase of 0.7 % and 5.1 %, as compared to the 2012 budget, to EUR 9 467.2 and EUR 7 311.6 million respectively. It points out that these increases remain below that proposed by the Commission for the budget as a whole. Noting the significant increase of EUR 272.3 million in the proposed margin for Heading 4 compared to the financial programming for 2013 which reflects the net effect of the increase in commitments for ENPI, ICI and ICI + and decreasing the growth in commitments for the Guarantee Fund, the Instrument for Pre-Accession Assistance, macro financial assistance, the Development Cooperation Instrument, and the Instrument for Stability, Members call on the **Commission to provide sufficient explanation as to why such a significant scaling-down of some programmes was needed compared to the financial programming**. They regret, in particular, the ongoing decrease of appropriations in the field of development cooperation. They wonder how this is compatible with the EU's international commitments in terms of allocating, by 2015, 0.7 % of GNP to the Millennium Development Goals. They call on the Commission to ensure a more coherent, realistic and better planned approach to the financing of DCI. They also note the proposal to increase appropriations under the European Neighbourhood Instrument, addressing the needs of countries facing major political and economic change in the wake of the Arab Spring.

Members consider that a sufficient level of EU financial assistance to the Palestinian Authority and UNRWA is still needed in order to adequately and comprehensively respond to the political and humanitarian situation in the Middle East and the peace process. As regards Croatia, Members are concerned that the Commission is proposing a greater than expected reduction in support for institutional capacity building for candidate countries, with the cut in IPA allocations for Croatia. They recognise the need to react to the transregional challenges posed by organised crime, trafficking, the need to protect critical infrastructure, threats to public health and the fight against terrorism.

Heading 5: Parliament notes that total administrative expenditure for all institutions is estimated at EUR 8.544.4 million, representing an increase of 3.2 % as compared to 2012 and leaving a margin of EUR 636.6 million, including additional expenditure linked to Croatia's accession. Acknowledging that most institutions, including the European Parliament, have made an effort to restrict their administrative budgets to an increase below the expected inflation rate, Parliament underlines the need for the long-term rationalisation of administrative resources, and insists on the need to strengthen interinstitutional cooperation in areas such as human resources, translation and interpretation, buildings, and information technology. Overall, Members welcome this effort towards budget consolidation in administrative expenditure at a time of economic and budgetary constraints at national level. However, they are concerned at the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes. According to Members, **any staff reduction should be based on a prior impact assessment** and take full account of, inter alia, the Union's legal obligations, the EU's priorities and the institutions' new competences and increased tasks arising from the treaties. Such assessment should also take carefully into account the effects on the different Directorates-General and services, given their size and workload notably, as well as on the different types of posts concerned as presented in the Commission's annual screening of human resources. Members take the view that questions remain about the high number of costly management positions at high grade levels among the staff of the European External Action Service. They also state that the European Schools should be adequately funded.

Agencies: Members note the overall level of EUR 748 million (i.e. 0.5 % of the total EU budget) devoted to the decentralised EU agencies in DB 2013, resulting in an increase in the total EU contribution (including assigned revenue) as compared to the 2012 budget amounting to EUR 24 million, or +3.2 %. They note that for the first time the Commission has cut the budgetary requests of almost all the agencies, which were in line with the financial programming amounts overall.

Interinstitutional budgetary trilogue: lastly, in an amendment adoptd in plenary, Parliament states that the following issues are of specific interest for the trilogue due to take place on 9 July 2012:

- a sufficient level of payments to allow for the 2012 June European Council commitment to mobilise EU budget funds for fast-acting growth measures to be implemented without any delay and within the current MFF;

- support for growth, competitiveness and employment, and particularly for SMEs and youth, in the budget for 2013;
- a sufficient level of payment appropriations to cover the increasing needs of running projects, in particular under Headings 1a, 1b and 2, at the end of the programming period;
- the problem of outstanding commitments (RAL);
- an amending budget for 2012, in order to cover past and current payment needs and avoid shifting 2012 payments to 2013 as was the case this year;
- a sufficient level of commitment appropriations - more Europe in times of crisis;
- an interinstitutional meeting on payments;

- financing of ITER in the 2013 budget;
- the discrepancy between financial programming and the DB 2013 in the case of Heading 4.