


# Procedure file



Basic information		
BUD - Budgetary procedure	2011/2020(BUD)	Procedure completed
2012 budget: all sections		
Subject 8.70.60 Previous annual budgets		

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	<b>BUDE</b>	Budgetary Conciliation Committee		23/05/2011
			PPE <a href="#">FERNANDES José Manuel</a>	23/05/2011
			S&D <a href="#">BALZANI Francesca</a>	
	Former committee responsible			
	<b>BUDG</b>	Budgets		23/05/2011
			PPE <a href="#">FERNANDES José Manuel</a>	23/05/2011
			S&D <a href="#">BALZANI Francesca</a>	
	Former committee for opinion			
	<b>AFET</b>	Foreign Affairs		16/02/2011
			S&D <a href="#">MUÑIZ DE URQUIZA María</a>	
	<b>DEVE</b>	Development		07/02/2011
			ALDE <a href="#">GOERENS Charles</a>	
	<b>INTA</b>	International Trade		26/01/2011
			PPE <a href="#">ŠŤASTNÝ Peter</a>	
	<b>CONT</b>	Budgetary Control	The committee decided not to give an opinion.	
<b>ECON</b>	Economic and Monetary Affairs		14/12/2010	
		S&D <a href="#">LUDVIGSSON Olle</a>		
<b>EMPL</b>	Employment and Social Affairs		25/11/2010	
		S&D <a href="#">BERÈS Pervenche</a>		
<b>ENVI</b>	Environment, Public Health and Food Safety		26/01/2011	
		S&D <a href="#">HAUG Jutta</a>		
<b>ITRE</b>	Industry, Research and Energy		16/02/2011	
		Verts/ALE <a href="#">BÜTIKOFER</a>		

		<a href="#">Reinhard</a>	
<b>IMCO</b>	Internal Market and Consumer Protection		04/03/2011
		ECR <a href="#">KOŽUŠNÍK Edvard</a>	
<b>TRAN</b>	Transport and Tourism		30/11/2010
		S&D <a href="#">LIBERADZKI Bogusław</a>	
<b>REGI</b>	Regional Development		27/01/2011
		PPE <a href="#">SURJÁN László</a>	
<b>AGRI</b>	Agriculture and Rural Development		01/12/2010
		S&D <a href="#">CAPOULAS SANTOS Luis Manuel</a>	
<b>PECH</b>	Fisheries		01/02/2011
		ALDE <a href="#">REIMERS Britta</a>	
<b>CULT</b>	Culture and Education		24/01/2011
		ALDE <a href="#">LØKKEGAARD Morten</a>	
<b>JURI</b>	Legal Affairs	The committee decided not to give an opinion.	
<b>LIBE</b>	Civil Liberties, Justice and Home Affairs		16/03/2011
		Verts/ALE <a href="#">KELLER Ska</a>	
<b>AFCO</b>	Constitutional Affairs		17/02/2011
		PPE <a href="#">SAUDARGAS Algirdas</a>	
<b>FEMM</b>	Women's Rights and Gender Equality	The committee decided not to give an opinion.	
<b>PETI</b>	Petitions		24/05/2011
		ALDE <a href="#">KOCH-MEHRIN Silvana</a>	
<b>Council of the European Union</b>	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3129</a>	30/11/2011
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3126</a>	18/11/2011
	<a href="#">Justice and Home Affairs (JHA)</a>	<a href="#">3121</a>	27/10/2011
<b>European Commission</b>	Commission DG	Commissioner	
	<a href="#">Budget</a>	LEWANDOWSKI Janusz	

## Key events

26/05/2011	Commission draft budget published	<a href="#">COM(2011)0300</a>	Summary
25/07/2011	Council position on draft budget published	<a href="#">13110/2011</a>	Summary
27/09/2011	Committee referral announced in Parliament		
11/10/2011	Vote in committee		Summary
17/10/2011	Budgetary report tabled for plenary	<a href="#">A7-0354/2011</a>	
26/10/2011	Results of vote in Parliament		

26/10/2011	Debate in Parliament		
26/10/2011	Decision by Parliament	<a href="#">T7-0461/2011</a>	Summary
26/10/2011	Start of budgetary conciliation (Parliament and Council)		
27/10/2011	Parliament's amendments rejected by Council		
18/11/2011	Additional information		
19/11/2011	Vote in committee		
19/11/2011	Budgetary joint text published	<a href="#">17470/2011</a>	
25/11/2011	Budgetary conciliation report tabled for plenary	<a href="#">A7-0414/2011</a>	Summary
30/11/2011	Draft budget approved by Council		
01/12/2011	Debate in Parliament		
01/12/2011	Decision by Parliament	<a href="#">T7-0521/2011</a>	Summary
01/12/2011	Final act signed		
01/12/2011	End of procedure in Parliament		
29/02/2012	Final act published in Official Journal		

### Technical information

Procedure reference	2011/2020(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/05117; BUDE/7/07807

### Documentation gateway

Commission draft budget		<a href="#">COM(2011)0300</a>	26/05/2011	EC	Summary
Document attached to the procedure		<a href="#">COM(2011)0372</a>	17/06/2011	EC	Summary
Committee opinion	<b>PETI</b>	<a href="#">PE466.960</a>	19/07/2011	EP	
Council position on draft budget		<a href="#">13110/2011</a>	25/07/2011	CSL	Summary
Committee opinion	<b>ECON</b>	<a href="#">PE467.202</a>	31/08/2011	EP	
Committee opinion	<b>IMCO</b>	<a href="#">PE466.965</a>	01/09/2011	EP	
Committee opinion	<b>TRAN</b>	<a href="#">PE467.189</a>	01/09/2011	EP	
Committee opinion	<b>LIBE</b>	<a href="#">PE467.239</a>	02/09/2011	EP	
Committee opinion	<b>PECH</b>	<a href="#">PE462.610</a>	07/09/2011	EP	
Committee opinion	<b>INTA</b>	<a href="#">PE467.325</a>	07/09/2011	EP	
Committee opinion	<b>AFCO</b>	<a href="#">PE467.265</a>	08/09/2011	EP	

Committee opinion	<a href="#">ENVI</a>	<a href="#">PE467.318</a>	08/09/2011	EP	
Committee opinion	<a href="#">EMPL</a>	<a href="#">PE466.967</a>	09/09/2011	EP	
Committee opinion	<a href="#">AFET</a>	<a href="#">PE470.034</a>	13/09/2011	EP	
Document attached to the procedure		<a href="#">COM(2011)0576</a>	16/09/2011	EC	Summary
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE472.016</a>	22/09/2011	EP	
Committee draft report		<a href="#">PE472.287</a>	03/10/2011	EP	
Committee opinion	<a href="#">CULT</a>	<a href="#">PE467.204</a>	05/10/2011	EP	
Committee opinion	<a href="#">ITRE</a>	<a href="#">PE472.169</a>	06/10/2011	EP	
Committee opinion	<a href="#">REGI</a>	<a href="#">PE467.319</a>	10/10/2011	EP	
Committee opinion	<a href="#">AGRI</a>	<a href="#">PE469.959</a>	10/10/2011	EP	
Budgetary report tabled for plenary, 1st reading		<a href="#">A7-0354/2011</a>	17/10/2011	EP	
Document attached to the procedure		<a href="#">COM(2011)0698</a>	25/10/2011	EC	Summary
Budgetary text adopted by Parliament		<a href="#">T7-0461/2011</a>	26/10/2011	EP	Summary
Budgetary joint text		<a href="#">17470/2011</a>	19/11/2011	CSL/EP	
Budgetary conciliation report tabled for plenary		<a href="#">A7-0414/2011</a>	25/11/2011	EP	Summary
Budgetary joint text approved by Parliament		<a href="#">T7-0521/2011</a>	01/12/2011	EP	Summary

## Final act

### [Budget 2012/2020](#)

[OJ L 056 29.02.2012, p. 0001](#) Summary

### [Corrigendum to final act 32012B0070R\(01\)](#)

[OJ L 079 19.03.2012, p. 0001](#) Summary

### [Corrigendum to final act 32012B0070R\(02\)](#)

[OJ L 184 13.07.2012, p. 0019](#) Summary

## 2012 budget: all sections

**PURPOSE:** to present the draft general budget of the European Union for the financial year 2012.

**CONTENT:** the Commission adopted the draft general budget 2012, the second of the "Lisbon era." It is also the fifth and penultimate budget under the Financial Framework. Sustaining investments and economic growth will remain at the heart of EU activity in 2012, building on a more positive economic outlook. The EU, while pursuing its support to investment and to actions in favour of growth and employment in 2012, will act in a new frame established for economic recovery and economic governance ([Europe 2020](#) and the [European semester](#)).

This will be done while major challenges remain to be solved for both the Union and the Member States. In the context of the recovery gaining ground, the EU budget will have an important role to play as a leverage tool to Member States' recovery policies, which will impact on final beneficiaries.

General budget details: the Draft Budget for 2012 is therefore proposed at the level of EUR 147 435.6 million in commitment appropriations, corresponding to 1.12% of GNI, that is EUR 5 324.3 million more than in 2011 (+ 3.7%). This leaves a combined total margin of EUR 1 603.3 million under the various ceilings of the MAFF.

For payment appropriations, the total amounts to EUR 132 738.6 million, corresponding to 1.01% of GNI. This is an increase of EUR 6 191.9 million compared to payment appropriations in the 2011 budget (+ 4.9%), and leaves a margin of EUR 8 815.4 million under the ceiling of the MAFF.

Priorities for the 2012 draft budget: the key objective should again be to fully support the European economy and EU citizens by exploring the leverage effect of the EU budget to reinforce growth and employment opportunities, while sustaining the actions implemented within Member

States? budgets.

The 2012 Draft Budget will also address the objective of smart, sustainable and inclusive growth, as identified by the Europe 2020 strategy.

The following priorities have been established for the 2012 Draft Budget:

- investing for growth within fiscal consolidation: the EU Budget is also a tool to finance investments, particularly needed during a period of fiscal consolidation in the Member states. Within an overall level of commitments set at EUR 147.4 billion, 46.1% is dedicated to sustainable growth. The Commission is fully aware of the ongoing fiscal consolidation efforts in Member States and the related difficulties. The proposed increase in the overall level of payment appropriations (+ 4.9%) represents a valuable contribution to European economic recovery and growth, and is a necessary consequence of the Union's contractual obligation to honour the growing level of outstanding commitments of current and previous years, now that all major programmes are running at cruising speed.
- reinforcing the budgetary strand of the Europe 2020 strategy: expenditure related to competitiveness for growth and employment, with EUR 15.2 billion in commitment appropriations, and Cohesion for growth and employment, with EUR 52.7 billion in commitment appropriations, will support the EU economy and contribute to shaping the conditions for sustainable growth, both in the short and longer term. A knowledge and innovation based economy clearly benefits from investing in research and development, innovation, infrastructure and human capital, with particular attention to our younger generations, in line with the priority areas identified by the Europe 2020 strategy. Overall, the proposed commitment appropriations directly linked to the objectives of the Europe 2020 strategy in 2012 increase by 5.1% to EUR 62.6 billion. Accordingly, the 2012 Draft Budget foresees significant increases in payment appropriations for expenditure at the core of the Europe 2020 strategy, delivering real implementation on the ground. In particular, increased payment levels for the Research Framework Programmes (+ 13.3% to EUR 7.6 billion) and for the structural and cohesion funds (+ 8.4% to EUR 45.1 billion) aim at maximising the EU budget contribution to economic growth, and to support economic, social and territorial cohesion in a Union of 27 Member States with significant disparities in levels of development and standards of living. Reinforced payment levels for research and cohesion are combined in the 2012 Draft Budget with lower increases for market related expenditure and direct aids under the Common Agricultural Policy (CAP).
- strengthening Lisbon Treaty priority areas: when preparing the 2012 Draft Budget, the Commission has thoroughly assessed the needs for priority areas stemming from the Union's new competences under the Lisbon Treaty, such as competitiveness and innovation (+ 7.5% in commitment appropriations), space (+ 13.2%), climate actions (+ 6.1%) and the Common Foreign and Security Policy (CFSP, + 11.0%). The substantial increase in appropriations foreseen for the area of Freedom, Security and Justice (heading 3a, + 17.7% in commitment appropriations and + 6.8% in payment appropriations), and in particular for Solidarity and management of migration flows, reflects the importance attached to the implementation of the 'Stockholm programme' in a secure Union. The Union's ambitions in its external actions are translated in the Draft Budget into a growing level of commitment appropriations for the EU as a global player (+ 2.9 %).

MAIN BUDGETARY CHARACTERISTICS HEADING BY HEADING: the presentation is structured according to the budget headings of the 2007-2013 Financial Framework:

Heading 1: Sustainable growth and employment: this heading covers expenses related to competitiveness and employment as well as cohesion:

- For Competitiveness for Growth and Employment (heading 1a): this heading includes many of the flagship initiatives set out in the Europe 2020 strategy including 'innovation Union', 'youth on the move', 'resource efficiency Europe', 'new skills and jobs' and 'industrial policy for the globalisation era'. The main programmes under this heading are the 7th Framework Programme for research and technological development (FP7), the Lifelong Learning Programme, the Competitiveness and Innovation Programme (CIP), the Trans-European Networks (TENs), GALILEO/EGNOS, GMES, Marco Polo II, and the PROGRESS Programme. Commitment appropriations are set at EUR 15 223.6 million, which is an increase of 12.6% compared to the 2011 budget. This leaves a margin of EUR 129.4 million. Payment appropriations increase by 8.1% to EUR 12 566.1 million. This increase is in part due to additional payment needs to cover pre-financing payments for the growing level of commitment appropriations for research, and in part to cover intermediate and final payments on outstanding commitments.
- For Cohesion for Growth and Employment (heading 1b): this heading covers the Structural Funds, i.e. the European Regional Development Fund (ERDF) and the European Social Fund (ESF), as well as the Cohesion Fund (CF). Commitment appropriations increase by 3.4% to EUR 52 738.9 million, leaving a margin of EUR 22.1 million. Payment appropriations increase by 8.4 %, to EUR 45 134.8 million. The substantial increase in the level of payments shows the momentum of the 2007-2013 Cohesion policy on the ground, thus contributing to investments, economic recovery and job creation in the EU. With the programmes up and running, further significant increases are expected in the payment needs for 2013.

Heading 2: Preservation and management of natural resources: commitment appropriations amount to EUR 60 158.4 million. This level of funding represents an increase of 2.6% compared to 2011 and leaves a margin of EUR 651.6 million under the ceiling. Payment appropriations amount to EUR 57 948.4 million, which is an increase of 2.8% compared to 2011. Within this heading the amount foreseen for market related expenditure and direct aids reaches EUR 44 179.7 million in commitment appropriations, and EUR 44 102.8 million in payment appropriations.

Heading 3: Citizenship, freedom, security, justice: this heading is split into two sub-headings:

- For Freedom, Security and Justice (heading 3a): this sees an important increase in commitment appropriations of 17.7%, rising to EUR 1 340.4 million, and leaving a margin of EUR 65.6 million. Payment appropriations also increase substantially, by 6.8% to EUR 868.3 million.
- For Citizenship (heading 3b): commitment appropriations decrease by 0.1% to EUR 683.5 million, leaving a margin of EUR 15.5 million. Payment appropriations for this heading decrease by 0.3% to EUR 645.7 million. If the EU Solidarity Fund (EUR 196.9 million and EUR 18.4 million for commitment and payment appropriations respectively in 2011) is included in this comparison, commitment and payment appropriations decrease by 22.4 % and 3.0% respectively. The annual ceiling for this heading, which supports various actions close to European citizens, remains broadly stable in the current financial framework.

Heading 4, the EU as a Global Player: this heading sees an increase in commitment appropriations of 2.9 % to EUR 9 009.3 million, with an increased margin of EUR 246.7 million available under the ceiling. After the review of the European Neighbourhood Policy foreseen for May 2011, the Commission will present an Amending Letter in order to reflect the necessary budgetary adjustments for 2012. Payment appropriations on the other hand slightly increase by 0.8% to EUR 7 293.7 million.

Heading 5: Administration: commitment and payment appropriations for Administrative expenditure (heading 5) for all Institutions combined increase by 1.3 %, with commitments set at EUR 8 281.5 million and payments at EUR 8 281.6 million. This leaves a margin of EUR 472.5 million. The Commission has made particular efforts to freeze its own administrative expenditure by reducing the types of expenditure that are under direct control of the Commission, such as expenditure linked to buildings, IT, meetings, studies, etc. This has led to a 'nominal freeze' in the Commission's administrative budget, when excluding pensions and European schools, i.e. a reduction by 1.8 % in real terms according to the latest inflation forecast (November 2010) of 1.8 % in 2012. This stabilisation of administrative expenditure in nominal terms also results from the fact that the Commission does not request any additional posts, for the third year in a row. The Commission plans to continue to meet its priorities, including those resulting from the entry into force of the Lisbon Treaty, by an important redeployment effort. The Commission's strict approach to administration is to a large degree followed by most of the

other Institutions, leading to an overall increase of administrative appropriations for the other Institutions of 1.3%

By way of conclusion, the Commission notes that the proposed Draft Budget represents a responsible and coherent budgetary proposal which takes into account the requirements expressed by both arms of the Budgetary Authority and pays due attention to the current circumstances. It provides both the opportunity for sustaining growth and jobs and utilises, based on thorough and deep assessment of performance, the opportunity for the EU to target the actions that should bring the most benefits to its citizens and those in need in our neighbourhood. It provides a credible proposal for the discussions and cooperation throughout the budget procedure for a smooth and timely adoption of the 2012 budget.

## 2012 budget: all sections

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PURPOSE: presentation of an Amending Letter No 1 to the draft general budget 2012 (Section III- Commission).

CONTENT: this Amending Letter No 1 (AL 1) to the Draft General Budget for 2012 (DB 2012) covers the following:

- the increase of EUR 400 million in commitment appropriations to support additional measures in the EU Neighbourhood region as a follow-up of the recently adopted Joint Communication '[A new response to a changing Neighbourhood](#)': EUR 395.5 million for the European Neighbourhood and Partnership Instrument (ENPI) and EUR 4.5 million for the European Instrument for Democracy and Human Rights (EIDHR);
- the related redeployment of EUR 104.1 million in payment appropriations from other programs within Heading 4: EUR 102.8 million to the ENPI and EUR 1.3 million to the EIDHR. There is no impact on the overall level of payment appropriations.

The reinforcement of EUR 400 million in commitment appropriations will be covered by the margin of Heading 4 (EUR 246.7 million), and by the mobilisation of the Flexibility Instrument (EUR 153.3 million).

Reinforcing the European Neighbourhood and partnership instrument: the strategic review of the European Neighbourhood Policy (ENP) that was initiated last year identified areas where the policy can be considerably strengthened. The revolutions and upheavals in the Southern Mediterranean and the strong aspirations that the people of these countries have expressed for political and economic change make the EU's support even more crucial than in the past, and point to areas where EU and partner countries can and should do better. Equally, the EU remains committed to durably supporting the democratisation and reform processes in the entire neighbourhood, south and east.

The abovementioned Communication sets out the proposals emerging from the ENP strategic review and, in that context gives substance to the approaches towards Eastern Europe and the Southern Caucasus through the continued implementation of the Eastern Partnership and towards the Southern Mediterranean, in the context of the new 'Partnership for Democracy and shared Prosperity'. With the offer of a '[Partnership for Democracy and shared Prosperity](#)', in particular, the EU seeks to support the democratic transformation initiated in Egypt and Tunisia, and that may extend to other countries of the southern Mediterranean.

The Communication proposes the implementation of the new approach of the neighbourhood policy and identifies needs for additional resources for the region of up to EUR 1 242 million until 2013 stemming from various sources.

It is proposed to reinforce with EUR 751 million the financial envelope of the ENPI over the period 2011 to 2013 and with EUR 4.5 million in 2012 the European Instrument for Democracy and Human Rights (EIDHR). Some EUR 355.5 million are to be redeployed from other instruments, including the corresponding administrative support expenditure.

The present Amending Letter relates to the 2012 tranche of the reinforcement implementing the new approach for the ENP and amends the relevant budget lines in Draft Budget 2012 accordingly, by adding EUR 400 million in commitment appropriations to ENPI and EIDHR. Given the timelines and uncertainties related to the conditions for implementation, the Commission proposes to reallocate EUR 120.1 million from payment appropriations already included in the 2012 Draft Budget. In case of need, and depending on the absorption capacity in the region, the Commission may request additional payment appropriations in the course of the year through transfers and/or an amending budget.

Sources of additional funding: the additional EUR 400 million will be covered by:

- the unallocated margin under the expenditure ceiling of Heading 4 (EUR 246.7 million). Part of the current margin in the Draft Budget 2012 was created by scaling down amounts originally programmed for 2012 for the Development Cooperation Instrument (EUR 89 million), the Instrument for Pre-accession Assistance (EUR 60 million) and the Instrument for Stability (EUR 60 million). The necessary payment appropriations will also be re-allocated from these programs;
- the Flexibility Instrument for an amount of EUR 153.3 million.

## 2012 budget: all sections

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The Council adopted its position on the draft budget of the European Union for 2012.

The main features of the position are as follows:

- EUR 146 245.34 in commitment appropriations;

- EUR 129 088.04 in payment appropriations.

Under the Council's position on the draft budget for 2012 adopted by the Council, commitment appropriations increase by 2.92% compared to the 2011 budget and payment appropriations increase by 2.02%.

The total amount of payment appropriations provided for in the Council's position on the draft budget for 2012 corresponds to 0.98% of EU GNI.

A. Generally: the Council's position on the draft budget for 2012:

- shows due regard to the [Interinstitutional Agreement of 17 May 2006](#) on budgetary discipline and sound financial management;
- is within the framework of the budget guidelines established for the 2012 budget in the Council conclusions adopted in February 2011;
- follows an approach leading to a budget that is realistic and comprehensively balanced, complying with budgetary discipline and sound financial management. While recognising the efforts already made by the Commission in its draft budget, the need of additional efforts was underlined;
- provides adequate funding for the European Union's various priorities, determining appropriations on the basis of the budget implementation rate in 2010, budget forecast alerts in 2011 and realistic absorption capacities. This approach was also followed with regard to allocations for administrative expenditure arising from operational programmes and the expenditure of the executive agencies responsible for their management;
- ensures a limited and controlled growth of payment appropriations in comparison with 2011 under all headings and sub-headings of the multiannual financial framework, adjusting the amounts on the basis of an analysis of the 2010 budget implementation and the 2011 budget forecast alert. This approach should be seen in the context of the budgetary constraints applied in all Member States;
- leaves adequate margins under the ceilings of the headings and sub-headings of the multiannual financial framework, with the exception of sub-heading 1b, in order to be able to cope with unforeseen situations, while respecting as far as possible the amounts in commitment appropriations proposed by the Commission regarding co-decided programmes.

Statement on payment appropriations: as well as the abovementioned principles, the Council approved a statement on payment appropriations stating that if the payment appropriations entered in the 2012 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources) and heading 4 (EU as a global player), the Commission should present by the end of September 2012 at the latest updated figures concerning the state of affairs and estimates regarding payment appropriations under sub-heading 1b and, if necessary, to present a draft amending budget for this sole purpose. The Council will take position on the draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations.

B. Expenditure by heading of the financial framework: as to expenditure under the different headings of the financial framework the Council's position leads to:

Heading 1: Sustainable growth (EUR 67.267 billion in commitments):

Heading 1a: as regards competitiveness for growth and employment expenditure: the amount of this sub-heading totals EUR 14.028 billion in commitment appropriations, targeting a total reduction of EUR 695.90 million in the appropriations requested in the DB in respect of a number of specific budget lines under this heading, of which EUR 45.90 million resulting from the approach followed for administrative expenditure and decentralised agencies. The remaining reduction of EUR 650 million is linked to the possible revision of the multiannual financial framework for ITER. The Council has not included in its position on the draft budget for 2012 the proposed additional financing for the ITER project based on a possible revision of the multiannual financial framework 2007-2013 (MFF), pending the end of the agricultural year for 2011 and new information on implementation rates. It will re-examine the situation after the end of the agricultural year for 2011, in view of deciding on the sources and scale of additional financing. The Council invites the Commission, in cooperation with F4E, to present by 15 October 2011 reports on the progress achieved in implementing the cost containment and savings plan and on the performance and management of the European Joint Undertaking for ITER and the Development of Fusion Energy and the ITER project, and on the fulfilment of the scheduled activities within the annual budget.

This sub-heading is also characterised by the following:

- the creation of budget line 04 03 15 (European Year for Active Ageing and Solidarity between generations 2012), its financing coming from budget line 04 03 07 (Analysis, studies and awareness raising on the social situation, demographics and the family);
- fixing the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 15.52 million in commitments and EUR 17.84 million in payments as a result of the approach followed for these agencies. A total of 63 temporary posts was accepted;
- setting the level of payment appropriations, targeting a total reduction of EUR 1 132.00 million in the appropriations requested in the DB of which EUR 99.46 million in the field of competitiveness, EUR 101.99 million in the field of transports, EUR 563.22 million in the field of research, EUR 86 million in the field of education and training, EUR 147 million on budget lines related to the European economic recovery plan, EUR 50 million on the budget line for the European Globalisation Adjustment Fund and EUR 84.33 million on various other budget lines, on the basis of an analysis of past and current budget implementation and realistic absorption capacities.

The margin available under sub-heading 1a would be EUR 175.30 million.

Heading 1b: concerning cohesion for growth and employment expenditure: the Council has provided an amount of EUR 52.739 billion in commitments as in the Commission draft budget.

Other main characteristics of this sub-heading are as follows:

- set the level of payment appropriations, reducing the appropriations requested in the DB by a total of EUR 1 299.28 million while resulting in an increase of 5.2 % in comparison with 2011;
- a reduction in payment appropriations concentrated in the field of the European Regional Development Fund (EUR 706 million), the European Social Fund (EUR 394 million) and the Cohesion Fund (EUR 199 million), representing an adjustment on the basis of the available information.

The margin available under sub-heading 1b would be EUR 22.12 million.

Heading 2: Preservation and management of natural: the amount of this heading is set at EUR 59.613 billion in commitments. The Council

foresees a total reduction of EUR 545.60 million in commitment appropriations requested in the DB, of which EUR 197.94 million in the field of agriculture, EUR 337.60 million on the budget line for clearance of accounts and EUR 10.06 million on various other budget lines, on the basis of past and current budget implementation.

The Council also aims to:

- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 1.46 million in commitments and EUR 2.67 million in payments as a result of the approach followed for these agencies. As regards staff requests, 4 temporary posts were accepted;
- set the level of payment appropriations, reducing the appropriations requested in the DB by a total of EUR 786.51 million, of which EUR 229.93 million in the field of agriculture, EUR 337.60 million on the budget line for clearance of accounts, EUR 140 million in the field of Rural development, EUR 46.50 million in the field of European Fisheries Fund and EUR 32.48 million on various other budget lines, on the basis of past and current budget implementation. These amounts estimated on the basis of past budget implementation and available information may be reviewed in the light of the Autumn letter of amendment.

The margin available under heading 2 would be EUR 1 197.16 million.

Heading 3: citizenship, freedom, security and justice: the amount of this heading is set at EUR 1.953 billion in commitments, divided between 2 sub-headings:

Heading 3a: for freedom, security and justice expenditure (EUR 1.285 billion in commitments): for this heading, the Council aims to:

- set the level of commitment appropriations, reducing by a total of EUR 55.65 million commitment appropriations requested in the DB in respect of a number of specific budget lines under this heading, on the basis of past and current budget implementation and of realistic absorption capacities;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 11.55 million in commitments and
- EUR 12.73 million in payments as a result of the approach followed for these agencies. A total of 12 temporary posts was accepted;
- set the level of payment appropriations, targeting a total reduction of EUR 44.26 million in the appropriations requested in the DB on a number of budget lines on the basis of past and current budget implementation.

The margin available under sub-heading 3a would be EUR 121.27 million.

Heading 3b: citizenship expenditure (EUR 668 million in commitments), the Council aims to:

- set the level of commitment appropriations, reducing by a total of EUR 15.55 million the commitment appropriations requested in the DB in respect of a number of specific budget lines under this heading on the basis of past and current budget implementation and of realistic absorption capacities;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 9.48 million in commitments and EUR 6.46 million in payments as a result of the approach followed for these agencies;
- set the level of payment appropriations, reducing by a total amount of EUR 14.53 million the appropriations requested in the DB in a targeted manner over a series of budget lines, on the basis of past and current budget implementation.

The available margin under sub-heading 3b would be EUR 31.08 million.

Heading 4: The EU as a global player: the Council envisages an overall amount of EUR 9.206 billion in commitments. It decided to:

- accept letter of amendment No 1/2012. This letter is fully financed under the current ceiling of heading 4 by additional redeployments;
- set the level of commitment appropriations, reducing by a total amount of EUR 203.57 million the commitment appropriations requested in the DB on a number of specific budget lines under this heading, on the basis of past and current budget implementation and of realistic absorption capacities;
- fix the level of the appropriations for subsidies for the decentralised agency, reducing the appropriations requested in the DB by a total of EUR 0.28 million in commitments and EUR 0.40 million in payments as a result of the approach followed for these agencies;
- set the level of payment appropriations, reducing by a total of EUR 300.37 million the appropriations requested in the DB, of which on the one hand EUR 190.37 million in a targeted manner over a series of budget lines, on the basis of past and current budget implementation and of realistic absorption capacities, and on the other hand by not retaining the amount of EUR 110 million proposed in the DB for the Emergency Aid Reserve.

The margin available under heading 4 would be EUR 50.23 million to cover additional needs at a later stage.

Heading 5: Administrative expenditure: administrative expenditure is set at EUR 8.207 billion in commitments. The Council decided to:

- keep under strict control the volume of the administrative expenditure of the EU institutions, in line with the approach followed by the Member States for their national civil service;
- set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
- carry out targeted reductions for all the institutions, taking into account past and current budget implementation and real needs;
- increase the standard flat rate abatement on salaries for most of the institutions, taking into account their current vacancy rate;
- not accept any new post requested by the institutions with the exception of part of the posts requested by the European External Action Service which is a new institution;
- accept the requested conversions, transformations, upgradings and transfers of posts.

This approach has resulted in an appropriate level of administrative expenditure ensuring a proper functioning of the institutions. A margin of EUR 546.44 million remained available under the ceiling of heading 5 of the multiannual financial framework. When examining the administrative budgets, the Council also focused on administrative expenditure linked to operational programmes and on administrative expenditure of the executive agencies. In this respect, it was decided to carry out targeted reductions on the basis of a similar approach as the one followed for the institutions.

Agencies: as regards decentralised agencies, the Council also applied a similar approach as for the institutions. Therefore, no increase in appropriations compared to 2011 and no new posts were accepted for the agencies at "cruising speed". Regarding agencies in charge of new



tasks, an increase limited to 1.5 % compared to 2011 and one third of the new posts requested were accepted. In addition, the creation of new auto-financed posts was registered. For agencies in the "start-up" phase, new posts and increases in the corresponding contribution to Titles 1 and 2 were limited to 3/4 of the requests.

## 2012 budget: all sections

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**PURPOSE:** to present amending letter No 2 to the draft general budget 2012 as regards the establishment plans of the European Parliament, the European Council and Council, the Commission, the European Economic and Social Committee, the Committee of the Regions and the European Ombudsman.

**BACKGROUND:** on 30th June 2011 the negotiations with Croatia were closed. Signature of the Accession treaty and Croatian referendum are both expected to take place in the second half of 2011 or first half of 2012. The ratification process by the Parliaments of all 27 EU Member States is expected to be concluded by the end of June 2013 allowing for an entry into force and accession of Croatia to the European Union to take place on 1 July 2013 as proposed by the Commission.

The Commission provided the two arms of the budgetary authority with a [Communication](#) on the financial package for the accession negotiations with Croatia<sup>5</sup> including indicative estimates of additional administration costs for all Institutions up to 2013. The European Parliament and the Council are the only Institutions which already requested and obtained additional posts and/or appropriations linked to this enlargement in the budget 2011.

When presenting its draft budget for the financial year 2012, the Commission announced that, since the date of future accessions remained unknown, its statement of estimates for 2012 did not include any request for additional resources linked to enlargement. For the sake of consistency, it also invited other Institutions not to include the additional resources required for the Croatian accession in their statement of estimates, announcing that this issue would be better dealt with in an amending letter once a decision on the accession date was taken.

Accordingly, based on the revised statement of estimates received from the Institutions, the Commission presents this amending letter No 2 to the Draft Budget 2012 (AL 2/2012) to integrate the budgetary implications of Croatia's accession in their respective administrative expenditure.

**CONTENT:** this amending letter addresses the most urgent needs before accession; remaining needs will be covered as from the draft budget 2013.

The total appropriations requested by the European Parliament, the European Council and Council, the Commission, the European Economic and Social Committee, the Committee of the Regions and the European Ombudsman in this amending letter No 2 to the Draft Budget 2012 amount to EUR 13.1 million.

The requested credits are necessary to cover expenditure for additional human resources that will carry out preparatory work in the linguistic and legal field relating to the enlargement to Croatia.

Appropriations shall also:

- cover mission expenditure for Croatian observers in the European Parliament and the Committee of the Regions;
- finance communication activities as well as additional equipment and operating expenditure linked to the recruitment of supplementary staff.

In total, 78 new establishment plan posts are requested by the European Parliament, the Commission, the European Economic and Social Committee, the Committee of the Regions and the European Ombudsman.

However, corresponding appropriations are only requested for 14 posts, since neither the Parliament (62 new posts) nor the European Ombudsman (2 posts) do request any appropriations for their respective new posts.

Moreover, appropriations for 117 other agents (contract agents and seconded national experts) are requested until full membership of Croatia as of 1 July 2013.

## 2012 budget: all sections

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[The Committee on Budgets adopted the joint report drafted by Francesca BALZANI \(S&D, IR\) \(section III ? Commission\) and José Manuel FERNANDES \(EPP, PT\) \(other sections\) on the draft general budget of the European Union for the financial year 2012 as modified by the Council ? all sections and Letters of amendment Nos 1/2012 and 2/2012.](#)

**As regards Section III of the budget,** the key elements and the budget priorities for 2012 may be summarised as follows:

**Europe 2020 Strategy and investments:** Members recall that the implementation of this strategy will require a huge amount of future-oriented investment up to 2020, estimated at no less than EUR 1 800 billion by the Commission in its communication entitled [?The EU Budget Review ?](#). Necessary investments - at both EU and Member State level - must be made now and delayed no longer. Members recall that, in order to help Europe recover from the crisis and come out stronger, the Europe 2020 strategy for a smart, sustainable and inclusive growth must be at the centre of the 2012 EU budgetary strategy for 2012. They are however deeply concerned that the current crisis has resulted in a drop in public investment in some of these areas because of the adjustments that Member States have made to their national budgets. Members call for this trend to be reversed and firmly believe that investments need to be guaranteed both at EU and national level.

Members are of the opinion that the EU budget has a significant role to play as a leverage tool for Member States' recovery policies by triggering and supporting national investment to reinforce growth and employment and should be used as such. They emphasise that this is fully in line with the dynamics of the European Semester, which, as a new mechanism for enhanced European economic governance, aims at increasing consistency, synergies and complementarities between the EU and the national budgets in delivering on the jointly agreed Europe 2020 goals. They reiterate that the EU budget should in no way be perceived and evaluated as a simple 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 EU as a whole. Members also reiterate the complementary nature of the EU budget to national budgets and the impetus

it creates to promote growth and jobs and underline that given its very nature and limited size it should not be checked and curbed by arbitrary reductions but on the contrary targeted areas need to be reinforced.

The report points out that the margins stemming from the Multiannual Financial Framework (MFF) do not allow real room for manoeuvre, especially in subheading 1a and heading 4, and reduce the capacity of the EU to react to policy changes and unforeseen needs while maintaining its priorities. However, the scope of the challenges the EU faces, would require means well beyond the current ceilings of the MFF. Members recall, in that respect, that the mobilisation of the instruments foreseen in the Interinstitutional Agreement (IIA) of 17 May 2006 has been rendered unavoidable by the various challenges and new priorities that have arisen, such as the Arab Spring this year and the need to give a strong impetus to the implementation of the EU 2020 strategy.

Council's position: Members regret Council cuts to Commission's Draft Budget (DB) by EUR 1.59 billion in commitments (-1.08%) and by EUR 3.65 billion in payments (-2.75%), which lead to overall amounts of:

- EUR 146.25 billion in commitments (or +2.91% as compared to 2011 Budget) and
- EUR 129.09 billion in payments (+2.02%) - to be compared to respectively +4.03 and +4.91% as per Commission's DB (including Amending Letter No 1/2012).

The Council proposed cuts for several hundreds of budget lines, while proposing no single reinforcement. The report points out at the inconsistencies of some of these cuts compared with the positions taken recently by the Council, such as the cuts it has made in the draft budget 2012 on the budgetary lines of the newly created agencies for financial supervision the creation of which it has pushed for but for which it does not seem willing to provide the necessary financial means to operate satisfactorily. Members deplore that Council made horizontal cuts in the budget, deciding on the overall level of appropriations a priori, without duly taking into account an accurate assessment of the actual needs for the achievement of the Union's agreed objectives and political commitments, nor the priorities by the Parliament, as presented in its abovementioned [resolution of 23 June 2011](#) on the mandate for the trilogue.

They note that the low level of payments proposed by Council would lead to a bigger discrepancy between PA and CA, mechanically resulting in an increase of RALs at year end, particularly in subheadings 1a and 1b.

Parliament's budget proposal: Parliament sets the overall level of appropriations to EUR 147 766.52 and 133 143.18 million in respectively commitment and payment appropriations. It also emphasises that the proposed increase in appropriations for a selected number of budget items serves both short- and long-term strategies for the future of the EU. It decides to restore most payment appropriations to DB levels, all the more so because Council cuts in payments also affect areas and budget lines falling under EU 2020 objectives, particularly in Headings 1a and 1b.

As regards each of the budget headings, Members state the following:

On Heading 1a: Members regret that the Commission and the Council do not generally propose to boost beyond what was originally planned the support for investments urgently needed to implement the seven flagship initiatives, and note that they are regrettably inclined to postpone the necessary big leap in terms of common financial effort to the post-2013 MFF. Members propose some targeted increases over the draft Budget of the Commission in some key areas, namely competitiveness and entrepreneurship, research and innovation, education and life long learning.

On the issues under this heading, Members state the following:

- strong opposition to any form of redeployment from FP7 like proposed by the Commission as part of the ITER financing package and therefore restores FP7 to financial programming figures by adding the EUR 100 million to the budget lines cut by the Commission;
- restores the bulk of payments cuts brought on FP7 lines by the Council (EUR 492 million), as a matter of avoiding any risk of non implementation of existing legal obligations, which could lead to additional costs due to late interests to pay;
- increase the level of commitment appropriations for selective lines of the FP 7 (Capacities - Research for the benefit of SMEs, Cooperation - Energy, Ideas, People, Research related to energy);
- further increase the overall level of commitment appropriations for the Competitiveness and Innovation Framework programme (CIP - Intelligent energy and CIP - Entrepreneurship and Innovation) compared to what was initially foreseen, as a matter of delivering on the flagship initiatives of the Europe 2020 strategy (this increase will contribute to improving the access of SMEs to this programme and to developing specific programmes and innovative financial mechanisms);
- an important increase of commitment appropriations for the Lifelong Learning programme, given its high European added value and also because of its strong contribution to the flagship initiatives 'Youth on the Move' and 'Innovation Union';
- further increase in commitment appropriations for the Erasmus Mundus programme;
- restore DB payments for the European Globalisation Adjustment Fund (EGF) line and reiterates its call for further improvements in the procedure of mobilising the EGF, in order to accelerate assistance on the ground;
- mobilisation of the Flexibility instrument for an amount of EUR 30.75 million under subheading 1a.

On Heading 1b: Members deplore Council's restrictive approach on payments, which were cut by some EUR 1 300 million as compared to Commission's forecasts of payment needs for 2012. They note that only the convergence objective and the technical assistance lines remained untouched by the cuts of Council. These cuts apply to budget allocations that were already far below Member States' own estimates (EUR 61 billion for 2012 or some 50% above DB) and widely considered as being the bare minimum for honouring upcoming payment claims and be consistent with the speeding up of implementation at the end of the programming period. Members are convinced that this attitude of the Council is all the more unacceptable since the European Commission has recently made some concrete proposals to boost payments of structural and cohesion funds in those countries most affected by the current financial and economic crisis. They restore Council's cuts in payment appropriations to the level of DB.

On Heading 2: Members generally restore Council's cuts under this Heading to a level EUR 60 457.76 million, which is 3.07% above 2011 Budget. This approach is more realistic than the Council's proposals, in particular against the current background of great economic uncertainty and of instability in the markets. They underline that the prevention and response mechanisms with relation to crises in the fruit and vegetable sector are clearly insufficient and therefore an immediate solution needs to be found until the new CAP is in place. They urge the Commission to present a concrete proposal to the European Parliament and the Council to ensure a sufficient increase of the Union's contribution to the crisis fund within the operational funds for producer organisations and call for this increase to serve for specific measures for the producers affected by the E. coli crisis and to prevent future crises.

Members maintain the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the EU that supports

18 million people with problems of malnutrition within the Union. They call on the Council to endorse without any delay this proposal. They also provides for a continued support on a commensurate level for the LIFE+ programme.

On Heading 3a: Members call for an appropriate and balanced answer to the current challenges in the area of migration and solidarity. They call for a balanced increase of budget appropriations over the Draft Budget for, on one hand, both Frontex and the European Asylum office, in view of their increasing tasks and, on the other hand, the European Refugee Fund. They restore moreover to DB level commitment appropriations for both the European Return Fund and the External Borders Fund. They intend, by restoring the Draft budget appropriations for the prevention of crime and the prevention of terrorism in line with financial programming, to further advance the increasingly needed cooperation in areas such as a European cyber-security strategy, or confiscation of assets of criminal organisations.

On Heading 3b: Members intend to further increase funding for the "Youth in action" programme. They reject any further cut on the Civil Protection Financial Instrument's funding since the draft budget is already below Financial programming and civil protection is a new competence of the EU and consequently restore the draft budget amounts. They decide to hold in reserve part of Communication appropriations until Commission demonstrates its willingness to improve interinstitutional collaboration in this respect. They set a number of reserves to receive specific assessment reports and a formal commitment for enhanced inter-institutional cooperation.

On Heading 4: Members recall that this year even more than in the past, Heading 4 of the EU Budget 2012 is underfinanced and the margin available under the same heading is too low to cope with the increased political challenges in our neighbourhood and worldwide. They welcome the reinforcement of appropriations for the Neighbourhood Instrument, as proposed in Amending Letter n°1/2012, as in line with its support to a clear and consistent EU response to recent political and social developments in Southern Mediterranean and the added value to the external dimension of the EU's home affairs policies and macro-regional strategies. They reiterate nevertheless very clearly that such a financial assistance can in no way be detrimental to existing priorities.

They consider that, in order to facilitate an agreement in conciliation with the other branch of the budgetary authority, decreases in commitment appropriations can be agreed upon on several budget areas, and especially on Common Foreign and Security Policy. Moreover, they believe that the increased funding for Palestine and UNRWA it proposes is crucial for better ensuring the safety and livelihood of refugees and current efforts to ensure a viable Palestinian state. They call again for a clear strategy for Palestine, linking the European Union's financial assistance to an increased political role for the EU in the peace process in relation to both parties in the conflict.

Members regret that all needs and limited priorities carefully identified by its specialised committees could not have been financed within the ceiling of the MFF for the heading 4, and consider its reading as the minimum required for a credible stance of the EU as a global player. They propose in that regard to the other branch of the budgetary authority the mobilisation of the Flexibility instrument for an amount of EUR 208.67 million under heading 4.

On Heading 5: Members reject Council's general position on heading 5 expenditure, which consists in an overall reduction of some EUR 74 million, among which EUR 33 million for the Commission, resulting from across the board cuts in each institution's budget. Such a restrictive approach, while resulting in short-term savings for the EU budget and the Member States, endangers the implementation of EU policies and programmes, ultimately to the detriment of citizens and with a deferred negative effect on national budgets. The other institutions should be provided with adequate resources to carry out their tasks, especially after the entry into force of the TFEU.

They decide to restore all Heading 5 expenditure given the efforts made by this institution to freeze its needs in nominal terms.

#### Other sections

The report recalls its position calling on every institution to make all possible efforts towards limiting expenditure increase below 1 % compared to 2011. Recognising the efforts that were made by all institutions, Members note that the administrative and operating expenditure budget from all institutions represents 5.59% of the global EU budget, of which heading V having a margin of EUR 497.9 million. They reaffirm that savings measures cannot jeopardize payment of salaries and pensions, maintenance of buildings and security as institutions must have the minimum and the necessary to operate.

Section I - European Parliament: Members point out that the current voted actualisation of the budget 2012 is 1.44% compared to 2011. They expect that the final actualisation of the budget 2012 is therefore 1.9% (including Croatia) after conciliation committee. This is the lowest actualisation since 12 years because without the expenses for Croatia accession and the 18 new MEPs following the Treaty of Lisbon, this figure would only be 0.8%. Due to the current inflation rate, there is a real decrease of the budget 2012. They point out that the overall level of its 2012 Budget is EUR 1 710.1 million (including 18 MEPs Lisbon Treaty).

The report reiterates that the savings expected from the budget lines for translation and interpretation can not harm the principle of multilingualism in the European Parliament and during the dialogues between other institutions. It asks the Bureau to create conditions for making savings of 5% in all kind of travel expenditure including delegations of committees and interparliamentary delegations in full respect of the Statute for Members and its implementing measures.

Members maintain their position that, in any event, a policy of identifying savings wherever possible and the continued pursuit of reorganisation and redeployment of existing resources are crucial elements of its budgetary policy, especially in this time of economic crisis. The cuts which the Parliament has accepted will force to do structural changes, which will not endanger the legislative excellence of the Parliament.

The report notes that the general expenditure allowance is frozen at 2011 level and that a number of reserves have been proposed during the Parliament's budgetary negotiations.

As regards buildings and communication and information policy, the report believes that the Parliament's building policy requires careful analysis and that the administration should continue to develop buildings policy in cooperation with the committee on Budgets. It requests therefore to be kept informed on a regular basis on new developments for building projects with a significant financial implications for the budget, such as e.g. the KAD building; the House of European History and building/acquisition projects at the Parliament's places of work. It believes that the project of the House of European History requires an active cooperation and financial contribution of other institutions and welcomes the Commission's commitment to contribute substantially to the project. Members request to be informed as soon as possible on the building project.

As regards the other institutions (Court of Justice, Court of Auditors, European Economic and Social Committee, Committee of the Regions, European Ombudsman, European Data Protection Supervisor, European External Action Service): Members recover part of the amounts specified in the budget proposals to enable the institutions to function efficiently.

Members make the following recommendations as regards the following institutions:

- EDPS: Members have taken a different view of the Council and accepted the creation of two additional permanent posts in the EDPS' establishment plan because of the new tasks for this institution conferred to it. They accept in order to comply with legal obligations the upgrading of its director, although the total staff of the EDPS is 43 posts;
- EEAS: Members note that the EEAS as a new organisation which represents a major European ambition needs to be endowed with sufficient means. They call on the EEAS to exert restraint when it comes to the future creation of high-ranking posts. They believe that one way of achieving this could be to replace progressively Seconded National experts posts by permanent posts for Member States' civil servants. They stress that the operational requirements for establishing the EEAS with its own information technology systems in a new building need to be funded. Lastly, Members are concerned by the Council's position to cut the EEAS' draft budget for 2012 to +2.25% and have taken a prudent approach on increases in view of the overall financial context and accepts only partly the EEAS' requests. They, on the other hand, accept the requested amendments to the EEAS establishment plan, notably with a view to reinforcing delegations.

## 2012 budget: all sections

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PURPOSE: presentation of the Amending Letter No 3 (AL 3) to the Draft Budget for 2012 ? Section III ? Commission.

CONTENT: the Amending Letter No 3 (AL 3) to the Draft Budget for 2012 (DB 2012) covers the following:

- the line by line updating of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL also incorporates the impact of legislative decisions adopted in the agricultural sector since the DB 2012 was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have a significant effect during the coming budget year;
- an update of the situation for International Fisheries Agreements;
- reinforcement of the EU contribution to the European Chemicals Agency (ECHA) under Heading 2.

The budgetary impact of these adjustments is a reduction in commitment appropriations of EUR 85.7 million and in payments appropriations of EUR 83.4 million compared to the Draft Budget 2012.

(1) Updating the estimated needs for agricultural expenditure: the AL 3 is based on the needs of the EU as a whole. According to the present AL 3, overall appropriations requested for heading 2 in 2012 are estimated at EUR 60 073 million, leaving a margin of EUR 737 million in commitment appropriations below the corresponding ceiling of the multiannual financial framework.

The commitment appropriations for agricultural expenditure (including veterinary and fisheries expenditure financed under the EAGF) amount to EUR 44 092 million, a decrease of EUR 88 million compared with the DB 2012, mostly explained by higher than expected assigned revenue to be carried over from 2011. EAGF payment appropriations are decreased by the same amount to a total of EUR 44 015 million.

(2) International Fisheries Agreements: the AL 3 proposes to decrease commitment appropriations and payment appropriations for budget article 11 03 01 International Fisheries Agreements by EUR 3.5 million and EUR 2.8 million, respectively, as well as to increase on the reserve line commitment appropriations by EUR 4.2 million and payment appropriations by EUR 5.8 million.

(3) ECHA: on 12 June 2009, the Commission presented a proposal for a Regulation of the European Parliament and of the Council concerning the placing on the market and use of biocidal products. This proposal includes new tasks for the European Chemicals Agency (ECHA), part of which is financed under Heading 2 of the multi-annual financial framework. The Council adopted its position at first reading on 21 June 2011, and introduced changes which give rise to the additional workload and associated resource needs for the Agency.

On 11 August 2011, the Commission adopted a Communication on the Council's position, including a revised version of the financial statement taking into account the changes introduced by Council annexed to the Commission communication. As 2012 will be a year of preparation and applications for product authorisations and substances approval will only be submitted from 2013 onwards, ECHA's work on biocides will depend entirely on the EU subvention in 2012. In order for ECHA to be ready in time to implement the additional tasks assigned to it by the co-legislators, the Commission proposes that the subvention is increased by EUR 1.7 million, both in commitment appropriations and payment appropriations. These amounts are entered in the reserve, pending the adoption of the legal base.

## 2012 budget: all sections

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The European Parliament adopted by 431 votes to 120 with 124 abstentions a resolution on [the draft general budget of the European Union for the financial year 2012 as modified by the Council - all sections and Letters of amendment Nos 1/2012 and 2/2012](#).

Generally speaking, Parliament has aimed to retain the draft budget as proposed by the Commission, after the cuts made by Council in July. Parliament's position involves an increase in payments of 5.2% compared to the 2011 budget.

The overall level of appropriations is set at EUR 133 143 18 million in payment appropriations and EUR 147.763.82 million in commitment appropriations.

With regard to Section III of the budget, Parliament sets out the main factors and budget priorities as follows :

A budget for the Europe 2020 strategy and investment: Parliament recalls that the implementation of the Europe 2020 strategy will require a huge amount of future-oriented investment up to 2020, estimated at no less than EUR 1 800 billion by the Commission in its communication of 19 October 2010 entitled 'The EU Budget Review'(COM(2010)0700). The necessary investments must be made now and delayed no longer.

In order to help Europe recover from the crisis and come out stronger, the Europe 2020 strategy for a smart, sustainable and inclusive growth must be at the centre of the 2012 EU budgetary strategy for 2012. However, the crisis has resulted in a drop in public investment because of the adjustments that Member States have made to their national budgets. Parliament calls for this trend to be reversed and firmly believes that investments need to be guaranteed both at EU and national level if the Union.

Stating that that the EU budget has a significant role to play as a leverage tool for Member States' recovery policies by triggering and supporting national investment to reinforce growth and employment, Parliament emphasises that this is fully in line with the dynamics of the European Semester, which aims at increasing consistency, synergies and complementarities between the EU and the national budgets. Parliament recalls, once more, that the EU 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. Given its very nature and limited size it should not be checked and curbed by arbitrary reductions. On the contrary targeted areas need to be reinforced. Parliament recognises, however, that there is an acute shortage of funds in the EU, both at Member State and Union levels, and stresses that all programmes and expenditure should be carefully analysed for viability, efficiency and effectiveness.

Parliament also points out that the margins stemming from the Multiannual Financial Framework (MFF) do not allow real room for manoeuvre, especially in subheading 1a and heading 4, and reduce the capacity of the EU to react to policy changes and unforeseen needs while maintaining its priorities. However, the scope of the challenges the EU faces, would require means well beyond the current ceilings of the MFF. Members recall, in that respect, that the mobilisation of the ad hoc instruments has been rendered unavoidable by the various challenges and new priorities that have arisen, such as the Arab Spring this year and the need to give a strong impetus to the implementation of the EU 2020 strategy.

Council's position: Members regret Council cuts to Commission's Draft Budget (DB) by EUR 1.59 billion in commitments (-1.08%) and by EUR 3.65 billion in payments (-2.75%). The Council proposed cuts for several hundreds of budget lines, while proposing no single reinforcement. The resolution points out at the inconsistencies of some of these cuts compared with the positions taken recently by the Council, such as the cuts it has made in the draft budget 2012 on the budgetary lines of the newly created agencies for financial supervision. Parliament acknowledges the Council's concern about economic and budgetary constraints at national level, stating that the Union should show budgetary responsibility, but recalling that under Treaty provisions the EU budget cannot run a public deficit; and that the EU budget represents 2 % of total public spending in the Union.

The Council also made horizontal cuts in the budget, deciding on the overall level of appropriations a priori, without taking into account an accurate assessment of the actual needs for the achievement of the Union's agreed objectives, or the Parliament's priorities, as presented in its [resolution of 23 June 2011](#) on the mandate for the trilogue.

Parliament deplores the low level of payments proposed by Council which would lead to a bigger discrepancy between PA and CA, mechanically resulting in an increase of RALs at year end, particularly in subheadings 1a and 1b.

Parliament's budget proposal: in this context, Parliament's position on the 2012 budget may be summarised as follows:

- the overall level of appropriations is set at EUR 147 766.52 and 133 143.18 million in respectively commitment and payment appropriations;
- the proposed increase in appropriations for a selected number of budget items serves both short- and long-term strategies for the future of the EU and the Europe 2020 strategy;
- restoration of most payment appropriations to DB levels, all the more so because Council cuts in payments also affect areas and budget lines falling under EU 2020 objectives, particularly in Headings 1a and 1b.

As regards each of the budget headings, Members state the following:

On Heading 1a: Members regret that the Commission and the Council do not generally propose to boost the support for investments urgently needed to implement the seven flagship initiatives of Europe 2020, which are postponed in terms of common financial effort to the post-2013 MFF. Members propose some targeted increases over the draft Budget of the Commission in some key areas, namely competitiveness and entrepreneurship, research and innovation, education and life long learning.

On the issues under this heading, Parliament states the following:

- strong opposition to any form of redeployment from FP7 like proposed by the Commission as part of the ITER financing package and therefore restores FP7 to financial programming figures by adding the EUR 100 million to the budget lines cut by the Commission;
- restores the bulk of payments cuts brought on FP7 lines by the Council (EUR 492 million), as a matter of avoiding any risk of non implementation of existing legal obligations, which could lead to additional costs due to late interests to pay, and increase the level of commitment appropriations for selective lines of the FP 7 (Capacities - Research for the benefit of SMEs, Cooperation - Energy, Ideas, People, Research related to energy);
- further increase the overall level of commitment appropriations for the Competitiveness and Innovation Framework programme (CIP - Intelligent energy and CIP - Entrepreneurship and Innovation) compared to what was initially foreseen, as a matter of delivering on the flagship initiatives of the Europe 2020 strategy (this increase will contribute to improving the access of SMEs to this programme and to developing specific programmes and innovative financial mechanisms);
- an important increase of commitment appropriations for the Lifelong Learning programme, given its high European added value and also because of its strong contribution to the flagship initiatives 'Youth on the Move' and 'Innovation Union';
- further increase in commitment appropriations for the Erasmus Mundus programme;
- restore DB payments for the European Globalisation Adjustment Fund (EGF) line and reiterates its call for further improvements in the procedure of mobilising the EGF, in order to accelerate assistance on the ground;
- mobilisation of the Flexibility instrument for an amount of EUR 30.75 million under subheading 1a.

On Heading 1b: Members deplore Council's restrictive approach on payments, which were cut by some EUR 1 300 million as compared to Commission's forecasts of payment needs for 2012. They note that only the convergence objective and the technical assistance lines remained untouched by the cuts of Council. These cuts apply to budget allocations that were already far below Member States' own estimates (EUR 61 billion for 2012 or some 50% above DB) and widely considered as being the bare minimum for honouring upcoming payment claims and be consistent with the speeding up of implementation at the end of the programming period. Members are convinced that this attitude of the Council is all the more unacceptable since the European Commission has recently made some concrete proposals to boost payments of structural and cohesion funds in those countries most affected by the current financial and economic crisis. They restore Council's cuts in payment appropriations to the level of DB and request an assessment of the implementation of regional and cohesion policy, with concrete proposals on how to reduce RALs.

On Heading 2: Parliament generally restores Council's cuts under this Heading to a level EUR 60 457.76 million, which is 3.07% above 2011 Budget. This approach is more realistic than the Council's proposals, in particular against the current background of great economic



uncertainty and of instability in the markets. It calls on the Commission to increase its efforts to define clear priorities under this Heading in favour of sustainable farming systems, which preserve biodiversity, protect water resources and soil fertility, respect animal welfare and employment.

Rejecting the increase of the so called negative expenditure line (clearance of accounts) which appears as an artificial reduction of the overall level of heading 2 appropriations, Parliament emphasises that the prevention and response mechanisms with relation to crises in the fruit and vegetable sector are clearly insufficient and therefore an immediate solution needs to be found until the new CAP is in place. It urges the Commission to present a concrete proposal to Parliament and the Council to ensure a sufficient increase of the Union's contribution to the crisis fund within the operational funds for producer organisations. Members call for this increase to serve for specific measures for the producers affected by the E. coli crisis and to prevent future crises.

Parliament also provides for an increased support for the school milk programme and the continued support for programme concerning school fruit. At the same time it maintains the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the Union that supports 18 million people with problems of malnutrition within the Union. It welcomes the recent effort of the Commission to find a political and legal solution to avoid any drastic cuts in the implementation of the programme in 2012 and 2013 and strongly calls on the Council to endorse without any delay this proposal, especially in view of the difficult social situation in many Member States.

Parliament continues to support on a commensurate level for the LIFE+ programme, and also stresses that the Common Fisheries Policy remains an important political priority and maintains its financing at the proposed DB levels.

On Heading 3a: Members call for an appropriate and balanced answer to the current challenges in the area of migration and solidarity. They call for a balanced increase of budget appropriations over the Draft Budget for, on one hand, both Frontex and the European Asylum office, in view of their increasing tasks and, on the other hand, the European Refugee Fund. They restore moreover to DB level commitment appropriations for both the European Return Fund and the External Borders Fund. They intend, by restoring the Draft budget appropriations for the prevention of crime and the prevention of terrorism in line with financial programming, to further advance increasingly needed cooperation in areas such as a European cyber-security strategy, or confiscation of assets of criminal organisations. Noting also that the Daphne programme has been underfunded so far, Parliament indicates that it will ensure appropriate funding to tackle recognised needs in the fight against violence towards women.

On Heading 3b: Parliament intends to further increase funding for the "Youth in action" programme, and it rejects any further cut on the Civil Protection Financial Instrument's funding since the draft budget is already below Financial programming and restores the draft budget amounts. It decides to hold in reserve part of Communication appropriations until Commission demonstrates its willingness to improve interinstitutional collaboration in this respect. It sets a number of reserves to receive specific assessment reports and a formal commitment for enhanced inter-institutional cooperation. Parliament also supports the Commission's efforts to continue the HELP campaign for a life without tobacco under the Public Health programme.

On Heading 4: Members recall that this year even more than in the past, Heading 4 of the EU Budget 2012 is underfinanced and the margin available under the same heading is too low to cope with the increased political challenges in our neighbourhood and worldwide. They welcome the reinforcement of appropriations for the Neighbourhood Instrument, as proposed in Amending Letter n°1/2012, as in line with its support to a clear and consistent EU response to recent political and social developments in Southern Mediterranean. They reiterate nevertheless very clearly that such a financial assistance can in no way be detrimental to existing priorities.

Parliament also accepts decreases in commitment appropriations can be agreed upon on several budget areas, and especially on Common Foreign and Security Policy. It believes that the increased funding for Palestine and UNRWA it proposes is crucial for better ensuring the safety and livelihood of refugees and current efforts to ensure a viable Palestinian state, and calls again for a clear strategy for Palestine, linking the Union's financial assistance to an increased political role for the Union in the peace process in relation to both parties in the conflict.

Members regret that all needs and limited priorities carefully identified by its specialised committees could not have been financed within the ceiling of the MFF for the heading 4, and consider its reading as the minimum required for a credible stance of the EU as a global player. They propose in that regard to the other branch of the budgetary authority the mobilisation of the Flexibility instrument for an amount of EUR 208.67 million under heading 4.

On Heading 5: Members reject Council's general position on heading 5 expenditure which consists in an overall reduction of some EUR 74 million, including EUR 33 million for the Commission, resulting from across the board cuts in each institution's budget. Such a restrictive approach, while resulting in short-term savings for the EU budget and the Member States, endangers the implementation of EU policies and programmes. The other institutions should be provided with adequate resources to carry out their tasks. Parliament acknowledges the great efforts made by the Commission to freeze its administrative expenditure in nominal terms in its DB proposal, and decides to restore all heading 5 expenditure within Section III to that level.

#### Other sections

Parliament recalls its position calling on every institution to make all possible efforts towards limiting expenditure increase below 1% compared to 2011. Recognising the efforts that were made by all institutions, Members note that the administrative and operating expenditure budget from all institutions represents 5.59% of the global EU budget, of which heading 5 has a margin of EUR 497.9 million. They reaffirm that savings measures cannot jeopardise payment of salaries and pensions, maintenance of buildings and security as institutions must have the minimum and the necessary to operate.

Section I ? European Parliament: Parliament points out that the current voted actualisation of the 2012 budget is 1.44% compared to 2011 (without the amending letter on Croatia) as the amending letter on Croatia will be dealt with in the conciliation committee with the Council. It expects that the necessary expenses for Croatia will be added, and expects the final actualisation of the budget 2012 to be therefore 1.9% (including Croatia) after conciliation committee, which is the lowest actualisation for 12 years and without the expenses for Croatia accession and the 18 new MEPs following the Lisbon Treaty it is only 0.8%. Parliament points out that the overall level of its 2012 budget is EUR 1 710.1 million (including the 18 MEPs following the Lisbon Treaty), which represents a net reduction of EUR 14,5 million compared to the Estimates and EUR 74.085 million to the initial budget proposals before conciliation with the Bureau.

Parliament points out that the budget for 2012 is a budget of consolidation, in which the Parliament did a maximum effort to do savings without putting in danger the quality of work and the legislative excellence. This 2012 budget and the following 2013 budget are the reference for the next Multiannual Financial Framework.

Members reiterate that the savings expected from the budget lines for translation and interpretation can not harm the principle of

multilingualism in the European Parliament. However, they ask the Bureau to create conditions for making savings of 5% in all kind of travel expenditure including delegations of committees and interparliamentary delegations in full respect of the Statute for Members. Parliament requests that 15% of the travel appropriations be placed in reserve pending a report by the Secretary General of Parliament to be delivered to the Bureau and the Committee on Budgets by 31 March 2012 (such a report should examine the feasibility of measures to ensure the utmost efficiency of Members' travel with a view to making recommendations for potential budgetary savings). Parliament expects that the appropriations for the travels are reduced in 2012 and in the following years till the end of the legislature.

Members maintain their position that, in any event, a policy of identifying savings wherever possible and the continued pursuit of reorganisation and redeployment of existing resources are crucial elements of its budgetary policy, especially in this time of economic crisis. The cuts which the Parliament has accepted will force structural changes, which will not endanger the legislative excellence of the Parliament.

Members note that the general expenditure allowance is frozen at 2011 level and that a number of reserves have been proposed. The plenary considers also that, in view of making long-term savings making the organisation more modern and efficient, the budget of Parliament should be subject to a comparative study with the budgets of a representative sample of Member States and with the budget of the United States Congress.

Parliament again points out that 2012 budget includes expenditure resulting from additional 18 Members following the entry into force of the Lisbon Treaty (EUR 10.6 million).

As regards buildings policy, Parliament's states that its building policy requires careful analysis and requests therefore to be kept informed on a regular basis on new developments with significant financial implications for the budget, such as e.g. the KAD building; the House of European History and building/acquisition projects at the Parliament's places of work. It believes that the project of the House of European History requires an active cooperation and financial contribution of other institutions. It asks the administration to establish a service agreement for cost sharing with the Commission of the running costs and any other institution that may wish to use the facilities of the House of European History, and calls upon the EU institutions to better coordinate their visitors' programs with a view to exploiting synergies. Generally, it welcomes the commitment of the Commission to contribute substantially to the project and ensure support to the functioning of the House of European History.

As regards the other institutions (Court of Justice, Court of Auditors, European Economic and Social Committee, Committee of the Regions, European Ombudsman, European Data Protection Supervisor, European External Action Service): Members recover part of the amounts specified in the budget proposals to enable the institutions to function efficiently.

Members make the following recommendations as regards the following institutions:

- EDPS: Parliament accepted the creation of two additional permanent posts in the EDPS' establishment plan because of that institution's new task, and also accepted in order to comply with legal obligations the upgrading of its director from AD 14 to AD 15, although the total staff of the EDPS is 43 posts.
- EEAS: Members note that the EEAS as a new organisation which represents a major European ambition needs to be endowed with sufficient means. However, they call on the EEAS to exert restraint when it comes to the future creation of high-ranking posts. Parliament accepts the requested amendments to the EEAS establishment plan, notably with a view to reinforcing delegations. It will however continue exercising vigilance as regards the composition of the EEAS staff and compliance with the statutory obligation that EU officials represent at least 60% of the EEAS AD staff.

## 2012 budget: all sections

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The European Parliament delegation to the Budgetary Conciliation Committee adopted the report by Francesca BALZANI (S&D, IT) and José-Manuel FERNANDES (EPP, PT) on the joint text approved by the Conciliation Committee in the framework of the 2012 budgetary procedure.

The delegation recalls the main points of the joint text agreed by the Conciliation Committee. These are summarised as follows:

- list of budget lines not modified, compared to the draft budget or the Council's position;
- summary figures by financial framework headings;
- line by line figures on all budget items;
- consolidated document showing the figures and final text of all lines modified during the conciliation.

The delegation confirms the joint statements by the Parliament, the Council and the Commission included in the joint conclusions agreed by the Conciliation Committee including:

1. Budget 2012;
2. Budget 2011 Amending Budget 6/2011;
3. Joint statements of the institutions on the budget.

Horizontal issues:

- decentralised agencies: the total EU contribution in 2012 for decentralised agencies is reduced by 1%, as compared to the Draft Budget (DB) as amended by Amending Letter 3/2012. However, the total EU contribution (in commitment appropriations and in payment appropriations) is set at the level of the DB for FRONTEX, the European Asylum Support Office (EASO), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). As compared to the Commission's Draft Budget, this leads to an overall reduction in the EU contribution to the decentralised agencies of EUR 6.1 million;
- Pilot Projects/Preparatory Actions: a comprehensive package of 70 pilot projects/preparatory actions (PP/PA), including two projects/actions in section X (EEAS) of the budget, for an amount of EUR 105.4 million in commitment appropriations is agreed, including all PP/PA proposed by the Parliament, the Commission and the European External Action Service. The changes to the budget remarks for the pilot project 'European Institute of Peace' in section X (EEAS) are agreed. This package fully respects the ceilings for pilot projects and preparatory actions provided in the IIA.

Expenditure headings of the financial framework - commitment appropriations: the delegation noted the following:

- Heading 1a: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, with amendments to the programmes and actions as set out in the table that accompanies the draft resolution. The Flexibility Instrument will be mobilised for an amount of EUR 50.0 million for the 'Europe 2020 Strategy'. The commitment appropriations put in the reserve for 'ITER' (budget article 08 20 02) are set at EUR 417.9 million.
- Heading 1b: commitment appropriations are set at the level proposed in the Draft Budget, with the exception of the budget line 13 03 31 'Technical assistance and dissemination of information on the EU strategy for the Baltic Sea Region and an improved knowledge of macro-regions strategy', for which an amount of EUR 2.5 million in commitments is agreed. As a consequence, the margin under the expenditure ceiling of heading 1b amounts to EUR 8.4 million.
- Heading 2: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 3/2012, with amendments to programmes and actions as set out in the table that accompanies the draft resolution. Reflecting the political agreement reached on the 'Programmes for deprived persons' (budget item 05 02 04 01), the appropriations currently in reserve for this purpose are put on the line concerned.
- Headings 3a and 3b: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, with amendments to the programmes and actions as set out in the table that accompanies the draft resolution.
- Heading 4: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, including Amending Letter 1/2012, with amendments agreed to programmes and actions as set out in the draft resolution. The Flexibility Instrument will be mobilised for an amount of EUR 150.0 million for the European Neighbourhood Policy. Furthermore, the frontloading of 2011 commitment appropriations for Palestine is agreed.
- Heading 5: as far as the appropriations and establishment plan posts of all Institutions are concerned, the position of the European Parliament is approved. Furthermore, the reinforcements proposed in Amending Letter 2/2012 are approved. Lastly, an amount of EUR 10.4 million is added for pensions. As a consequence, the margin under the expenditure ceiling of heading 5 amounts to EUR 474.4 million.

Payment appropriations: the overall level of payment appropriations in the 2012 budget is set at EUR 129 088,043 million. As part of the overall compromise, the Conciliation Committee supports the reduction in payment appropriations based on the application of a specific calculation methodology to reduce payments.

In addition to the overall reduction in payments by this calculation method, specific amounts in payment appropriations are agreed for:

- Heading 1a: the level of payment appropriations for the 'European Globalisation Adjustment Fund' is set at EUR 50 million; the level of payment appropriations for the 'European Year for Active Ageing and Solidarity between Generations' is set at the level agreed between Council and Parliament ('closed' line);
- Heading 2: the level of payment appropriations for 'International Fisheries Agreements' is set at the level proposed in Amending Letter 3/2012;
- Heading 3b: the level of payment appropriations for the 'Special Annual Events' is set at the level proposed in the Parliament position;
- Heading 4: the level of payment appropriations for the 'Emergency Aid Reserve' is set at EUR 90 million; the level of payment appropriations for 'Palestine' is set at the level proposed in the Draft Budget; the level of payment appropriations for 'Macro Financial Assistance' is set at the level agreed between Council and Parliament ('closed' line); the level of payment appropriations for 'Sugar Protocol Countries' is set at the level agreed between Council and Parliament ('closed' line, in payment appropriations).

The overall reduction in the level of payments (5a - 5b) is then distributed across budget lines for differentiated expenditure under the expenditure headings, according to the following distribution key:

- Heading 1a: 31.00 %;
- Heading 1b: 38.45 %;
- Heading 2: 21.25 %;
- Heading 3a: 1.00 %;
- Heading 3b: zero %;
- Heading 4: 8.30 %.

Reserves: all reserves voted by the European Parliament are maintained. The amount of the reserve on line 26 01 20 (EPSO) is decreased by 50%.

Joint statement on payment appropriations: taking into account the ongoing fiscal consolidation efforts in Member States, the delegation stresses that the Council and the European Parliament agree on a reduction of the level of payment appropriations for 2012 as compared to the Commission's Draft Budget. Additional payment appropriations will be requested in an amending budget if the appropriations entered in the 2012 budget are insufficient to cover expenditure under:

- sub-heading 1a (Competitiveness for growth and employment),
- sub-heading 1b (Cohesion for growth and employment),
- heading 2 (Preservation and management of natural resources),
- heading 3 (Citizenship, freedom, security and justice) and
- heading 4 (EU as a global player).

In particular, the Commission is urged to present by the end of September 2012 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b (Cohesion for growth and employment) and rural development under heading 2 Preservation and Management of Natural Resources, and, if necessary, to present a draft amending budget. The Council and the European Parliament will take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations. In addition, the Council and the European Parliament undertake to process swiftly any possible transfer of payment appropriations, including across financial framework headings, in order to make the best possible use of payment appropriations entered in the budget and align them to actual execution and needs.

The delegation, furthermore, calls on the Parliament and Council to make the following statements:

- joint statement on preventing measures for future crisis in the fruit and vegetable sector: the possibility of the adoption of an amending budget by the Commission in case of an exceptional market crisis in the fruit and vegetable sector requiring the definition of specific emergency measures, such as in the case of the e-coli crisis;



- joint statement on the financing of the ITER project: the delegation calls on the Parliament and the Council to invite the Commission to facilitate reaching an agreement on the additional financing needs of the ITER project, taking into account the concerns of both arms of the budgetary authority.

The delegation also calls on Parliament to approve the draft amending budget 6/2011, taking into account certain technical amendments. The same applies for the amending budget 7/2011 (mobilisation of the Solidarity Fund for Italy and Spain) which is accepted as it stands.

The other aspects in the draft resolution concerning amendments made to remarks concerning the budget of the EEAS and the budget line of the Commission for cross-border journalism.

## 2012 budget: all sections

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The European Parliament adopted by 453 votes to 124, with 26 abstentions, a legislative resolution on the joint text approved on 18 November 2011 by the Conciliation Committee in the framework of 2012 budgetary procedure.

The resolution recalls the main points of the joint text approved by the Conciliation Committee which may be summarised as follows:

- list of budget lines not modified, compared to the draft budget or the Council's position;
- summary figures by financial framework headings;
- line by line figures on all budget items;
- consolidated document showing the figures and final text of all lines modified during the conciliation.

With this resolution, Parliament indicates that the overall budget for 2012 will amount to EUR 129.1 billion (+1.86%) for payment appropriations and EUR 147.2 billion (+3.8%) for commitment appropriations.

The European Parliament instructs its President to declare that the general budget of the European Union for the financial year 2012 has been definitively adopted.

European Parliament priorities: in its proposals, the European Parliament emphasised the importance of growth, innovation, employment, border controls, migration management and support for democratic development in the Arab world. All of these priorities were taken into account by the Council in its final agreement.

From a technical point of view, the main joint conclusions from the budgetary negotiations may be summarised as follows:

Horizontal issues:

- decentralised agencies: the total EU contribution in 2012 for decentralised agencies is reduced by 1%, as compared to the Draft Budget (DB) as amended by Amending Letter 3/2012. However, the total EU contribution (in commitment appropriations and in payment appropriations) is set at the level of the DB for FRONTEX, the European Asylum Support Office (EASO), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). As compared to the Commission's Draft Budget, this leads to an overall reduction in the EU contribution to the decentralised agencies of EUR 6.1 million;
- pilot projects/preparatory actions: a comprehensive package of 70 pilot projects/preparatory actions (PP/PA), including two projects/actions in section X (EEAS) of the budget, for an amount of EUR 105.4 million in commitment appropriations is agreed, including all PP/PA proposed by the Parliament, the Commission and the European External Action Service. The changes to the budget remarks for the pilot project European Institute of Peace in section X (EEAS) are agreed.

Expenditure headings of the financial framework - commitment appropriations: the Conciliation Committee has agreed on the following:

- Heading 1a: Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, with amendments to the programmes and actions foreseen in the resolution. The Flexibility Instrument will be mobilised for an amount of EUR 50.0 million for the Europe 2020 Strategy. The commitment appropriations put in the reserve for ITER (budget article 08 20 02) are set at EUR 417.9 million.
- Heading 1b: commitment appropriations are set at the level proposed in the Draft Budget, with the exception of the budget line 13 03 31 Technical assistance and dissemination of information on the EU strategy for the Baltic Sea Region and an improved knowledge of macro-regions strategy, for which an amount of EUR 2.5 million in commitments is agreed. As a consequence, the margin under the expenditure ceiling of heading 1b amounts to EUR 8.4 million.
- Heading 2: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 3/2012, with amendments set out in the table contained in the resolution. Reflecting the political agreement reached on the Programmes for deprived persons (budget item 05 02 04 01), the appropriations currently in reserve for this purpose are put on the line concerned.
- Headings 3a and 3b: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, with amendments set out in the resolution.
- Heading 4: commitment appropriations are set at the level proposed by the Commission in the Draft Budget, including Amending Letter 1/2012, with amendments decided in Conciliation and set out in the resolution. The Flexibility Instrument will be mobilised for an amount of EUR 150.0 million for the European Neighbourhood Policy. Furthermore, the frontloading of 2011 commitment appropriations for Palestine is agreed.
- Heading 5: as far as the appropriations and establishment plan posts of all Institutions are concerned, the position of the European Parliament is approved. Furthermore, the reinforcements proposed in Amending Letter 2/2012 are approved. Finally, an amount of EUR 10.4 million is added for pensions. As a consequence, the margin under the expenditure ceiling of heading 5 amounts to EUR 474.4 million.

Payment appropriations: the overall level of payment appropriations in the 2012 budget is set at EUR 129 088,043,000. The increase in

payment appropriations is limited (12.86%) in accordance with the wishes of the Member States. The Commission, Council and Parliament agreed to review the situation in the course of next year with a view to examining whether the budget is realistic or whether changes are necessary. The Member States signed declaration in this regard. In the context of the overall compromise, the Conciliation Committee on the joint statement on payments. A specific calculation methodology is applied to set the overall level of payments for 2012 resulting in the following innovations:

- Heading 1a: the level of payment appropriations for the European Globalisation Adjustment Fund is set at EUR 50 million; the level of payment appropriations for the European Year for Active Ageing and Solidarity between Generations is set at the level agreed between Council and Parliament;
- Heading 2: the level of payment appropriations for International Fisheries Agreements is set at the level proposed in Amending Letter 3/2012;
- Heading 3b: the level of payment appropriations for the Special Annual Events is set at the level proposed in the Parliament position;
- Heading 4: the level of payment appropriations for the Emergency Aid Reserve is set at EUR 90 million; the level of payment appropriations for Palestine is set at the level proposed in the Draft Budget; the level of payment appropriations for Macro Financial Assistance is set at the level agreed between Council and Parliament; the level of payment appropriations for Sugar Protocol Countries is set at the level agreed between Council and Parliament

The overall reduction in the level of payments is distributed across budget lines for differentiated expenditure under the expenditure headings, according to the following distribution key:

- Heading 1a: 31.0 %;
- Heading 1b: 38.45 %;
- Heading 2: 21.25 %;
- Heading 3a: 1.0 %;
- Heading 3b: zero %;
- Heading 4: 8.3 %.

As an exception to this rule, however, it is proposed to distribute the overall cut for heading 1b proportionally to the Council position, i.e. preserving the Draft Budget for the Convergence objective.

Reserves: all reserves voted by the European Parliament are maintained. The amount of the reserve on line 26 01 20 (EPSO) is decreased by 50%.

Joint statement on payment appropriations: taking into account the ongoing fiscal consolidation efforts in Member States, the Council and the European Parliament agree on a reduction of the level of payment appropriations for 2012 as compared to the Commission's Draft Budget. They ask the Commission to request additional payment appropriations in an amending budget if the appropriations entered in the 2012 budget are insufficient to cover expenditure under:

- sub-heading 1a (Competitiveness for growth and employment),
- sub-heading 1b (Cohesion for growth and employment),
- heading 2 (Preservation and management of natural resources),
- heading 3 (Citizenship, freedom, security and justice) and heading 4 (EU as a global player).

In particular, the Council and the European Parliament urge the Commission to present by the end of September 2012 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b (Cohesion for growth and employment) and rural development under heading 2 Preservation and Management of Natural Resources, and, if necessary, to present a draft amending budget.

The Council and the European Parliament will take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations. In addition, the Council and the European Parliament undertake to process swiftly any possible transfer of payment appropriations, including across financial framework headings, in order to make the best possible use of payment appropriations entered in the budget and align them to actual execution and needs.

Parliament and Council, furthermore, agreed the following joint statements:

- joint statement on preventing measures for future crisis in the fruit and vegetable sector: the possibility of the adoption by the Commission of an amending budget in the event of an exceptional market crisis in the fruit and vegetable sector requiring the definition of specific emergency measures such as the e-coli crisis;
- joint statement on the financing of the ITER project: the European Parliament and the Council invite the Commission to facilitate reaching an agreement on the additional financing needs of the ITER project, taking into account the concerns of both arms of the budgetary authority.

## 2012 budget: all sections

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PURPOSE: [the definitive adoption of the European Union's general budget for the financial year 2012.](#)

LEGISLATIVE ACT: 2012/70/EU, Euratom.

CONTENT: on 1 December 2011 the European Parliament voted the EU budget 2012, in accordance with the procedure laid down in the

Lisbon Treaty. The budget as adopted in plenary by the European Parliament is based on the overall compromise reached within the budgetary conciliation committee on 18-19 November 2011.

The 2012 budget: in summary, the overall 2012 budget is broken down as follows:

- total payments for the 2012 EU budget amount to EUR 129.09 billion (a very limited increase of 1.86% compared to the 2011 EU budget, if draft amending budgets Nos 6 and 7 are taken into account). This amount is equivalent to 0.98% of Gross National Income (GNI) of the EU;
- total commitments for 2012 amount to **EUR 147.23 billion**, an increase of +3.54% (+3.57% if draft amending budgets Nos 6 and 7 are excluded). This leaves a margin of EUR 1.4 billion below the ceiling of the multiannual financial framework (MFF).

It should be noted that because an inflation rate of 2% is forecast for the EU in 2012, the budget is hence expected to diminish in real terms (in terms of payment appropriations).

This budget was adopted following intense negotiations to achieve a balance between a strict limitation on its size (to help Member States in their consolidation efforts) and the financing of measures designed to stimulate growth and jobs. The EU has made considerable efforts to limit the increase of its own administrative spending.

Budget priorities: the 2012 budget gives priority to the European economy and EU citizens. It will focus on the following main priorities in the context of the Europe 2020 strategy:

- Innovation Union: EUR 23.0 billion;
- Youth on the move: EUR 1.4 billion;
- A digital agenda for Europe: EUR 2.4 billion;
- A resource-efficient Europe: EUR 22.1 billion;
- An industrial policy for the globalisation era: EUR 1.8 billion;
- An agenda for new skills and jobs: EUR 9.5 billion;
- European platform against poverty: EUR 2.0 billion.

Response to the crisis: in 2012, EUR 62.2 billion (about 42.3 % of the total budget) is linked to the Europe 2020 strategy. That represents an overall increase of 4.5 % compared with 2011. This increase was made possible by keeping some administrative expenses down, redefining priorities and mainstreaming the key activities. The largest part of the budget (94.4%), will be directed to Union programmes and operations in favour of Europe's regions and towns, business, scientists, citizens and the EU's actions in the world.

The 2012 budget heading by heading:

- Heading 1: SUSTAINABLE GROWTH: this heading has EUR 67.5 billion in commitment and EUR 55.3 billion in payment appropriations to stimulate the European economy. It is broken down into two sub-headings and covers 45.8% of the total budget:

- 1a - Competitiveness for growth and employment: in 2012, the budget will seek to rationalise support for research and development. With EUR 14.8 billion (compared with EUR 13.5 billion in 2011), this heading will cover the majority of the EU's most innovative programmes and actions. As an example, in 2012 the contribution to the competitiveness and innovation framework programme (CIP) represents EUR 614.4 million. In the areas of biotechnology and healthcare research and related activities, the EU allocated EUR 939.5 million to improve research at EU and international levels in the field of drug development process and the fight against major diseases. It should also be noted that funding for education programmes has increased by 8% and amounts to EUR 1.2 billion;
- 1b Cohesion for growth and jobs: with an allocation of EUR 52.8 billion in commitments and EUR 43.8 in payment appropriations, this sub-heading focuses on the EU's structural actions, environmental policy and spatial policy. In comparison with 2011, commitment appropriations have increased by 3.5%. In the context of this sub-heading, EUR 153 million is available for labour market measures to improve access to employment and increase participation and progress of women.

- Heading 2: PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: this heading has been allocated EUR 60 billion in commitment and EUR 57 billion in payment appropriations. It accounts for 40.8% of the overall budget. Agriculture plays an important role in providing a viable food supply and in the management of natural resources, and contributes to preserving biodiversity, landscapes, clean water, soil and air. EUR 40.5 billion is available in 2012 for direct aids as income support for farmers, 91.8 % of which is not linked to the level of production. EUR 14.6 billion is available through the European Agricultural Fund for Rural Development to improve the quality of life and to encourage diversification of activities by creating new jobs and contributing to an adequate level of services for the rural economy. This includes EUR 4.9 billion (+ 1.2 %) in 2012 for activities such as training, modernisation projects on farms, enterprise projects and participation of farms in quality schemes. The Green cars initiative encourages the rapid development of technologies supporting sustainable hybrid and electric cars. The budget for this initiative is EUR 20 million in 2012. An amount of EUR 0.4 billion is allocated for environment and combating climate change.

- Heading 3: CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE: this heading now accounts for 1.4% of the EU's budget with EUR 2.1 billion in commitment and EUR 1.5 billion in payment appropriations. This heading has lost 12.7% of payment appropriations compared with 2011. It covers the two following sub-headings (excluding the EU's Solidarity Fund):

- o 3a Freedom, security and justice: EUR 1.4 billion in commitment appropriations. This sub-heading supports actions and programmes in the fields of fundamental rights, justice, security, safeguarding liberties, solidarity and management of migration flows. Part of the EU funding will be devoted to the support for a certain number of national programmes and actions focusing on return management and measures to address the specific situation of vulnerable returnees ;
- o 3b Citizenship (including support for youth and culture): with EUR 700 million in commitment appropriations, the budget for this sub-heading has fallen by 21% compared with 2011. With an allocation of EUR 2.7 billion, the European Union and the member countries will implement a number of activities to promote active ageing in the areas of employment strategy, adult education, public health and the information society. With a budget of EUR 28.2 million in 2012, the Europe for citizens programme encourages civil society and other organisations to develop projects of European interest, town-twinning and activities directly involving citizens.

- Heading 4: THE EU AS A GLOBAL PARTNER: in 2012, this heading is allocated EUR 9.4 billion in commitment and EUR 7 billion in payment appropriations. It accounts for 6.4% of the budget (up from 6.2% in 2011). The heading includes instruments such as the

Development Cooperation Instrument (DCI) that, with a budget of EUR 2.6 billion in 2012, contributes to eradicating poverty throughout the world, promoting democracy and respect for human rights of populations in 47 developing countries in Latin America, Asia and Central Asia, the Gulf region and South Africa. Furthermore, in the event of humanitarian crises, EUR 0.8 billion will be allocated in humanitarian aid to the millions of persons affected by man-made or natural catastrophes. To contribute to maintaining an area of peace, stability and prosperity, the EU is committed to spending EUR 2.3 billion on financial assistance through the European Neighbourhood and Partnership Instrument (ENPI). In 2012, the ENPI notably contributes to supporting the countries in the Mediterranean region which were at the heart of the Arab spring in their transition to democracy. The Instrument for Pre-Accession Assistance will benefit from EUR 1.9 billion to support candidate and potential candidate countries for EU membership in their efforts to align themselves with European standards and policies. Through its European External Action Service (EEAS) and its delegations around the world, supported by the services of the European Commission, the EU focuses on tackling the challenges facing Europe as well as the rest of the world: climate change, terrorism, drugs and energy security. The EEAS also contributes to preventing, managing and resolving conflict and building peace in the world.

- Heading 5: ADMINISTRATION: in 2012, 5.6% of the EU budget is planned to cover the functioning of all the EU institutions, compared to 5.7 % in 2011. Seven years ago, the European Commission undertook a major reform of its administration which has already saved the EU taxpayers EUR 3 billion. For several years, the Commission has maintained the policy of 0% staff growth. As a result, this heading has only increased by 1.3% compared with 2011 and has an allocation of EUR 8.3 billion.

## 2012 budget: all sections

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PURPOSE: Corrigendum to the definitive adoption of the European Unions general budget for the financial year 2012 (initially published in Official Journal of the European Union L 56 of 29 February 2012).

CONTENT: this corrigendum concerns some technical elements on pages I/21 to I/116 of the 2012 EU general budget.

## 2012 budget: all sections

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PURPOSE: Corrigendum to the definitive adoption of the European Unions general budget for the financial year 2012 (published in the Official Journal of the European Union L 56 of 29 February 2012).

CONTENT: the corrigendum concerns certain technical aspects in the tables regarding the staff of certain institutions or agencies of the European Union.

Other amendments are made to pages II/1136 to II/1139, Title 40 on Reserves.