Procedure file

Basic information

BUD - Budgetary procedure	2012/2000(BUD)	Procedure completed
2013 budget: priorities - section III, Commission Subject 8.70.60 Previous annual budgets		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		18/01/2012
		PPE LA VIA Giovanni	
		Shadow rapporteur	
		S&D GARDIAZABAL RUBIAL Eider	
		ALDE PICKART ALVARO Alexander Nuno	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	3148	21/02/2012
European Commission	Commission DG	Commissioner	
	Budget	LEWANDOWSKI Janusz	

Key events

21/02/2012	Resolution/conclusions adopted by Council		Summary
28/02/2012	Vote in committee		
02/03/2012	Committee report tabled for plenary	A7-0040/2012	Summary
13/03/2012	Debate in Parliament		
14/03/2012	Results of vote in Parliament		
14/03/2012	Decision by Parliament	T7-0077/2012	Summary
14/03/2012	End of procedure in Parliament		

Technical information

Procedure reference	2012/2000(BUD)
Procedure type	BUD - Budgetary procedure

Procedure subtype	Budgetary preparation
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/08444

Documentation gateway

Committee draft report		PE480.746	01/02/2012	EP	
Amendments tabled in committee		PE480.884	16/02/2012	EP	
Committee report tabled for plenary, single reading		A7-0040/2012	02/03/2012	EP	Summary
Parliament's opinion on budgetary estimates/guidelines		T7-0077/2012	14/03/2012	EP	Summary

2013 budget: priorities - section III, Commission

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

Some delegations asked the Commission to ensure that its draft EU budget for 2013 reflects the consolidation efforts currently being undertaken at national level. Others highlighted the need to honour commitments made in the past.

Key elements of the budget for 2013

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

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

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

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

- Specific issues: on a strictly technical level, the Council encourages the Commission to continue the improvement of the documents accompanying its draft budget. These documents should be as transparent, simple and concise as possible, and clearly justify the appropriations requested. Particular attention should be paid to the information on the evolution of the volume of outstanding commitments and on payment profiles.

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

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

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

- Financing of the ITER project: the Council recalls the agreement reached in December 2011 on the additional financing of the ITER project in

2012 and 2013. According to this agreement the ceiling for commitment appropriations under sub-heading 1a (Competitiveness for growth and employment) has been increased in 2013 by EUR 190 million and a further EUR 360 million will be made available within the ceilings. It recalls its preference that the outstanding appropriations in the budget for 2013 should be made available through redeployments. Therefore, the Council asks the Commission to examine all possibilities of redeployment and accordingly make concrete proposals within the draft budget for 2013.

2013 budget: priorities - section III, Commission

The Committee on Budgets adopted the report by Giovanni LA VIA (EPP, IT) on general guidelines for the preparation of 2013 Budget - Section III Commission.

Members acknowledge the fiscal consolidation efforts undertaken by most Member States because of the financial and budgetary crisis. They underline, however, the fact that the EU will never be able to respond properly to the current economic and social crisis or prevent future crises without further political integration, common instruments, such as automatic sanctions, and the Commission having the right to take legal action in a deficit procedure, but also common EU-funded programmes and the resources to make them work. Members insist, that economic recovery requires measures to strengthen solidarity and boost sustainable growth and employment. Other concrete measures need to be taken, notably by making use of the EU budget as a common instrument.

Members point out that the priorities highlighted in the Council's statement (see summary of 21 February 2012) are precisely those which were defended by Parliament in the earlier budgetary procedures. They are worried that the unprecedented global crisis has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States.

Concerned at the unprecedented global crisis, Members insist that 2013 will be a key year for economic recovery. In this context, they recall that the European Unions budget is one of the most important instruments for demonstrating solidarity between Member States and that it provides a clear added value, given its extraordinary impact on the real economy and daily lives of European citizens. According to Members, austerity measures undertaken at national level should not lead to an equivalent decrease at EU level. Moreover, in times of crisis, and in view of the leverage effect of the EU budget for the Member States, Members consider that lowering the level of the EU budget would have an adverse impact on the creation of growth and jobs in the Union.

Members take the view that the promotion of growth and jobs requires specific actions and enhanced budgetary efforts to support:

- competitiveness, innovation and SMEs, since most of the EUs economic potential lies in SMEs, which, according to latest studies, created 85% of net new jobs in the EU between 2002 and 2010 and are the backbone of our economic growth;
- increased investments through the EU budget in a sustainable economy could lead to a higher rate of job creation than with the current budget;
- that every effort must be made at EU and national level to ensure that growth and jobs are a reality, especially for young people.

Members take note of the Commission's proposal to redirect EUR 82 billion of the money still to be programmed under all EU structural funds (the European Regional Development Fund

and the European Social Fund) into helping SMEs and combating youth unemployment. They ask to be kept duly informed about this initiative, its implementation and its eventual impact for the 2013 budget.

A well-coordinated and responsible budget for 2013: Members stress that the tailor-made austerity measures already taken need to be accompanied by targeted investments resulting in sustainable economic development. They point out that the EU budget has a decisive role to play in this context as a tool to ensure prompt and well-coordinated action in all fields. They stress that well-coordinated, coherent and timely implementation of political commitments and priorities shared at national and EU level requires national and European institutions to work together to prioritise public spending on growth areas. It is for this reason that they call for the presentation by the Commission of its draft budget, and the start of the national budgetary procedures in Member States, interparliamentary debates on the common economic and budgetary orientations of the Member States and the Union in order to ensure that there is coordination between the national and EU budgets in the general framework of Parliaments upgraded activities in the European Semester in order to enhance its democratic legitimacy.

Members call for the adoption of a responsible and result-oriented budget, based on good-quality spending and optimal and timely use of existing EU financing. They emphasise the need to invest in growth and jobs, especially in terms of SMEs and young people. In this context, they propose the development of new and improved financial instruments to further enhance the leverage effect of the EU budget.

Members call for the budgetary priorities to be respected. Recalling that between 2000 and 2011, national budgets in the EU increased on average by 62% while EU budget payments increased by slightly less than 42% (although the EU grew from 15 to 27 Member States), Members recall that the ceilings for several headings, in particular Heading 1a (competitiveness for growth and jobs) and Heading 4 (the EU as a global actor) within the current financial framework are insufficient to meet the policies approved as priorities.

Moreover, the appropriations allocated for some policies have had to be revised several times in order to meet new goals and tasks, making the use of the Flexibility Instrument necessary in almost every annual budget. Members stress that they will not accept longstanding EU political commitments being jeopardised. Financial commitments entered into in international agreements and/or agreements between the EU and international organisations should be respected and duly included in the draft budget.

A 2013 budget oriented towards fulfilling the Unions programmes and priorities: Members stress that since 2008 the EU has experienced an unprecedented crisis, the 2007-2013 financial framework was not revised to accommodate additional financing needs stemming from the current crisis but that, on the contrary, substantial global margins have been left under the overall ceilings in every annual budget since 2007 and that, to that extent, all the annual budgets have been contained and austere. It stresses that the corresponding payments should therefore at least be disbursed according to the normal budget cycle.

Stressing that, 2013 being the last year of the current programming period, catching up will be necessary in terms of payments, as has always been the case at the end of financial perspectives, owing to the start of the completion process for the 2007-2013 programmes, and, in terms of commitments, in order to respect the financial programming amounts, which are close to EUR 152 billion for 2013.

Members reiterate that any artificial cut made to the level of payments will delay meeting both contractual obligations and past EU commitments, and could also result in late interest being due and loss of confidence in European policies and the EU institutions credibility.

They underline, therefore, that contractual debts should be paid as soon as possible as a matter of budgetary discipline.

The report notes that the level of payments, which, being the mere result of past commitments, should be determined on the basis of technical criteria such as implementation figures, absorption forecasts or the level of outstanding commitments (RAL), has become the main political issue within the Council in the past few budgetary procedures (the growing level of RAL at the end of 2011, amounting to EUR 207 billion, which represents almost 7% more than the level at the end of 2010). In view of the upcoming interinstitutional meeting on the difference between commitment and payment appropriations, Members call for a dialogue to be established with the Commission in order to fully clarify how the RAL is composed.

Members regret the fact that, while the Council refused in December 2011 to finance identified additional needs, some payment claims amounting to more than EUR 10 billion could not be honoured in late 2011, which is now impacting directly on available 2012 payments. They are extremely worried about the payments situation in 2012 and call for the Commission to put forward proposals so that a solution can be found as early as possible this year, in order to avoid postponing the problem once again, to 2013. They take the view, moreover, that such use of the upcoming years appropriations to fund current needs is bad financial management and infringes the principle of budget annuality.

Members reiterate its call for the Council to refrain from making artificial cuts in payments during the budgetary procedure, and stress that this seems to be leading to an unsustainable level of payments. They request, in the event of such proposals being made, that the Council clearly and publicly identify and justify which of the EUs programmes or projects it believes could be delayed or dropped altogether.

The Council is also called upon to:

- align its position to one of realistic and responsible budgeting, and undertakes to continue to monitor constantly the implementation of the 2012 appropriations and, in particular, payments;
- follow suit, so that the budgetary authority can work on the basis of common, updated implementation data and make reliable estimates of expenditure;
- invite the Commission to an interinstitutional meeting with a view to clarifying and settling any possible misunderstanding as to implementation figures and estimated payment needs.

As regards ITER: Members welcome the agreement reached on financing the additional costs of ITER in December 2011 and urge the Commission to respect the joint conclusions in this agreement in their entirety and to make concrete proposals on the amount of EUR 360 million in the 2013 draft budget. They reiterate their strong conviction that securing this amount budget should not impair the successful implementation of other EU policies, especially those that contribute to achieving the goals of the EU 2020 strategy during this last year of the programming period.

Moreover, the committee expects, in view of the upcoming accession of Croatia on 1 July 2013, that the revision of the MFF will be adopted swiftly. It reiterates that the enlargement to include Croatia should be accompanied by appropriate additional funding with fresh money rather than redeployments for the second part of 2013.

Administrative expenditure: lastly, Members take note of the Commissions willingness to reduce the number of posts in its establishment plans by 1% as early as 2013 and intend to closely examine the Commissions intention of reducing by 2018 the staffing level in EU institutions and bodies by 5% compared to 2013. According to the Members, any short-term or long-term reduction in staff should be based on a prior impact assessment and take full account of, inter alia, the Unions legal obligations and the institutions new competences and increased tasks arising from the treaties.

2013 budget: priorities - section III, Commission

The European Parliament adopted by 513 votes to 106, with 73 abstentions, a resolution on general guidelines for the preparation of 2013 Budget - Section III Commission.

Members acknowledge the fiscal consolidation efforts undertaken by most Member States because of the financial and budgetary crisis. They underline, however, the fact that the EU will never be able to respond properly to the current economic and social crisis or prevent future crises without further political integration, common instruments, such as automatic sanctions, and the Commission having the right to take legal action in a deficit procedure, but also common EU-funded programmes and the resources to make them work. Plenary insisted that economic recovery requires measures to strengthen solidarity and boost sustainable growth and employment. It welcomed the fact that the European Council recognised this in its statement of 30 January 2012 (see summary 21 February 2012) and in its Conclusions following the Summit of 1-2 March 2012, but insists on the need for concrete measures to be taken, notably by making use of the EU budget as a common instrument. It underlines the fact that the priorities singled out in the above-mentioned statements are those defended by Parliament in previous budgetary procedures.

Parliament is worried that the unprecedented global crisis has seriously damaged economic growth and financial stability and provoked a strong deterioration in the government deficit and debt position of the Member States.

Concerned at the unprecedented global crisis, Members insist that 2013 will be a key year for economic recovery. In this context, they recall that the European Unions budget is one of the most important instruments for demonstrating solidarity between Member States and that it provides a clear added value, given its extraordinary impact on the real economy and daily lives of European citizens. According to Members, austerity measures undertaken at national level should not lead to an equivalent decrease at EU level. Moreover, in times of crisis, and in view of the leverage effect of the EU budget for the Member States, Members consider that lowering the level of the EU budget would have an adverse impact on the creation of growth and jobs in the Union.

Members take the view that the promotion of growth and jobs requires specific actions and enhanced budgetary efforts to support:

- competitiveness, innovation and SMEs, since most of the EUs economic potential lies in SMEs, which, according to latest studies, created 85% of net new jobs in the EU between 2002 and 2010 and are the backbone of our economic growth. Plenary states that the promotion of entrepreneurial mindsets and business start-ups through concrete actions is of utmost importance and adequate resources should be provided for that purpose. It acknowledges, therefore, that efforts need to be made to further strengthen EU funding in support of growth efforts;
- increased investments through the EU budget in a sustainable economy could lead to a higher rate of job creation than with the

current budget;
- young people are the biggest asset for growth and jobs in the EU. Plenary insists on the need to address urgently the challenges of unemployment and the growing level of poverty in the European Union in the spirit of the flagship initiative European Platform against poverty and social exclusion.

Parliament takes note of the Commission's proposal to redirect EUR 82 billion of the money still to be programmed under all EU structural funds (the European Regional Development Fund and the European Social Fund) into helping SMEs and combating youth unemployment. It asks to be kept duly informed about this initiative, its implementation and its eventual impact for the 2013 budget.

A well-coordinated and responsible budget for 2013: Parliament stresses that the tailor-made austerity measures already taken need to be accompanied by targeted investments resulting in sustainable economic development. It points out that the EU budget has a decisive role to play in this context as a tool to ensure prompt and well-coordinated action in all fields. It stresses that well-coordinated, coherent and timely implementation of political commitments and priorities shared at national and EU level requires national and European institutions to work together to prioritise public spending on growth areas. It is for this reason that it calls for the presentation by the Commission of its draft budget, and the start of the national budgetary procedures in Member States, interparliamentary debates on the common economic and budgetary orientations of the Member States and the Union in order to ensure that there is coordination between the national and EU budgets in the general framework of Parliaments upgraded activities in the European Semester in order to enhance its democratic legitimacy.

Members call for the adoption of a responsible and result-oriented budget, based on good-quality spending and optimal and timely use of existing EU financing. They emphasise the need to invest in growth and jobs, especially in terms of SMEs and young people. In this context, they propose the development of new and improved financial instruments to further enhance the leverage effect of the EU budget.

Members call for the budgetary priorities to be respected. Recalling that between 2000 and 2011, national budgets in the EU increased on average by 62% while EU budget payments increased by slightly less than 42% (although the EU grew from 15 to 27 Member States), Members recall that the ceilings for several headings, in particular Heading 1a (competitiveness for growth and jobs) and Heading 4 (the EU as a global actor) within the current financial framework are insufficient to meet the policies approved as priorities.

Moreover, the appropriations allocated for some policies have had to be revised several times in order to meet new goals and tasks, making the use of the Flexibility Instrument necessary in almost every annual budget. Members stress that they will not accept longstanding EU political commitments being jeopardised. Financial commitments entered into in international agreements and/or agreements between the EU and international organisations should be respected and duly included in the draft budget.

A 2013 budget oriented towards fulfilling the Unions programmes and priorities: Members stress that since 2008 the EU has experienced an unprecedented crisis, the 2007-2013 financial framework was not revised to accommodate additional financing needs stemming from the current crisis but that, on the contrary, substantial global margins have been left under the overall ceilings in every annual budget since 2007 and that, to that extent, all the annual budgets have been contained and austere. It stresses that the corresponding payments should therefore at least be disbursed according to the normal budget cycle.

Stressing that, 2013 being the last year of the current programming period, catching up will be necessary in terms of payments, as has always been the case at the end of financial perspectives, owing to the start of the completion process for the 2007-2013 programmes, and, in terms of commitments, in order to respect the financial programming amounts, which are close to EUR 152 billion for 2013.

Members reiterate that any artificial cut made to the level of payments will delay meeting both contractual obligations and past EU commitments, and could also result in late interest being due and loss of confidence in European policies and the EU institutions credibility. They underline, therefore, that contractual debts should be paid as soon as possible as a matter of budgetary discipline.

The resolution notes that the level of payments, which, being the mere result of past commitments, should be determined on the basis of technical criteria such as implementation figures, absorption forecasts or the level of outstanding commitments (RAL), has become the main political issue within the Council in the past few budgetary procedures (the growing level of RAL at the end of 2011, amounting to EUR 207 billion, which represents almost 7% more than the level at the end of 2010). In view of the upcoming interinstitutional meeting on the difference between commitment and payment appropriations, Members call for a dialogue to be established with the Commission in order to fully clarify how the RAL is composed.

Members regret the fact that, while the Council refused in December 2011 to finance identified additional needs, some payment claims amounting to more than EUR 10 billion could not be honoured in late 2011, which is now impacting directly on available 2012 payments. They are extremely worried about the payments situation in 2012 and call for the Commission to put forward proposals so that a solution can be found as early as possible this year, in order to avoid postponing the problem once again, to 2013. They take the view, moreover, that such use of the upcoming years appropriations to fund current needs is bad financial management and infringes the principle of budget annuality.

Parliament reiterate its call for the Council to refrain from making artificial cuts in payments during the budgetary procedure, and stress that this seems to be leading to an unsustainable level of payments. It requests, in the event of such proposals being made, that the Council clearly and publicly identify and justify which of the EUs programmes or projects it believes could be delayed or dropped altogether.

The Council is also called upon to:

- align its position to one of realistic and responsible budgeting, and undertakes to continue to monitor constantly the implementation of the 2012 appropriations and, in particular, payments;
- follow suit, so that the budgetary authority can work on the basis of common, updated implementation data and make reliable estimates of expenditure;
- invite the Commission to an interinstitutional meeting with a view to clarifying and settling any possible misunderstanding as to implementation figures and estimated payment needs and to jointly taking stock of the payments situation for the budget years 2012 and 2013.

In an amendment adopted in Plenary, Parliament highlights the importance of funding the European Supervisory Authorities (EBA, EIOPA and ESMA) to enable comprehensive delivery of the financial regulation agenda and supervisory structures to prevent future crises. It stresses that funding for ESAs and independent legal services for them should be prioritised within the budget.

As regards ITER: Members welcome the agreement reached on financing the additional costs of ITER in December 2011 and urge the Commission to respect the joint conclusions in this agreement in their entirety and to make concrete proposals on the amount of EUR 360 million in the 2013 draft budget. They reiterate their strong conviction that securing this amount budget should not impair the successful

implementation of other EU policies, especially those that contribute to achieving the goals of the EU 2020 strategy during this last year of the programming period and specifically opposes any redeployments infringing upon this budgetary priority; stresses that in its financial programming the Commission foresees a margin of EUR 47 million in Heading 1a, which partially covers the needs for ITER.

Moreover, Parliament expects, in view of the upcoming accession of Croatia on 1 July 2013, that the revision of the MFF will be adopted swiftly. It reiterates that the enlargement to include Croatia should be accompanied by appropriate additional funding with fresh money rather than redeployments for the second part of 2013.

Administrative expenditure: lastly, Members take note of the Commissions willingness to reduce the number of posts in its establishment plans by 1% as early as 2013 and intend to closely examine the Commissions intention of reducing by 2018 the staffing level in EU institutions and bodies by 5% compared to 2013. According to the Members, any short-term or long-term reduction in staff should be based on a prior impact assessment and take full account of, inter alia, the Unions legal obligations and the institutions new competences and increased tasks arising from the treaties.