Procedure file

Basic information

BUD - Budgetary procedure	2013/2010(BUD)	Procedure completed
Guidelines for the 2014 budget: Section III ? Commission Subject 8.70.60 Previous annual budgets		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		18/12/2012
		ALDE JENSEN Anne E.	
		Shadow rapporteur	
		S&D GARDIAZABAL RUBIAL Eider	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	3220	12/02/2013
European Commission	Commission DG	Commissioner	
	Budget	LEWANDOWSKI Janusz	

Key events

12/02/2013	Resolution/conclusions adopted by Council		
20/02/2013	Vote in committee		
25/02/2013	Committee report tabled for plenary	A7-0043/2013	Summary
12/03/2013	Debate in Parliament		
13/03/2013	Results of vote in Parliament		
13/03/2013	Decision by Parliament	T7-0081/2013	Summary
13/03/2013	End of procedure in Parliament		

Technical information

Procedure reference	2013/2010(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/7/11661

Documentation gateway

Committee draft report		PE504.026	15/01/2013	EP	
Document attached to the procedure		05757/2013	01/02/2013	CSL	Summary
Amendments tabled in committee		PE504.211	07/02/2013	EP	
Committee report tabled for plenary, single reading		A7-0043/2013	25/02/2013	EP	Summary
Parliament's opinion on budgetary estimates/guidelines		T7-0081/2013	13/03/2013	EP	Summary

Guidelines for the 2014 budget: Section III ? Commission

The Council adopted conclusions in which it lays out its priorities for the General Budget of the EU for 2014.

These conclusions may be summarised as follows:

New programming period: the Council underlines that the budgetary procedure for 2014 will be the first in a new programming period. The Council emphasises the need to maintain budgetary discipline at all levels. The Council considers that the EU budget should take help to mitigate the negative effects of austerity, notably by boosting growth and employment. A balance is needed between fiscal consolidation and investment for growth. This can be achieved, in particular, through the prioritisation of objectives, with the allocation of available resources to programmes and actions contributing most to achieving these aims.

The Council invites the Commission to present a budget in line with these objectives, including the delivery of EU added value. It encourages all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure.

The 2014 Budget: main aspects: once again, the Council insists on the need for a realistic budget respecting the principle of sound financial management. In particular, it stresses that establishing an accurate level of payment appropriations is very important.

With regard to revenue, the Council strongly believes that full transparency regarding assigned revenue and calls on all institutions, agencies and other bodies to continue providing all the relevant information promptly and frequently. It also urges the Commission to provide precise and frequent information on planned and past budget implementation and to take this into account at every stage of the budgetary procedure to avoid significant under-implementation of certain funds and unjustified carryovers.

The issue of outstanding commitments: as in previous years, the Council is concerned about the volume of outstanding commitments (at the end of 2012, these represented EUR 217 billion). It calls on the Commission to carefully monitor these amounts and to settle or decommit them in a timely manner and in line with the relevant rules. In preparing the draft budget, the Commission should take into account the current economic circumstances and the relationship between commitment and payment levels, including on the level of outstanding commitments, the absorption capacity and past implementation rates.

Administrative expenditure: as regards the budget for the institutions, the Council invites all institutions to limit their requests when preparing their estimates for 2014 and to continue to reduce in 2014 the number of posts in their establishment plans. The Council urges them to request financing only for real needs, in order to give a positive signal to EU citizens.

Agencies: the Council regrets that the recurrent over-budgeting for some agencies has led to unjustified carry-overs. It reiterates the importance of keeping their funding under firm control and limiting it to real needs. It strongly urges the Commission, when establishing its draft budget for 2014, to continue taking into account unused appropriations and excessive accumulated cash balances, in order to bring down their annual surpluses. It also urges the Commission to carefully check, and if necessary revise, the requests for funds and posts proposed by the agencies. It expects the Commission to continue providing the Council and the European Parliament with a comprehensive picture concerning agencies, including their building policy.

The Council recalls that the annual budgetary procedure is important for providing accountability towards EU citizens. It emphasises that the budget for 2014 should provide the necessary resources to respect commitments already made and to implement the Union's policy priorities for 2014. It stresses the importance of quickly taking the necessary steps to ensure that all EU programmes can commence without delay and in an efficient way.

Lastly, the Council underlines that an accurate and accountable use of Union resources is one of the essential means to reinforce the trust of EU citizens. Therefore, the Council reiterates the great importance it attaches to these guidelines and expects them to be taken duly into account already when preparing the draft budget for 2014. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions.

Guidelines for the 2014 budget: Section III ? Commission

The Committee on Budgets adopted the report by Anne E. JENSEN (ADLE, DK) on the general guidelines for the preparation of the 2014 budget, Section III Commission.

Taking note of the European Council conclusions of 8 February 2013 on the next multiannual financial framework (MFF), Members insist that if the European Parliament has not yet given its consent to the new MFF Regulation, the European Commission should first draw up the Draft Budget for 2014 on the basis of its own proposals on the MFF 2014-2020, and then if no agreement is reached on a new MFF it should adjust its proposal according to Article 312(4) of the Treaty. This shall mean a prolongation of the 2013 ceilings, adjusted with a 2% fixed deflator a year, until adoption of a new MFF regulation. Members reiterate, in this eventuality, its readiness to reach a swift agreement with the Council and the Commission on ensuring that legal bases are in force for the implementation of EU programmes and policies in 2014.

Acknowledging the difficulty in defining general guidelines on the 2014 budget while there is much uncertainty as to the level of the 2014 commitment ceiling, Members underline that this could range from EUR 143.8 billion in 2014 prices if the MFF 2014-2020 were to be agreed on the basis of the European Councils negotiating box dated 23 November 2012 to EUR 155.5 billion in 2014 prices in case of prolongation of the 2013 ceiling.

A sufficient and realistic level of payments: Members are of the opinion that budgeting a sufficient and realistic level of payments at the beginning of the budgetary cycle would avoid unnecessary complications during the implementation of the budget, as witnessed in particular with the 2012 budget.

Due to the intransigent position of the Council in the negotiations, the overall level of payments set in the 2013 budget is EUR 5 billion lower than the Commissions estimates for payment needs in the draft budget. Members are extremely worried about the level of payments in the 2013 budget and points out that this level of appropriations will be insufficient to cover actual payment needs in 2013 as the margin of payments left below the MFF payments ceiling in the 2013 budget amounts to 11.2 billion while the carryover alone of additional payment needs from 2012 is over 16 billion.

The committee recalls that, in line with the provisions of the joint statement on payments 2012, the Commission shall present at an early stage in 2013 a draft amending budget devoted to the sole purpose of covering the suspended claims from 2012, amounting to EUR 2.9 billion, and other pending legal obligations, without prejudice to the proper implementation of the 2013 budget. This draft amending budget should be submitted without any delay and at the latest by the end of March 2013. In parallel, Members call on the Commission to provide monthly reports to Parliament and the Council on the evolution of Member States payment claims for the structural funds, cohesion fund, rural development and fisheries funds (breakdown per Member State and per fund). The information provided by these monthly reports should be the basis for monitoring the fulfilment of commitments agreed upon between the institutions. Members also call for the setting up of an interinstitutional working group on payments as soon as possible. It should address as a matter of priority the question of the gap between forecasts provided by Member States authorities for shared management expenditures and the level of payment appropriations that the Council is collectively imposing in the course of the budget negotiations.

RAL: Members are deeply concerned that, despite the payment implementation level being 99% at the end of 2012, the stock of outstanding commitments (RALs, or restes à liquider) has increased over the past year by 10 billion to now reach the unprecedented level of 217.3 billion. They consider that a dialogue should be established with the Commission in order to fully clarify the composition of RAL and assess whether the current peak in RAL is primarily due to the economic crisis or whether it indicates wider structural problems. They insist that the Council refrain from deciding a priori the level of payments, without taking account of actual needs and legal obligations.

EU revenue: Members insist that the 2013 budget negotiations have demonstrated once more that the system of financing the EU budget with national contributions amounting to more than 75% of EU revenue is in contradiction with the letter and the spirit of the Treaty, and is putting the EU budget in a position of total dependency on national treasuries, which can be particularly detrimental at a time of national budgetary constraints. They urge that the structure of Union revenue be reformed to include the introduction of new and genuine own resources, like the financial transaction tax and the new EU VAT. They reiterate support to the Commission proposal for reforming the own resources system.

The role of the EU budget in implementing the EU 2020 strategy and in creating economic growth and jobs: Members recall the particular nature of the EU budget, which amounts to only 1% of the EU GDP and is an investment budget with a strong leverage effect. They underline that 94 % of it goes back to the Member States and European citizens through its policies and programmes, and therefore should not be seen as an additional burden but as a tool to boost investment, growth and jobs in Europe. The EU budget should be seen as an instrument to exit the crisis.

The report outlines further priorities such as:

- the fight against youth unemployment;
- the promotion of education, lifelong learning and mobility;
- synergies between the national consolidation effort and the added value of a well-prioritised EU budget.

The committee invites the Commission when presenting its Draft Budget for 2014 to properly address the role of the EU budget in the European Semester process.

Furthermore, the report emphasises the need to take advantage of all tools and actions at the disposal of the European Union to help Member States emerge from the crisis and to prevent future ones. In this respect, Members highlight the crucial role played by the three European supervisory authorities in enabling comprehensive delivery of the financial regulation agenda and supervisory structures. The Commission is called upon to propose sufficient funding for these three agencies in its 2014 draft budget and to foresee, when preparing the assessment and a revision of the regulations for January 2014, a revised funding model for these agencies that will increase their independence, while safeguarding the unity of the EU budget.

Members recall that the EU 2020 strategy should be at the heart of the next MFF (2014 2020) and emphasis should be placed on investments in the fields of the knowledge triangle (education, research innovation), infrastructures, SMEs, renewable energy, sustainable development, entrepreneurship, employment in particular youth employment and skills, as well as the strengthening of economic, social and territorial cohesion.

Lastly, Members deplore the Councils usual horizontal cuts and warns it against the temptation to again make use of such artificial cuts. They intend to continue a close examination of the Commissions intention of reducing the staffing level in EU institutions. They note the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes.

Guidelines for the 2014 budget: Section III ? Commission

The European Parliament adopted by 532 votes to 86, with 67 abstentions, a legislative resolution on the general guidelines for the preparation of the 2014 budget, Section III Commission.

Taking note of the European Council conclusions of 8 February 2013 on the next multiannual financial framework (MFF), Parliament insists that if the European Parliament has not yet given its consent to the new MFF Regulation, the European Commission should first draw up the Draft Budget for 2014 on the basis of its own proposals on the MFF 2014-2020, and then if no agreement is reached on a new MFF it should adjust its proposal according to Article 312(4) of the Treaty. This shall mean a prolongation of the 2013 ceilings, adjusted with a 2% fixed deflator a year, until adoption of a new MFF regulation.

Parliament reiterates, in this eventuality, its readiness to reach a swift agreement with the Council and the Commission on ensuring that legal bases are in force for the implementation of EU programmes and policies in 2014.

Acknowledging the difficulty in defining general guidelines on the 2014 budget while there is much uncertainty as to the level of the 2014 commitment ceiling, Parliament underlines that this could range from EUR 143.8 billion in 2014 prices if the MFF 2014-2020 were to be agreed on the basis of the European Council's conclusions dated 7-8 February 2013 to EUR 155.5 billion in 2014 prices in case of prolongation of the 2013 ceiling.

A sufficient and realistic level of payments: Parliament is of the opinion that budgeting a sufficient and realistic level of payments at the beginning of the budgetary cycle would avoid unnecessary complications during the implementation of the budget, as witnessed in particular with the 2012 budget.

Due to the intransigent position of the Council in the negotiations, the overall level of payments set in the 2013 budget is EUR 5 billion lower than the Commissions estimates for payment needs in the draft budget. Members are extremely worried about the level of payments in the 2013 budget and points out that this level of appropriations will be insufficient to cover actual payment needs in 2013 as the margin of payments left below the MFF payments ceiling in the 2013 budget amounts to 11.2 billion while the carryover alone of additional payment needs from 2012 is over 16 billion.

Parliament recalls that, in line with the provisions of the joint statement on payments 2012, the Commission shall present at an early stage in 2013 a draft amending budget devoted to the sole purpose of covering the suspended claims from 2012, amounting to EUR 2.9 billion, and other pending legal obligations, without prejudice to the proper implementation of the 2013 budget. This draft amending budget should be submitted without any delay and at the latest by the end of March 2013. In parallel, Members call on the Commission to provide monthly reports to Parliament and the Council on the evolution of Member States payment claims for the structural funds, cohesion fund, rural development and fisheries funds (breakdown per Member State and per fund). The information provided by these monthly reports should be the basis for monitoring the fulfilment of commitments agreed upon between the institutions. Members also call for the setting up of an interinstitutional working group on payments as soon as possible. It should address as a matter of priority the question of the gap between forecasts provided by Member States authorities for shared management expenditures and the level of payment appropriations that the Council is collectively imposing in the course of the budget negotiations.

RAL: Parliament reiterates the issue of the stock of outstanding commitments (RALs, or restes à liquider) which has now reached the unprecedented level of 217.3 billion. It considers that a dialogue should be established with the Commission in order to fully clarify the composition of RAL and assess whether the current peak in RAL is primarily due to the economic crisis or whether it indicates wider structural problems. The Council should refrain from deciding a priori the level of payments, without taking account of actual needs and legal obligations.

Plenary urges the Commission, when adopting its draft budget for 2014, to provide clear and factual evidence of the link between the level of appropriations it proposes and the implementation of the Growth and Jobs Compact adopted by the June 2012 European Council. It asks the institutions to improve the existing provisions for certain Member States which are particularly suffering from the financial crisis, in order to further improve their capacity to absorb structural and cohesion funds and prevent the anticipated huge decommitments.

EU revenue: Parliament insists that the 2013 budget negotiations have demonstrated once more that the system of financing the EU budget with national contributions amounting to more than 75% of EU revenue is in contradiction with the letter and the spirit of the Treaty, and is putting the EU budget in a position of total dependency on national treasuries, which can be particularly detrimental at a time of national budgetary constraints. It urges that the structure of Union revenue be reformed to include the introduction of new and genuine own resources, like the financial transaction tax and the new EU VAT. It reiterate support to the Commission proposal for reforming the own resources system.

The role of the EU budget in implementing the EU 2020 strategy and in creating economic growth and jobs: Members recall the particular nature of the EU budget, which amounts to only 1% of the EU GDP and is an investment budget with a strong leverage effect. They underline that 94 % of it goes back to the Member States and European citizens through its policies and programmes, and therefore should not be seen as an additional burden but as a tool to boost investment, growth and jobs in Europe. The EU budget should be seen as an instrument to exit the crisis.

The resolution outlines further priorities such as:

- the fight against youth unemployment;
- the promotion of education, lifelong learning and mobility;
- synergies between the national consolidation effort and the added value of a well-prioritised EU budget.

Parliament recalls that all the macroeconomic financial stabilisation measures taken since 2008 have not yet brought an end to the economic and financial crisis. It calls for a well targeted, robust and sufficient EU budget to be part of the solution and is needed to further help coordinate and enhance the national efforts.

It reiterates the need to properly address the role of the EU budget in the European Semester process when presenting the Draft Budget for 2014.

In addition, the resolution emphasises the need to take advantage of all tools and actions at the disposal of the European Union to help Member States emerge from the crisis and to prevent future ones. In this respect, Members highlight the crucial role played by the three European supervisory authorities in enabling comprehensive delivery of the financial regulation agenda and supervisory structures. The

Commission is called upon to propose sufficient funding for these three agencies in its 2014 draft budget and to foresee, when preparing the assessment and a revision of the regulations for January 2014, a revised funding model for these agencies that will increase their independence, while safeguarding the unity of the EU budget.

Parliament considers that most of the time EU expenditure has the potential for creating economies of scale and should automatically lead to an assessment of possible savings at national level, which would significantly alleviate Member States' public finances.

The resolution states that the EU 2020 strategy should be at the heart of the next MFF (2014 2020) and emphasis should be placed on investments in the fields of the knowledge triangle (education, research innovation), infrastructures, SMEs, renewable energy, sustainable development, entrepreneurship, employment in particular youth employment and skills, as well as the strengthening of economic, social and territorial cohesion.

Lastly, Parliament deplores the Councils usual horizontal cuts and warns it against the temptation to again make use of such artificial cuts. It intends to continue a close examination of the Commissions intention of reducing the staffing level in EU institutions and notes the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes.