

COMMITTEE ON BUDGETS

INTERPARLIAMENTARY COMMITTEE MEETING
European Parliament - National Parliaments

on

"How to create greater synergy between the European budget and national budgets"

Chaired by

Alain LAMASSOURE

Chair of the Committee on Budgets

European Parliament

Hemicycle, 3rd Floor

Paul-Henri Spaak building

Brussels

> 3.00 pm to 6.30 pm

Tuesday 1

June

2010

Brussels

With the support
of the Directorate for relations
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EUROPEAN PARLIAMENT



Committee on Budgets
The Secretariat

COMMITTEE ON BUDGETS ANNUAL MEETING WITH NATIONAL PARLIAMENTS

1 JUNE 2010

Draft agenda

How to create greater synergy between the European budget and national budgets

ALTIERO SPINELLI (ASP) building, Hemicycle

- 15.00 - 15.20 Opening of the meeting by Mr Alain Lamassoure, Chairman of the Committee on Budgets of the European Parliament.
- 15.20 - 15.40 Presentation by Mr Alain Lamassoure of the external study commissioned by the Committee on Budgets from Deloitte Consulting on “Creating greater synergy between European and national budgets”
- 15.40 - 16.00 Priorities for the EU Budget 2011
- Debate opened by Ms. Sidonia Jędrzejewska, General Rapporteur for the Budget 2011
- 16.00 - 18.00 Debate
- 18.00 - 18.20 Conclusions of the debate
- 18.20 - 18.30 Closing remarks by Mr Alain Lamassoure, Chairman of the Committee on Budgets

At the conclusion of the meeting, the European Parliament will host a cocktail outside the meeting room.

P7_TA-PROV(2010)0086

Priorities for the 2011 budget - Section III - Commission

European Parliament resolution of 25 March 2010 on priorities for the 2011 budget – Section III – Commission (2010/2004(BUD))

The European Parliament,

- having regard to Articles 313 and 314 TFEU,
- having regard to the Interinstitutional Agreement (IIA) of 17 May 2006 on budgetary discipline and sound financial management¹,
- having regard to the Commission's updated financial programming for 2007-2013, submitted in accordance with point 46 of the aforementioned IIA of 17 May 2006,
- having regard to the European Union's general budget for the 2010 financial year,
- having regard to the outcome of the conciliation committee meeting of 18 November 2009,
- having regard to the report of the Committee on Budgets and the opinion of the Committee on Development (A7-0033/2010),

General budgetary aspects

1. Notes that, for 2011, the Multiannual Financial Framework (MFF) 2007-2013 provides for an overall level of commitment appropriations (CA) of EUR 142,629 billion, representing a potential maximum increase of only 0.83% over the 2010 budget as adopted by the European Parliament (EUR 141,453 billion in CA); notes that the level of payment appropriations (PA) is set at EUR 134,263 billion, an increase of 9.2% over the 2010 budget (EUR 122,937 billion in PA); recalls that these amounts represent only about 1% of the EU's GNI and are considerably lower than the current Own Resources Decision;
2. Points out that the discrepancy between CA and PA in the MFF amounts to EUR 8,366 billion; recalls that, despite a gap of only EUR 6,689 billion for 2010 in the MFF, the budget adopted for 2010 shows a gap of EUR 18,515 billion owing to further reductions in payments; reiterates its concerns over increased discrepancies between CA and PA, which create deficits in the long run, and stresses that it will do its utmost throughout the budgetary procedure to keep the discrepancy at a sustainable and manageable level;
3. Recalls that, in addition to considerations regarding the MFF ceilings for the remaining years (2011-2013), the budgetary authority has been obliged to revise the MFF several times because it did not allow the EU to react properly and satisfactorily to various challenges that have arisen in recent years; reiterates its conviction that an in-depth review and revision of the MFF is an absolute necessity; asks the European Commission to publish its report on the functioning of the current IIA and on the mid-term review of the MFF on the basis of declarations 1 and 3 of the IIA of 17 May 2006, accompanied by concrete

¹ OJ C 139, 14.6.2006, p. 1.

proposals to adjust and to revise the current IIA before the end of first semester 2010;

4. Points out that the 2011 budget is the fourth of seven under the current MFF, and emphasises that point 37 of the IIA on the use of the 5% margin of legislative flexibility now makes full sense, since the two arms of the budgetary authority have a clearer view of the shortfalls of, and positive developments in, existing programmes; recalls that, irrespective of the provisions of the IIA, ensuring an appropriate level of flexibility in the EU budget is a prerequisite for its effective implementation in a useful manner; expects the Council MFF regulation to be adopted on the basis of COM 2010(0072) final and the forthcoming IIA to be adopted on the basis of COM2010(0073) final, to allow for greater flexibility;
5. Points out that the strengthening of a number of policies at EU level following the entry into force of the Lisbon Treaty should logically imply additional financial capacity for the EU;
6. In the context of the mid-term reviews of co-decided programmes, asks the Commission to provide it with an extensive overview of the budgetary implications across all headings;
7. Welcomes the fact that, according to the July 2009 own assessment of the Commission, the majority of the activity statements supporting the 2010 Preliminary Draft Budget contained a clear and concise justification of the EU added value, and included SMART and result-related objectives and indicators; stresses, however, the need to improve the quality of expenditure-related output and to make better use of evaluation results; deplores the fact that variations in appropriations were rarely explained by the use of performance data; expects, therefore, that the Commission will improve its activity statements for 2011 accordingly;
8. Underlines that the remaining improvements needed in this respect, notably as regards the DGs within the RELEX family and pre-accession, are crucial both in order to ensure better-informed decision-making by the budgetary authority and with a view to deriving full benefit from the introduction of activity-based budgeting and strategic planning and programming within the Commission, especially when taking into account the new tasks and challenges foreseen by the Lisbon Treaty;

Priorities for the 2011 budget

9. Recalls that the EU, within the constraints of the MFF, was able to find some European added value on top of the national efforts made in Member States to combat the economic and financial crisis, by adopting a European Economic Recovery Plan (EERP), but notes that the overall economic situation in the EU is still not satisfactory;
10. Stresses that youth is tremendously important both now and for the future of the EU, and that it should be given particular attention in the course of defining our mid-and long-term priorities; points out that youth is at the heart of social and inclusive strategies, and that its innovation ability is a key resource for development and growth the EU should rely on; recalls that investing in youth and in education means investing in today and in the future, as outlined by the "EU Youth Strategy", and that this coordinated and multidisciplinary investment must be started up without delay as a cross-policy theme;
11. Stresses that youth policy must be defined broadly, encompassing the ability of individuals to change positions and status several times throughout their lives, switching without

restriction among settings such as apprenticeships, academic or professional environments and vocational training; one of the objectives should be the transition from the education system to the labour market;

12. Believes that instruments promoting the study of languages and intercultural dialogue must be introduced and form the centrepiece of public sector youth measures; these could generate an increase in awareness of European issues among the public, aimed at the acquisition of an increasingly rooted European identity;
13. Recalls the importance of innovation and digital agenda for the economic development and job creation in Europe, and points out that special attention should be devoted to new skills, such as e-skills and entrepreneurship aspects; underlines that the priorities of Research, Innovation and Digital Agenda are crucial elements for a sustainable development in Europe and recalls the importance of some programmes, such as European Institute of Innovation and Technology, that contribute to this objective;
14. Is convinced, in the context of the global economic slowdown, that the EU should concentrate its efforts on actively supporting innovative in particular green technologies that are making an essential contribution to overcoming the economic crisis, ensuring the markets access to SMEs and establishing the EU as a leading sustainable and competitive economy; notes that the smooth implementation of the R&D programs should be guaranteed in order to achieve this goal;
15. Stresses in this context that SMEs play a decisive role in the development of structurally disadvantaged regions, particularly in rural areas, and thus in boosting the whole EU economy; points out therefore the need to launch more pilot projects for SMEs for the development of rural areas;
16. Recalls, in this respect, that innovative results in research are very likely to have a decisive impact in terms of economic activity, and is of the opinion that the EU should now be fully prepared to provide the necessary financial incentives at every level of government, be it national, regional or local; believes that this European added-value, on top of national efforts to support research activities, will generate increased spill-over effects for the benefit of all the Member States;
17. Underlines that mobility, as a freedom enshrined in the treaties and an essential condition for the functioning of a genuine internal market within the EU, must be regarded as one of the prerequisites for all support actions in favour of youth; stresses, therefore, the importance of structuring the EU budget to reflect, inter alia, the increase in youth mobility;
18. Stresses that transport is an essential element of the European economy, enabling the mobility of persons, goods and knowledge across borders; underlines that transport is a vector of equality and social mobility, for young people in particular, since it opens up opportunities and improves exchanges in the field of knowledge and training;
19. Is of the opinion that support for entrepreneurship and SMEs is a cornerstone of EU policy on youth and innovation; is convinced of the necessity to confirm support to all programmes and instruments aiming at fostering entrepreneurship also in rural areas, providing assistance for start-up phases of newly created enterprises and exchanging experiences among young entrepreneurs; recalls in that respect the role played by the Small Business Act facilitating access to finance and public procurement for SMEs and further promoting

their skills and innovation capacities; recalls that it has put forward several pilot projects and preparatory actions in recent years with the aim of supporting young entrepreneurs, promoting interconnections between SMEs and enhancing worker mobility, and underlines that it will closely monitor the legislative proposals to be presented following the completion of these projects and actions;

20. Bearing in mind, the important role youth will have to play in recovering from the current financial and economic crisis, believes that the promotion of equal opportunities and better facilitation of the transition from education to the integration into the labour market should be emphasised and enhanced also within the European Social Fund as the EU can no longer afford that especially the youth suffers from poverty, bad education systems and high unemployment;
21. Recalls that 2011 has been designated as the European Year of Voluntary Activities Promoting Active Citizenship; and 2010 the European Year for combating poverty and social exclusion; points out that volunteering plays a crucial role in many sectors as varied and diverse as, inter alia, education, health, social care and development policy, and that it can provide people with new skills and competences, thereby improving their employability and contributing to social inclusion;
22. Points out that climate change has an impact on Europe's environment, economy and society; in this context, underlines the importance of an integrated and coordinated approach on EU level to support and strengthen measures at national, regional and local level; considers it necessary to build up further appropriate policy responses and to develop a knowledge base which is also made available to other countries; reiterates its conviction that still the EU budget does not reflect satisfactorily this general context to mitigate climate change;
23. Believes that these priorities represent a common effort to put EU citizens first, which should remain one of the EU's priorities;
24. Emphasises the importance of transnational cooperation by regions within the Euroregions framework and their importance in deepening European integration; calls therefore for the establishment of more pilot projects to promote cross-border economic, social and cultural cooperation among regions within the EU;
25. Welcomes the Commission working document on the future 'EU 2020' strategy¹, which identifies three key drivers for the EU's future while addressing the real challenges that the EU needs to face as the basis of a broad discussion of the EU economic strategy; believes that this strategy should put more emphasis on the fight against unemployment; underlines, however, in conjunction with the priorities set for the 2011 budget, that clear, proactive measures have to be taken to endow EU 2020 with more substance, especially in the field of climate change, environment and social policies, and firmly asserts that this strategy should not turn into another vague and purely indicative scoreboard for the Member States; refuses to duplicate the frustrating experience of the Lisbon Strategy, with the Council making systematic cuts to the lines supporting efforts consistent with the agreed strategy;
26. Calls, therefore, for clear and ambitious financial commitments in the course of the budgetary procedure, in line with these priorities, in order to pave the way for the

¹ COM(2009)0647 final.

completion of the EU 2020 strategy and to demonstrate the EU's readiness to take the lead on these crucial issues; expects the Commission's proposal for the draft budget to match this ambition, and would regret a missed opportunity to start the budgetary procedure in a manner commensurate with the challenges ahead;

27. Stresses that it intends to use all the means provided for in the IIA of 17 May 2006 to mobilise funds for these priorities, and underlines that this financial effort may necessitate the shifting of funds from other instruments or programmes; considers that this exercise should be based not only on a quantitative monitoring of the existing programmes but also on close and thorough qualitative monitoring; believes that the Committee on Budgets should rely on the work undertaken by EP specialised committees in that respect; thereby improving the quality of its spending and increasing European added value, which is essential in a context of constrained public finances;
28. Takes the view that a clear and comprehensive presentation of the EU's budget is necessary, and intends pay close attention to the financial programming and the modifications made by recent major budgetary agreements; welcomes the Commission's improved presentation of its financial programming documents and calls for further clarification of the breakdown between operational and administrative expenditure; while recognising that this distinction might be difficult to make in some cases; recalls that adequate administrative expenditure is necessary for running the programmes;
29. Recalls that the financing of these priorities through a possible reallocation of funds must not be detrimental to fundamental EU policies such as the cohesion, structural or common agriculture policies; points out that cohesion policy, through its unique multilevel governance structure and horizontal character, plays a central role in EU Economic Recovery Plan and is predestined to play an important role in the implementation of the EU2020 strategy, furthering subsidiarity by means of a bottom-up approach and enhancing acceptance and mobilizing support by the citizens of the Union; points out that these policies fulfil one of the founding principle of the EU, namely social inclusion and solidarity amongst Member States and regions;
30. Underlines that it considers this first procedure under the rules of the new treaty to afford a greater opportunity to exercise full parliamentary scrutiny over the EU budget as a whole, and points out that it does not intend to curb its budgetary prerogatives;

Heading 1a

31. Recalls that a number of policies and measures constituting the EERP are covered under this heading, together with a great number of multiannual programmes (CIP, FP7, TENs, etc.) which will have reached maturity in 2011; calls on the Commission to present a follow-up report on the implementation of the EERP including on measures entrusted to the EIB;
32. Underlines that the priorities for 2011, in view of the EU 2020 strategy, will be financed mainly from this heading, and that the Lisbon Treaty's extension of EU competences (for example in space policy and tourism) is likely to have budgetary implications; emphasises that space policy that's seeking to promote European scientific, technological and environmental progress and industrial competitiveness needs a real financial effort from both the EU and the Member States; points out in particular the need for concrete proposals as regards to adequate financing of GMES;

33. Takes the view that the lifelong learning programme, by focusing on education and vocational training, supports the efforts to be made with regard to youth in particular to their access to autonomy; stresses that this programme should cover the activities planned at the beginning of the programming period and integrate possible new developments, allowing, inter alia, for a clear link to be established between education and the labour market, both of which are crucial for economic development and recovery; stresses the request, already approved by the Parliament, to move forward with a specific mobility programme to promote youth first jobs called "Erasmus First Job";
34. Recalls that, in the context of Europe's economic recovery, investment in transport particularly via investment in the TEN-Ts, has a crucial role to play in driving forward growth and employment as well as in advancing Europe's economic and environmental interests; attaches in that respect high importance to investment in favour of transport safety in all modes;
35. Recalls that the financing of other crucial elements is still pending and will need to be taken into account and agreed upon in the course of the budgetary procedure, even though they were not foreseen in the MFF for 2011: implementation of the financial supervision package consisting of the creation of a European System of Financial Supervisors (ESFS); financing for the decommissioning of the Kozloduy nuclear power plant (EUR 75 million in 2011), which was financed by the flexibility instrument in 2010; and financing of Global Monitoring for Environment and Security (EUR 10 million in 2011);
36. Is therefore extremely worried by the sharp decrease in appropriations foreseen in the MFF, amounting to a huge drop of EUR 1,875 billion compared with the 2010 budget; understands that the financing of the EERP partially explains this situation, but remains absolutely convinced that an ambitious, consistent mid-term review of the current MFF is a sine qua non condition for an effective EU budget;

Heading 1b

37. Takes the view that the key focus when assessing the cohesion and structural policies should be their simplification and implementation in both quantitative and qualitative terms; welcomes the submission of MCS (Management and Control Systems) descriptions by the Member States for almost all operational programmes, and the Commission's 87% approval rate by the end of 2009; expects, therefore, a considerable increase in interim payments in 2010 and 2011;
38. Recalls that strengthening economic, social and territorial cohesion is one of the fundamental objectives of the EU as laid down in the Treaty of Lisbon; considers, therefore, that reinforcing EU cohesion policy should remain a high priority for 2011; highlights the need for a close monitoring of the N+2, N+3 rule and requests that full and updated information be delivered to the budgetary authority in time, in particular on budgetary commitments that are in danger of being cancelled;
39. Notes that several delays have been reported in the start-up phase of the current programming period and states its concern for the low take-up rate of all EU structural funds in the past years leading to an increasing gap between commitment and payment appropriations under this Heading; calls on the Commission to work closely especially with those Member States with a low take up rate during the previous programming period, in order to improve this situation;

40. Recalls the Joint Declaration adopted in conciliation last November, calling for a simplification of implementing procedures and urging the Member States to make use of the possibility of revising their operational programmes in order better to address the effects of the economic crisis; welcomes, in this respect, the current revision of the General Regulation on Structural Funds 2007-2013 (Reg. EC 1083/2006) that aims at improving simplification in the management of the funds as well as introducing measures to enable Member States tackle the consequences of the economic crisis; requests that these provisions are implemented without further delay in the Member States; calls on the Commission to estimate the possible impact on payment appropriations of the new provisions, as well as to assess the effect of the proposed derogation from the automatic decommitment (N+2, N+3) rule on the budget;
41. Insists that improving implementation and the quality of spending should constitute a guiding principle for achieving the optimal use of the EU budget; calls on the Commission and the Member States to gear their efforts in this direction and monitor closely the implementation of policies on the ground;

Heading 2

42. Expresses its concern about the narrow margin in Heading 2, which could lead to the application of the financial discipline according to Article 11 of Regulation 73/2009, if agricultural commodity prices show a similar pattern of volatility as in recent years; urges the Commission to closely monitor agriculture markets in order to prevent such a situation; argues for a sufficient margin in Heading 2 in the 2011 budget;
43. Recalls that the second branch of the EERP – broadband internet in rural areas – is being financed under the rural development budget line in 2010 (EUR 420 million), and that no new commitments are foreseen for 2011;
44. Recalls that the abolition of the distinction between compulsory and non-compulsory expenditure will profoundly change the traditional interinstitutional dialogue, and confirms that it intends to screen carefully all appropriations at the various stages of the procedure in view of the difficulty of anticipating changes in agricultural markets; calls, therefore, on the Commission to present its amending letter on agriculture as early as possible in order to allow constructive and efficient decision-making by the Conciliation Committee;
45. Emphasises that the continuing process of ageing in agriculture dictates that efforts be made towards generational turnover, with a view to keeping agriculture competitive and able to meet the new environmental challenges post-Copenhagen;
46. Expects the fight against climate change to remain high on the EU's 'post-Copenhagen' political agenda in 2010 and 2011, and recalls that, as part of a broader approach, sustainable development is an ongoing responsibility to the next generations; asks the Commission to provide a clear action plan and timetable for the implementation of appropriations under the EU action programme to combat climate change; underlines that the transport sector represents a great potential in the fight against climate change and calls on the Commission to give priority to measures for decarbonisation in all transport modes; recalls that the release of the reserve on this line will depend upon the Commission's proposals;
47. Recalls that the primary goal of the CAP is to guarantee market stabilisation, provide

security and ensure reasonable prices for consumers and producers and therefore calls on the Commission to provide in the 2011 budget for the necessary means to address the new needs arising from the economic crisis;

48. Asks the Commission to report on the implementation of the measures against dairy crisis introduced in the 2010 budget, and to present a permanent approach together with concrete proposals for dealing with price volatility in dairy and other commodity markets for the future;

Heading 3a

49. Reaffirms its intention of maintaining a level of financing commensurate with the establishment of an area of freedom, security and justice in the Union and stresses the importance of full and effective implementation, enforcement and evaluation of existing instruments in this area; considers it necessary, to that end, to re-evaluate the appropriateness of the financial instruments and means available in this area in the light of the Stockholm Programme goals, for example in the fields of migration, border control and management, data protection and anti-terrorism; recalls, in this context, that many programmes in this area will soon be subject to mid-term review, which may also necessitate reconsideration of the financial means allocated to them;
50. Believes it essential, as part of furthering an Area of Freedom, Security and Justice, to strengthen the policy on immigration and support for the integration of immigrants. To that end, considers that action to harmonise the immigration policies of individual Member States must be viewed as a political priority for EU action, with a view to firmly balancing security demands and the defence of fundamental human rights;
51. Intends to undertake in-depth scrutiny of the financial management of the development of the great data network systems, in particular the transition from SIS I to SIS II, which has been subject to repeated delays and setbacks, before deciding whether to maintain the level of financing foreseen for those systems and reserves the right to hold in reserve any funds pertaining to the migration to SIS II pending the outcome of further analysis and testing;
52. Will be particularly attentive to the implementation of changes such as the bringing of EUROPOL fully within the Community sphere and the establishment of the European Asylum Support Office as well as scrutinising the financial needs of FRONTEX;

Heading 3b

53. Recalls that this heading covers a wide range of actions in favour of youth through multiannual programmes such as Youth in Action, the Culture Programme, Europe for Citizens, annual events including Special Olympics and Erasmus Mundus¹; intends, therefore, to support those EU programmes relating to this issue that are directly relevant to the priorities for the 2011 budget, and to monitor their implementation closely in both qualitative and quantitative terms; regrets, however, that the ceiling of this heading for 2011 is only EUR 15 million above the budget adopted in 2010;

¹ As a reminder, this specific programme falls under heading 1a.

54. Emphasises that the systematic cuts made to these programmes by the other branch of the budgetary authority are unjustified and have a counterproductive effect on the development of a 'Europe for citizens';

Heading 4

55. Recalls the constant, almost unbearable pressure on the financing of the EU's activities as a global player, with its room for manoeuvre caught between low financial margins, unpredictable and ever increasing crises in third countries and a desire to affirm its priorities and responsibilities on the world stage; underlines the need to equip the Union with the necessary financial means for a consistent and adequate response to unforeseen global challenges and stresses in particular that the programmed CFSP budget for 2011 might prove underestimated; regrets that any increase beyond the programmed annual envelope would put further pressure on heading 4;

56. Points to the need for a revision of the 2006 Inter-Institutional Agreement on budgetary discipline concerning Parliament's prerogatives regarding the CFSP/CSDP budget under the Lisbon Treaty, including the need for new rules on the flexible use of the CFSP budget for civilian CSDP missions and the full transparency over military crisis management operations, in particular the use of the start-up fund;

57. Points out that, following an amending budget for 2010, 2011 will be the first fully operational year for the European External Action Service (EEAS); intends to provide the EEAS with the necessary administrative means to fulfil its mission, especially with regard to the civil crisis management capabilities, but recalls that, under the treaty and in full accordance with the common intention to increase the EP's involvement in the shaping and management of the EU's external relations, it will fully exercise its scrutiny over the budget and budgetary control of EEAS; recalls that full budgetary transparency regarding the establishment plan of the Service needs to be ensured; emphasises that, via the abolition of unnecessary duplications, the new Service should result in economies of scale; points out, at the same time, that EU Delegations to multilateral organisations must be adequately staffed;

58. Expresses its concerns over the scarcity of information regarding the financing of the EU's commitments to support developing countries in their fight against climate change, and recalls that this commitment was not foreseen in the MFF; strongly emphasises that the funding for these measures should be additional to the existing ODA funds;

59. Reaffirms its firm commitment to assist the Haitian people to the largest possible extent in the aftermath of the devastating earthquake that has struck their country; asks the Commission to present, on the basis of an extensive needs assessment, the most ambitious assistance plan possible for Haiti; recalls that such a plan should not jeopardise existing commitments toward other developing and less advanced countries, and should consist of new funding sources; in that context, recalls EP's position on establishing a permanent EU civil protection force and calls once more on the Commission to make concrete proposals accordingly;

60. Points out that the EU is currently mobilising all its resources, in addition to existing programmes, in order to support peace-building and reconstruction efforts in conflict zones, namely Georgia, Afghanistan, the Middle East and sub-Saharan Africa, and that it considers it unacceptable to trade existing priorities for new ones;

61. Recalls the importance of appropriate funding for the stabilisation of the Western Balkans' region, and for its gradual integration into the European Union;
62. Emphasises that the Eastern Partnership, as a component of its neighbourhood policy, is of great significance for the EU, and reiterates its support for the proposed framework; considers it equally important to ensure an adequate financial envelope reflecting the EU's commitment vis-à-vis its southern neighbours;
63. Recalls that the issue of the financing of 'banana accompanying measures', following the Geneva Agreement on trade on bananas, was not dealt with during the conciliation for the 2010 budget; expresses its strong opposition to the proposal to use heading 4 margins for such financing (EUR 25 million per year), which was not foreseen in the MFF and believes that this item deserves an appropriate multiannual financing solution;

Heading 5

64. Wishes, in the spirit of effective and efficient spending of EU funds, carefully to evaluate the situation as regards this heading once more information has been provided about the Commission's actual requests, implied growth rates and overall room for manoeuvre under the MFF ceiling;
65. Stresses the need to be transparent and forward-looking on a number of issues with major financial implications, such as staffing needs, pensions, a cost and energy efficient building policy, outsourcing policy and administrative versus operational functions and trends;
66. Points out that, with respect to salaries and pensions, the increase adopted by the Council in December 2009 was 1.85%, i.e. only half of the percentage resulting from the 'method', and that, depending on the outcome of the court case resulting from the challenge lodged by the Commission and the European Parliament, the difference, with retroactive effect, could amount to about EUR 135 million across all the institutions;
67. Recalls that, although the Commission's growth forecast for 2010 was limited to 0.9%, it did not include a number of administrative areas that are in fact financed outside this heading, such as technical and administrative support lines (ex-BA lines), executive agencies (outside research agencies) and administrative expenditure on decentralised agencies and direct and indirect research; asks the Commission to state its view as to the criteria to be applied in order to define total administrative expenditure, and to continue to provide a clear description of those areas outside heading 5; requests that all administrative expenditure must be included in heading 5;
68. Calls on the Commission to present an update of the 'screening report' with a view to clear analysis and follow-up of staffing needs;

Decentralised agencies

69. Encourages the Commission to continue the policy followed in recent budgetary exercises as regards the financing of decentralised agencies, notably by taking into consideration the surpluses resulting from the implementation of their budgets when deciding on the subsidies to be proposed; insists, however, that those agencies which depend to some extent on revenue generated by fees should still be able to make extensive use of assigned revenues, so as to give them the budgetary flexibility they need; welcomes the transparent

presentation of the annual subsidies requested in a working document on the bodies referred to in Article 185 of Council Regulation No 1605/2002 to accompany the Commission's draft budget;

70. Expects the activities of the interinstitutional working group on decentralised agencies to be resumed promptly, and reaffirms its expectation that this group will manage to produce operative conclusions allowing the institutions to agree on a common approach to the establishment, management and financing of decentralised agencies, as well as their place in the institutional landscape of the Union;

The procedure for the adoption of the 2011 annual budget

71. Stresses that the budgetary procedure for the adoption of the 2011 budget will be the first one entirely run under the new rules defined in the Treaty of Lisbon; recalls that the European Parliament, the Council and the Commission agreed on transitory measures applicable to the budgetary procedure after the entry into force of the Lisbon Treaty¹ which should apply until the necessary legal acts (the new regulation on the MFF, the revised Financial Regulation and a possible residual interinstitutional agreement) defining the rules on these matters enter into force;
72. Considers it necessary, in order to ensure that the 2010 budgetary procedure runs smoothly, that the EP, the Council and the Commission agree on principles and modalities concerning the organisation, the preparation and the functioning of the Conciliation Committee, as foreseen in paragraph 7 of the mentioned Joint Declaration; stresses that these principles must comply with the principles defined in its resolution on the financial aspects of the Treaty of Lisbon² and in its resolution on transitional procedural guidelines on budgetary matters in view of the entry into force of the Lisbon Treaty³; instructs its Committee on Budgets to negotiate these principles with the Council and the Commission;

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73. Instructs its President to forward this resolution to the Commission, the Council and the Court of Auditors.

¹ See Annex 5 to European Parliament resolution of 17 December 2009 on the draft general budget of the European Union for the financial year 2010 as modified by the Council (all sections).

² Resolution of 7 May 2009.

³ Resolution of 12 November 2009.



EUROPEAN PARLIAMENT

2009 - 2014

Committee on Budgets

2010/2002(BUD)

5.5.2010

DRAFT REPORT

on the mandate for the trilogue on the 2011 draft budget
(??? – C7-0000/2010 – 2010/2002(BUD))

Committee on Budgets

Rapporteur: Sidonia Elżbieta Jędrzejewska

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the mandate for the trilogue on the 2011 draft budget (??? – C7-0000/2010 – 2010/2002(BUD))

The European Parliament,

- having regard to the draft budget for the financial year 2011 which the Commission adopted on 27 April 2010,
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (IIA),
 - having regard to the Joint Declaration (adopted at conciliation in November 2009) on Transitional measures applicable to the budgetary procedure after the entry into force of the Lisbon Treaty,
 - having regard to article 314 of the Treaty on the Functioning of the European Union,
 - having regard to its resolution of 25 March 2010 on priorities for the 2011 budget – Section III – Commission,
 - having regard to the Council conclusions of 16 March 2010 on the budget guidelines for 2011,
 - having regard to Chapter 7 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the opinions of the Committees on ... (A7-0000/2010)
- A. whereas the 2011 budgetary procedure is the first of its kind under the Lisbon Treaty and whereas its single reading calls for increased cooperation and coordination with the other branch of the budgetary authority in order to reach an agreement during the conciliation procedure on all expenditure,
- B. whereas the trilogue to be held in July should aim at clearing the ground before the Council adopts its position on the draft budget, in order to identify the points of agreement in advance,

Draft budget for 2011

General remarks

1. Notes that the total for the draft budget (DB) for 2011 is EUR 142 576.4 million in commitment appropriations (CA) and EUR 130 147.2 million in payment appropriations (PA), leaving therefore a margin of EUR 1 224.4 million in CA and EUR 4 417.8 billion

in PA; notes that these total amounts represent respectively 1.15% and 1.05% of the EU's forecast GNI for 2011;

2. Is concerned by the fact that the increase in CA is only 0.77% compared to the 2010 budget as adopted, a difference which is out of step with the widely voiced expectations of the EU budget playing a crucial role in support of Europe's post-crisis economies; notes that PA increases by 5.85 %, but recalls that the abnormally low level of PA in 2010 provides the mathematical explanation for this increase; recalls that the multiannual financial framework (MFF) provides for ceilings of EUR 142 965 million for CA and EUR 134 280 million for PA, in current prices;
3. Acknowledges the reduction of the discrepancy between CA and PA as compared with the 2010 budget (EUR 12 429 million compared to EUR 18 535 million), which indicates better implementation of the EU budget, but points out at the same time that the MFF provides for a difference of only EUR 8 366 million between CA and PA for 2011; recalls, in that respect, that these discrepancies create deficits in the long run and should therefore be avoided for the sake of budgetary sustainability and manageability;
4. Points out that the bulk (70%) of the overall margin of EUR 1 2244 million in the DB stems from the margin under heading 2 on the preservation and management of natural resources, and that the other headings – in particular headings 1a, 3b and 4 – have very limited margins, thus proportionally reducing the capacity of the EU to react to policy changes and to unforeseen needs while maintaining its priorities;
5. Recalls, in that respect, that a proposal for a substantial budget review is awaited, and that the difficulties encountered in previous budgetary procedures in reacting properly and satisfactorily to various challenges that have arisen render a revision of the current MFF unavoidable;
6. Draws attention to the large number of outstanding procedures with far-reaching budgetary consequences that will need to be concluded by the two branches of the budgetary authority in 2011 (budget review, setting up of the European External Action Service (EEAS), amending budgets, revision of the IIA, revision of the Financial Regulation, etc.);
7. Takes note of the priorities set out by the Commission (namely supporting the EU economy post-crisis and adapting to new requirements, i.e. implementation of the Lisbon Treaty, new financial supervision authorities, financing of the Global Monitoring for Environment and Security (GMES) initiative, implementation of the Stockholm Programme, etc.) and questions whether the modest increase in CA compared to the 2010 budget is enough to address them;
8. Recalls that, as stated in its resolution of 25 March 2010 on priorities for the 2011 budget, youth is one of the key priorities for the 2011 budget, which should be promoted as an EU cross-cutting theme, developing synergies between different policy areas relating to youth, notably education, employment, entrepreneurship and health, while facilitating and encouraging young people's mobility and skills development; points out that 'youth' should be seen as a broad concept encompassing the ability of individuals to change positions and status several times throughout their lives, switching without restriction

between settings such as apprenticeships, academic or professional environments and vocational training, and that, to this end, one of the objectives would be transition from the education system to the labour market;

9. Deplores the fact that, in spite of an extremely high profile and a very high implementation rate – reaching between 95-100% every year over the period 2007-2009 – the increase in appropriations proposed in the DB for the key youth instruments and programmes, such as Lifelong Learning, Youth in Action and Erasmus Mundus, is rather symbolic; considers that this increase does not allow the EU to adequately address this priority and therefore intends to provide further support for these programmes; recalls, in this context, that these programmes have an indisputable European added value and greatly contribute to the creation of a strong European civil society, despite the modest financial allocation that they receive;
10. Calls for further clarification of the breakdown between operational and administrative expenditure, while acknowledging the efforts made as regards the presentation of administrative expenditure outside heading 5; notes that an already substantial amount of what is, in reality, administrative expenditure, for instance that of EU agencies, is financed from operational appropriations;
11. Is determined to tackle the negotiations on the budget for the financial year 2011 in a constructive and open-minded manner, bearing in mind the goals of efficiency and European added value; expects in return that the other branch of the budgetary authority will adopt a cooperative approach ensuring genuine political dialogue and will depart from an 'accounting exercise' in which savings and contributions from Member States are given an excessively prominent place in the negotiations; recalls that the Treaty has not only modified the legal framework for the budgetary procedure, but has also introduced a new method and new deadlines for negotiating and reaching compromises;
12. Recalls its priorities as expressed in the above-mentioned resolution of 25 March;

Heading 1a

13. Notes an increase of 4.4% in CA (to EUR 13 437 million) and of 7% in PA (to EUR 11 035 million¹), together with a margin of EUR 50.1 million (compared to EUR 37 million in the financial programming), stemming from decreases in appropriations for administrative and technical support expenditure (former 'BA lines') and for decentralised and executive agencies, and from decreases in appropriations for a number of programmes, such as Customs 2013 and CIP-Entrepreneurship and Innovation;
14. Recalls that the new needs to be financed under this heading (Kozloduy decommissioning programme, European financial supervision authorities, ITER, and GMES, including Parliament's request for increased appropriations for its operational phase) were not provided for when the current MFF was adopted; stresses that the financing of these needs should not be detrimental to the financing of other heading 1a programmes and actions which are crucial to the European post-crisis recovery effort;

¹ Excluding the EERP energy projects.

15. Recalls that the European Economic Recovery Plan (EERP) is partly financed under this heading, as are a large number of multiannual programmes (CIP, FP7, TENs, Galileo/Egnos, Marco Polo II and the Progress programme) which will have reached maturity in 2011; reiterates, therefore, its request to the Commission to present the follow-up report on the implementation of the EERP, including measures entrusted to the EIB;
16. Welcomes the increases in appropriations for the main programmes (FP7, 13.8%; CIP, 4.4%; Lifelong Learning, 2.6%; TEN 16.8%), and stresses that these programmes provide essential leverage in the EU post-crisis economic strategy; takes note of the 78% decrease in CA for Galileo, as provided for in the financial programming, and welcomes the 22% increase in PA, indicating that, in the main, the programme is running smoothly; regrets that the increase in appropriations for the Lifelong Learning programme, so crucial for Parliament's priorities, is disappointing compared to other above-mentioned programmes;
17. Stresses that heading 1a includes many EU2020 strategy flagship initiatives, such as Innovation Union, Youth on the Move, Resource-efficient Europe, New Skills and Jobs, and Industrial Policy for the Globalisation Era; deplores the fact that it is impossible to identify clearly, from a budgetary point of view, the financial implications of the EU2020 strategy and expresses its doubts regarding the capacity to ensure, in the context of the current financial framework, adequate funding for these initiatives;
18. Recalls that the priorities for 2011, with a view to the EU2020 strategy, will be financed mainly from this heading, and that the EU competences stemming from the entry into force of the Treaty are likely to have budgetary implications; emphasises that space policy, seeking to promote European scientific, technological and environmental progress and industrial competitiveness, requires both the EU and the Member States to make a real financial effort within the context of the GMES;
19. Welcomes the Commission's Youth on the Move initiative seeking to enhance the performance and international attractiveness of Europe's higher education institutions and raise the overall standard of education and training in the EU; wishes to stress the importance of ensuring sufficient funding for an ambitious policy in the area of education and training, which plays a crucial role in the EU2020 strategy; stresses that the EU will bring all its resources to bear in meeting this ambitious challenge, which creates an unprecedented momentum for the development of a comprehensive EU youth policy; stresses, nevertheless, that the launch of such an over-arching flagship initiative covering a number of distinct and well-established EU programmes in this area should not lower the profile of the individual programmes;
20. Stresses that the budgetary resources made available in the future for instruments such as the Lifelong Learning programme and cross-cutting skills, such as e-skills, international skills, entrepreneurial skills and multilingualism, reflect the European added value they deliver;
21. Notes, for the first time, the inclusion of payment appropriations for the European Globalisation Fund, and considers this an important element in the overall reflection on the management and visibility of this fund;

Heading 1b

22. Notes that the 2011 DB provides for an increase of 3.2% in CA to a total of EUR 50 970 million, EUR 39 891.5 million of which are for the Structural Funds (ERDF and ESF) – an amount similar to the 2010 figure – and EUR 11 078.6 million for the Cohesion Fund;
23. Notes that this proposal is in line with the allocations set out in the MFF, taking into account the technical adjustment to the financial framework for 2011¹ (increase of EUR 336 million), as provided for in point 17 of the IIA; understands in that respect the margin of EUR 16.9 million, stemming mostly from the technical assistance allocation and representing 0.03% of the heading;
24. Welcomes the 16.9% increase in PA to EUR 42 541 million proposed for 2011, but is nevertheless concerned that payment needs have been estimated on the basis of the historical payment rates against the corresponding commitment tranches in the 2000-2006 programming period, while programme implementation was much slower at the beginning of the 2007-2013 period and will therefore need to catch up strongly, particularly in 2011;
25. Doubts that the adjustments made, notably through the allocation of delayed payments as a ratio of expected payments in future years, are fully appropriate to address all additional payment needs stemming notably from the following:
- recent legislative changes, which notably aim at facilitating the management of EU funding and accelerating investments;
 - 2011 will be the first full year when all Management and Control Systems will be approved, which is a precondition for interim payments, which means that the implementation of programmes will reach cruising speed, projects being already selected for more than 93 billion or 27% of the total financial volume for the period, as per end of March 2010;
 - the closure of the 2000-2006 programmes is expected to continue in 2011, thereby requiring final payments to be made but also freeing up some resources to further speed up implementation of 2007-2013 programmes;
26. Considers moreover that adequate resources for cohesion policy are crucial in order to accelerate the recovery of the European economy and to contribute to the Europe 2020 strategy for the regions; calls, therefore, on the Commission and Council to present and adopt an amending budget without delay, should payment appropriations not be sufficient to cover needs;
27. Requests the Commission to keep on working closely with those Member States with a low absorption rate, in order to further improve the situation regarding absorption on the ground;
28. Asks to Commission also to continue its reflection on how to reshuffle the complex system of rules and requirements imposed by the Commission and/or Member States, in order to focus more on achieving objectives and less on legality and regularity, without

¹ COM(2010)160, 16.4.2010.

departing from the key principle of sound financial management; stresses that such a reflection should also contribute to better drafting of the next programming period's basic regulation; recalls in this context the November 2009 Joint Declaration on simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis;

Heading 2

29. Recalls that one of the main changes introduced by the TFEU is the abolition of the distinction between compulsory and non-compulsory expenditure, allowing, at last, the two branches of the budgetary authority to negotiate on a equal footing on annual appropriations and multiannual financial programming for an heading which accounts for almost 42% of the overall draft budget for 2011;
30. Stresses that, over the last few years, the budgetary authority has made use of this heading to reach global agreement on the annual budgets, through use of the margin or redeployment of appropriations for use in other programmes and actions;
31. Notes that, despite the claim that appropriations remain stable, assigned revenue is down by more than 25 % in 2011, that market support is down by almost 22% (to EUR 3 491 million), and that appropriations for veterinary and plant protection measures show a fall of 7.8%;
32. Welcomes the increases in appropriations for decoupled direct aid (9,7%), the school fruit and vegetables scheme (up 50% to EUR 90 million), and school milk (5,3%), and notes with satisfaction the constant decrease in export refunds since 2007 (to EUR 166 million in the 2001 DB);
33. Notes that climate action is a priority, as set out in the Europe 2020 strategy, and notes the change in the heading of Title 07 to 'Environment and climate action'; takes note of the increase in appropriations proposed for the implementation of EU policy and legislation on climate action and a new preparatory action on mainstreaming climate action and adaptation;
34. Welcomes the increase in CA for LIFE+ to EUR 333.5 million (up by 8.7%) and welcomes the sharp increase in PA (24,3%, to EUR 268.2 million) in line with improved implementation rates;
35. Recalls that the Milk Fund adopted under the 2010 budget to mitigate the consequences of the dairy crisis was supposed to be a one-off action; asks the Commission to forward its evaluation of this measure, together with proposals for a permanent approach and concrete proposals for dealing with price volatility in this sector;

Heading 3a

36. Notes that the overall increase in the funds pertaining to this heading (+12.8%) appears to give practical effect to the ambitions in this area expressed in the Treaty of Lisbon and to the Stockholm Programme;

37. Takes note, in this respect, of the Commission's communication on an Action Plan to implement the Stockholm Programme, and welcomes, in the field of immigration and support for the integration of immigrants, the proposed increase in CA for the External Borders Fund (254 million, +22 %) and the European Return Fund (114 million, + 29 %);
38. Acknowledges that the proposed decrease in appropriations for FRONTEX in 2011, despite its growing workload, stems from an updated evaluation of its unused appropriations and annual surpluses;
39. Deplores the fact that, pending the submission (scheduled for 2013) of the proposal for a regulation on EUROPOL, an EU agency financed under the EU budget since 2010, the volume of appropriations for 2011 (EUR 82.9 million) remains almost unchanged as compared to 2010 (EUR 79.7 million), despite the Stockholm Programme having called for EUROPOL to be strengthened;
40. Notes that, despite the timetable for the development and entry into operation of the Schengen Information System II (SIS II) being uncertain, it is proposed that CA decrease only slightly from EUR 35 million to EUR 30 million, while payment appropriations increase from EUR 19.5 million to EUR 21 million; welcomes, nevertheless, the change with respect to the financial programming for SIS II and VIS (as drawn up in January 2010, when EUR 112 million were programmed), while the DB provides for only EUR 51.2 million; considers it necessary, given that the prospect of a migration to SIS II is growing increasingly unlikely and a replacement option is currently being prepared, to place part of these funds in the reserve, pending further analysis;

Heading 3b

41. Recalls that heading 3b covers issues of key concern to the citizens of Europe, such as youth, educational and cultural programmes, public health, consumer protection, the civil protection instrument and communication policy; notes, therefore, with great concern that overall appropriations are down for a second consecutive year, with CA being reduced by 0.03% (to EUR 667.8 million) and PA by 3.1% (to EUR 638.9 million) as compared to the 2010 budget, leaving a margin of EUR 15.2 million;
42. Notes that the proposed increase for some programmes (Media 2007, Culture 2007, Public Health, etc.) has been made possible by the absence of CA for several pilot projects and preparatory actions; deplores, therefore, the fact that the small margin will afford limited room for manoeuvre when taking decisions on stepping up the funding of priorities directly benefiting citizens and adopting proposals for projects and actions;
43. Reiterates that coordinated and multidisciplinary investment in youth must be started without delay as a cross-policy theme, and that an increase in youth policy instrument funding should accordingly be proposed; deplores the lack of ambition shown by the Commission in failing properly to address this priority and confirms its intention to amend the draft budget in order to provide appropriate funding for this priority;
44. Recalls that encouraging and promoting cooperation in the field of youth and sports is a priority for the 2011 budget and stresses that financial support for special annual events is an important tool to this end; deplores the fact that no CA have been included in the draft

budget for 2011 (p.m. in CA and only EUR 2.9 million in PA), as against EUR 9.8 million and EUR 10.25 million respectively in the 2010 budget;

45. Welcomes the launch of the European Year on Volunteering in 2011, building on the preparatory action introduced under the 2010 budget 2010, and recalls Parliament's decision to increase the overall allocation provided for in the relevant legislative act to EUR 8 million;

Heading 4

46. Welcomes the proposed increase in appropriations for ENP South and ENP East, and more specifically for the Eastern partnership dimension of the latter; takes good note of the proposed emptying of the budget line dedicated to the EU Baltic Sea Strategy, but deplores that an equivalent amount is not dedicated to this strategy under ENP East;
47. Is extremely worried by the proposed decrease of more than 32% in CA for financial assistance to Palestine, the peace process and UNRWA; considers that the Commission's statement on 'the exceptionally high allocations of previous years [that] cannot be maintained without jeopardising the funding for other countries in the region' reinforces the urgent need for a substantial revision of financing capacities under heading 4, and should not lead to a decrease in financial assistance which is vital for the Palestinian people, the Palestinian Authority, and UNRWA;
48. Points out, in that respect, that even the use of the entire margin of heading 4 exclusively for financial assistance to Palestine would not suffice to reach the 2010 level of CA (EUR 295 million in 2010, as compared to a hypothetical EUR 270 million in 2011)
49. Takes note of the substantial increase in appropriations (13.2%) to cover the enlargement process, in which further progress is expected in 2011 (ongoing and potential negotiations with Croatia, Iceland, FYROM, Turkey and Western Balkans);
50. Considers the proposed increase for DCI to be appropriate, but deplores the misleading presentation by the Commission, which flags up an increase of EUR 65 million for the environment and sustainable management of natural resources as a follow-up to the Copenhagen Accord, whereas that increase is based on the financial programming and not on the 2010 budget (the 2011 DB in fact provides for a decrease of EUR 1.2 million against this line, as compared to the 2010 budget);
51. Recalls its support for the principle of financial assistance for the main ACP banana supplying countries, but reiterates its firm opposition to the financing of Banana Accompanying Measures via the use of the margin; recalls that the limited margin under the heading does not allow the financing of such measures, which were not provided for when the MFF was adopted in 2006; is also firmly opposed to any redeployment from existing instruments within heading 4 that would jeopardise existing priorities;
52. Welcomes the increase in appropriations for the CFSP to EUR 327.4 million (CA), as provided for in the financial programming and in line with the ever more ambitious role the EU wishes to play in zones undergoing a stabilisation process or affected by conflicts; takes note of the emptying of the budget line for EU Special Representatives, as provided

for in connection with the setting up of the EEAS, and recalls that the specific provisions regarding the CFSP in the IIA will have to be substantially rethought in the framework of the negotiations on a revised IIA and of the adoption of a proposal on the EEAS;

53. Welcomes the setting up of a preparatory action on a European Voluntary Humanitarian Aid Corps, stemming from the entry into force of the TFEU (Article 214), and in line with the European year for Volunteering in 2011;

Heading 5

54. Notes that total administrative expenditure for all institutions is estimated at EUR 8 266.6 million, i.e. an increase of 4.5%, leaving a margin of EUR 149 million;

55. Stresses that the draft estimates of each institution, together with the amending budgets presented in 2010, should take into account all the additional needs relating to the entry into force of the Lisbon Treaty, notably as regards Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions; recalls in this context the Joint Declaration of November 2009 on heading 5, which called on the institutions to make all possible efforts to finance the administrative needs related to their staff's remuneration within the appropriations entered in their respective sections of the 2010 budget;

56. Takes note of the 2,9% increase in the Commission's share of the administrative budget; notes, however, that all costs associated with the functioning and the setting up of the EEAS are included at this stage; takes the view that any additional requests in this regard should not impact negatively on the institutions' current activities; strongly emphasises, therefore, the need to arrive at an effective structure, with a clear definition of responsibilities, in order to avoid any overlapping of tasks and unnecessary (administrative) costs to be borne by the budget that could otherwise further worsen the financial situation under this heading;

57. Agrees with the Commission's approach that the 3.7% salary adjustment proposed in 2009, which could become fully payable should the Court of Justice rule in the Commission's favour, should be budgeted for as a matter of precaution; notes that, even when taking this high level as the basis for the future, the projected salary adjustment for the end of 2010 is still estimated at 2.2 %, in a context of economic and social crisis, and then comes down to 1.3% for the end of 2011; asks the Commission to justify its calculations;

58. Acknowledges the Commission's efforts not to request any additional posts, but views with scepticism its commitment to meet all its needs, including those relating to new priorities and to the entry into force of the TFEU, merely by means of internal redeployment of existing human resources;

59. Is deeply concerned about the fact that, in general, the Commission's outsourcing tendencies, together with the conversion of posts into appropriations for contract agents, have led to a situation where an increasing number of staff employed by the EU are neither visible in the institutions' establishment plans as adopted by the budgetary authority nor paid under heading 5; is therefore of the opinion that changes in

Commission staff numbers should be considered on the basis of not only establishment plan posts but also other staff, including executive and decentralised agency staff where the tasks of those staff have been transferred from the Commission; considers, although it generates savings on pay, the conversion of establishment plan posts into external staff is likely to have an impact on the quality and independence of the European civil service;

60. Welcomes the 13% decrease in the EPSO budget, which is linked to the lower level of expenditure on competitions resulting from the new system proposed in the EPSO Development Programme, provided that this decrease does not come at the expense of the quality, transparency, fairness and impartiality of EU selection procedures; expects solid guarantees from the Commission in this respect;
61. Welcomes the Commission's achievement of its overall objectives in terms of recruitment of new-Member-State nationals as well as its commitment to close and regular monitoring of EU-12 recruitment in order to ensure compliance with recruitment targets as well as a balanced representation of EU-2 and EU-10 nationals in each function group;
62. Takes note of the increased expenditure on pensions and the European Schools, in the view of the generational change in the EU institutions resulting from the wave of retirements of officials born in the 1950s and the recruitment of the new staff; expects the Commission to supply a more in-depth analysis of the long-term budgetary consequences of this process;

Pilot projects and preparatory actions

63. Reiterates its serious concern over the Commission's recurring habit of not entering any CA for almost all pilot projects and preparatory actions; notes the very selective approach followed for the inclusion of CA for an extremely limited number of pilot projects and preparatory actions, and requests the Commission to explain the reasoning behind the distinction made between different projects and actions;
64. Recalls that, in accordance with point 46 (a) of the IIA, the Commission should provide for multiannual estimates and for margins being left under the authorised ceilings;
65. Stresses the importance of pilot projects and preparatory actions as key tools for the formulation of political priorities and for paving the way for new initiatives that might turn into EU activities and programmes; confirms, therefore, already at this stage in the procedure, that it is determined to use all the means at its disposal to ensure the adoption of its proposals regarding pilot projects and preparatory actions for the 2011 budget;
66. Recalls that the pilot projects and preparatory actions were adopted under the 2010 budget accounted for a total of EUR 103.25 million in CA across all headings; stresses that, should the budgetary authority adopt, for 2011, pilot projects and preparatory actions at a similar level and with a similar breakdown among headings, 56% of the margin under heading 1a (and 33% of the margin under heading 1b, 59% under heading 3b, and 37% under heading 4) would already be used up, even though the total amount earmarked for this purpose in the 2010 budget did not even reach the maximum amount permitted under the IIA (EUR 103.25 million as against EUR 140 million);

67. Intends to forward to the Commission, as provided for in Annex II, part D of the IIA, a first provisional list of potential pilot projects and preparatory actions for the 2011 budget 2011, in order for the Commission to contribute to Parliament's definition of a global and balanced final package on this issue; stresses that this first provisional list does not preclude the formal tabling and adoption of amendments concerning pilot projects and preparatory actions during Parliament's reading of the budget;

Agencies

68. Welcomes the overall stabilisation of EU budget expenditure on decentralised agencies at EUR 679.2 million; notes that the budget increases proposed for the six new and three phasing-in agencies are offset by the Chemicals Agency becoming self-financing;

69. Takes note that among the 258 new establishment plan posts for agencies, 231 will be allocated to new or starting-up agencies;

70. Wonders why no assigned revenue at all is expected to stem from some agencies' surpluses, and invites the Commission to update the proposed contribution from the EU budget in light of further information received, notably when agencies' final accounts are adopted; is at the same time concerned about the persistent surpluses of some agencies at year-end, which shows poor budgetary and cash management and infringes the provisions of the framework Financial Regulation;

71. Takes note of the expected increase from EUR 86.5 million to EUR 226.2 million in the Chemicals Agency's revenue; considers that, although this agency will not be EU-funded any more, any surpluses should continue to be paid back into the EU budget;

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72. Recalls, as far as procedural aspects of the conciliation committee are concerned, that the institutions involved are supposed to reach agreement at the trilogue scheduled for July; considers, as far as the mandate regarding the 2011 draft budget is concerned, all aspects and points raised in this resolution to be of importance for this trilogue;

73. Instructs its President to forward this resolution to the Commission and the Council.

