EUROPEAN PARLIAMENT 2009 - 2014

Committee on Budgets

2012/2016(BUD)

8.5.2012

DRAFT REPORT

on the mandate for the trilogue on the 2013 Draft Budget
(2012/2016(BUD))

Committee on Budgets

Rapporteur: Giovanni La Via

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the mandate for the trilogue on the 2013 Draft Budget
(2012/2016(BUD))

The European Parliament,

– having regard to the Draft Budget for the financial year 2013, which the Commission adopted on 25 April 2012 (SEC(2012)270),

– 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 article 314 of the Treaty on the Functioning of the European Union,

– having regard to its resolution of 14 March 2012 on the general guidelines for the preparation of the 2013 budget,

– having regard to the Council conclusions of 21 February 2012 on the budget guidelines for 2013,

– having regard to Title II, Chapter 7 of its Rules of Procedure,

– having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on International Trade, the Committee on Budgetary Control, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs, the Committee on Women's Rights and Gender Equality and the letter of the Committee on Fisheries (A7-0000/2012),

Draft Budget 2013 – general assessment

1. Recalls that in its resolution of 14 March 2012 the European Parliament has put the promotion of growth and jobs at the centre of its priorities, in line with the Europe 2020 strategy, pledging in particular for the concentration of resources in policies and programmes that are proven to be instrumental in achieving those objectives, notably in support of SMEs and youth; welcomes that the Commission's Draft Budget 2013 goes in the same direction in terms of identified priorities to be reinforced;

2. Recognises the persistent economic and budgetary constraints at national level, as well as the need for fiscal consolidation; reiterates, however, its conviction that the EU budget represents a common and effective instrument of investment and solidarity, which is needed particularly at the present time to trigger economic growth, competitiveness and job creation in the 27 Member States; stresses that, despite its limited size that does not

exceed 2% of total public spending in the Union, the EU budget has had a real economic impact and successfully complemented so far Member States' recovery policies;

3. Intends, therefore, to strongly defend an adequate level of resources for next year's budget, as defined in the Draft Budget, and to oppose any attempt to cut down the resources especially for policies delivering growth and employment; believes that the EU budget, which cannot run a deficit, should not be the victim of unsuccessful economic policies at national level; notes that in 2012 several Member States are increasing the size of their national budgets;

4. Is convinced that, particularly in a period of crisis, financial responsibility is of utmost importance; believes, therefore, that resources must be concentrated on those areas, where the EU budget can deliver an added value whilst they can be decreased in sectors which are experiencing unjustified delays, low absorption and under-implementation; on this basis, it intends to identify, together with its specialised committees, both positive and negative priorities for 2013; for this purpose asks the Commission to provide both arms of the budgetary authority with a prompt, regular and complete information on the implementation of the various programmes and initiatives;

5. Notes that the EU Draft Budget for 2013 proposed by the Commission amounts to EUR 150.931,7 million in commitment appropriations (CA) (i.e. +2% compared to the Budget 2012) and EUR 137.924,4 million in payment appropriations (PA) (i.e. +6,8% compared to Budget 2012); observes that these amounts represent respectively 1,13% and 1,03% of the EU's forecast GNI for 2013; recalls that the multiannual financial framework (MFF) provides for ceilings of EUR 152.502 million for CA and EUR 143.911million for PA, in current prices;

6. Understands that the Commission, at the end of the programming period, puts the accent on the side of payments, as it intends to also provide a solution to the ever more growing level of RALs; while sharing this approach, is particularly concerned by the proposed freezing of commitment appropriations at the level of the estimated inflation rate for next year; stresses the importance of commitments for determining political priorities and, thus, ensuring that the necessary investments will eventually be put in place to boost growth and employment; does not believe that the freezing of commitment appropriations can be considered as an acceptable strategy to keep the level of RAL under control;

7. Considers the proposed increase of 6,8% in PA compared to 2012 as an initial response to Parliament's request for a responsible and realistic budgeting; notes that the increases in payments are concentrated in the areas of competitiveness and cohesion, due to a greater level of claims expected by running projects in these fields; fully endorses such increase that results not only from past commitments that need to be honoured but also from the actual implementation of programmes that is expected to reach at the last year of the current MFF a cruising speed;

8. Remains, however, sceptical on whether the proposed level of payment appropriations will be sufficient to cover the actual needs for next year, especially in Headings 1b and 2; warns also that the level of payments for 2012 in connection to the level proposed by the Commission for 2013 would result in billions of decommitments only under cohesion policy; highlights that the current proposal would bring the overall level of payments for

the period 2007-2013 to EUR 859,4 billion, i.e. ca. EUR 66 billion lower than the agreed MFF ceilings;

9. Reminds that already in 2011 a significant level of legitimate claims, notably in the field of cohesion policy, could not be paid out by the Commission; notes that those claims will also need to be covered by the Budget 2012, which already suffers from a shortage of funds as a consequence of the limited increase in payment appropriations due to Council's position throughout last year's budgetary procedure; calls, therefore, on the Commission to come up with a draft amending budget as early as possible, in order to rectify this situation, and to avoid shifting 2012 payments to the following year, which would create an unsustainable level of payments in 2013;

10. Deplores Council's reluctance to participate in the inter-institutional political meeting on payments proposed by the Parliament as a follow up to the last year's budgetary conciliation; considers such a meeting the ideal platform for the two arms of the budgetary authority to reach a common understanding - ahead of their respective positions on the Draft Budget - regarding the available data on implementation and absorption capacity and to correctly estimate the payment needs for 2012 and 2013; firmly believes that any doubts –as expressed by some Council delegations- over the Commission's figures and calculations need to be communicated, examined and clarified as soon as possible, in order not to become an impediment for reaching an agreement in this year's conciliation;

11. Highlights that any reduction in the level of payment appropriations below the Commission proposal would also result into a further increase of the outstanding commitments (RALs), which at the end of 2011 already reached the unprecedented level of EUR 207 million; reiterates, therefore, its call on the Council to act responsibly and refrain from making artificial cuts by deciding on the overall level of payments *a priori*, without taking into account the assessment of actual needs for the achievement of the EU agreed objectives and commitments; requests, in the event that this occurs, that the Council clearly and publicly identifies and justifies which of the EU programmes or projects should be delayed or dropped altogether;

12. Notes that according to the Commission's estimation all in all 43,7% of the DB 2013 (i.e. EUR 64,5 billion) is allocated to the objectives of Europe 2020, which represents a 0,2% increase compared to the adopted Budget 2012; appreciates that for the first time the budget lines and programmes contributing to these objectives are clearly identifiable in the Draft Budget;

13. Takes note of the overall margin of EUR 2,4 billion in CA in the DB 2013 and is determined to make full use of it - as well as of the other flexibility mechanisms foreseen by the IIA - whenever it proves to be necessary in order to finance objectives and priorities deriving from shared political commitments and decisions, namely those on the Europe 2020 strategy;

14. Recalls that the annual Budget 2013 will be the last budget of the current multiannual financial framework, whose ceilings will become the reference for the next financial framework in the event of no agreement, according to what foreseen by point 30 of the IIA of 17 May 2006; is therefore determined to conduct the negotiations with the Council with the view to achieving for the Budget 2013 a realistic and adequate level of

appropriations both in commitments and in payments, which can represent an appropriate basis also for the next MFF;

Heading 1a

15. Takes note of the Commission's proposal for increasing commitments under this Heading by 4,1% (to EUR 16.032 million) as compared to Budget 2012; notes, that the proposal of CA below the Financial programming possibilities (i.e. TEN-T, EIT, Progress) leaves an increased margin of EUR 90,9 million compared to the EUR 47,7 million foreseen in the Financial programming; is pleased to see that the highest increases in CA are concentrated in Heading 1a, where most of the policies and programmes triggering growth, competitiveness and jobs are placed and that they reflect the priorities highlighted by Parliament for 2013;

16. Welcomes in particular the increases for FP7-EC (+6,1%), CIP (+7,3%) and TEN-T (+6,4%) programmes, which are among the main deliverers of the Europe 2020 objectives; regrets, however, that with the amounts proposed by the Commission, two flagship programmes such as FP7 and TEN-T will effectively devote less CA than foreseen in their legal bases (FP: EUR -258,8 million and TEN-T: EUR: -122,5 million) for the last year of the current MFF;

17. Considers the substantial increase in payments by 17,8% (to EUR 13.552 million) as compared to the Budget 2012 a realistic estimation of the payments needed under this heading, in particular to cover next year's claims for research projects that result from contractual obligations of the Union; considers the level of payments proposed by the Commission to be the minimum level needed under Heading 1a;

18. Takes note of the rationale adopted by the Commission when proposing reductions as compared to the Financial programming, which has led, in the view of the Commission, to the identification of potential savings within under-implemented lines of –among others- FP7, TEN-T, Marco Polo, Progress, Statistical programme, Customs and Fiscalis; is determined to carefully analyse the performance under each of these programmes in order to check the appropriateness of the proposed cuts and exclude negative impacts on the programmes concerned;

19. Recalls the Joint Declaration of 1 December 2011 on financing the additional costs of the ITER programme for 2012-2013, where the European Parliament, the Council and the Commission also agree to make available EUR 360 million in CA in the 2013 budget procedure “making full use of the provisions laid down in the Financial Regulation and in the IIA of 17 May 2006, excluding any further ITER-related revision of the MFF”; is concerned that the Commission proposes to finance this additional amount only through redeployment from lines of the FP7 programme, contrary to Parliament’s long-standing position on the matter; takes full account of the Commission’s claim that this amount derives from performance savings on FP7, and that those cuts on administrative lines will not harm the operation of the programme; intends to examine this claim further as well as to explore other means available under the IIA and the Financial Regulation for this purpose;

20. Recognises the fundamental role played by small and medium enterprises as drivers of the

EU economy and creators of 85% of jobs in the last ten years; stresses the traditional difficulties faced by SMES to access capital markets for research and innovation projects, exacerbated by the current financial crisis; is firmly convinced that the EU budget should contribute to overcoming this market failure, by facilitating access to debt and equity financing for innovative SMEs; welcomes, in this context, that the Draft Budget includes already appropriations for the Project bond initiative as a way to increase payment capacity in this sector through the opening to the private market; supports as well the proposed increase for the financial instruments under the CIP-EIP programme (by EUR 14,7 million), in line with their positive performance so far and their increased demand by SMEs;

21. Regrets that appropriations for the PROGRESS programme have been reduced by EUR 5,3 million compared to the Financial programming and practically brought back to the 2012 levels, despite the good performance of this programme so far; deplores that not even in the last year of the current MFF the Commission has seized the opportunity to reinstate to this programme the EUR 60 million redeployed in favour of the Progress Microfinance Facility, to what it had committed in 2010;

22. Regrets that the contribution to Youth on the Move Flagship Initiative is slightly reduced compared to last year; highlights in this context the added value of the Lifelong Learning, Erasmus and Erasmus Mundus programmes which, against a modest financial dimension, have a great return in terms of effective implementation and positive image of the Union *vis-à-vis* its citizens; opposes therefore to the proposed reduction by EUR 10,2 million as compared to the Budget 2012 for Lifelong Learning and, in line with its established position in the last budgetary procedures and the excellent performance rates of this programme, intends to reinforce commitment appropriations for the corresponding budget line;

23. Stresses that the TEN-T programme plays a central role in the attainment of the objectives of competitiveness and employment in the Europe 2020 Strategy by creating the missing infrastructure, removing bottlenecks and ensuring the future sustainability of the EU transport networks; welcomes the Commission's proposed increase by ca. EUR 85 million compared to the Budget 2012 but asks for further clarifications on the proposed reduction by EUR 118 million as compared to the Financial programming;

24. Deplores the Commission's proposed decreases for the European Supervisory Authorities compared what originally foreseen in the Financial programming; considers the current level of appropriations insufficient to allow these agencies to cope efficiently with their tasks; expresses therefore the intention to reinstate appropriations at least at 2012 level for the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) as well as to further reinforce the European Securities and Markets Authority (ESMA) due to the new tasks entrusted to it;

Heading 1b

25. Notes that the DB 2013 provides for an increase in CA of 3,3% (to EUR 54.498 million) compared to the Budget 2012, EUR 42.144 million of which are for the Structural Funds (ERDF and ESF) and EUR 12.354 million for the Cohesion Fund; highlights that the reduction in the level of commitments in the DB, for technical assistance, compared to

what originally foreseen in the Financial programming has led to increase the margin to EUR 25 million compared to the first forecast of EUR 0,4 million;

26. Considers the Structural Funds a crucial instrument - both for their financial size and for the objectives pursued - to accelerate the EU economic recovery and to deliver the objectives of growth and employment enshrined in the Europe 2020 Strategy; welcomes therefore the Commission's initiative of re-programming EUR 82 billion of unallocated Structural funds in some Member States in favour of SMEs and youth employment, in line with EP's priorities for 2013; asks to be kept duly informed about implementation of this initiative at national level, its expected impact on growth and jobs and its possible impact for the 2013 budget;

27. Is extremely worried about the payment situation of cohesion projects under this Heading and notes that two thirds of the total level of RAL at the end of 2011 (i.e. EUR 135,8 billion) are due to unpaid projects under the Cohesion policy; reminds that at the end of 2011 the Commission could not reimburse ca. EUR 11 billion of legitimate payment claims submitted by project beneficiaries due to insufficient payment appropriations foreseen in the budget; firmly points out that will not accept that this situation occurs again in 2013;

28. Recalls in this context that 2013 is the last year of the current MFF, where implementation of co-financed projects runs at full speed and the bulk of payment requests is expected to reach the Commission in the second half of the year; highlights moreover that 2013 will be a year when, due to the lapsing of the N+3 rule, payment claims submitted by 12 Member States will need to be presented for two annual commitment tranches (2010 and 2011 tranches under the N+3 rule and N+2 rule, respectively); considers therefore as a minimum the proposed increase in payment appropriations by 11,7 % (to EUR 48.975 million) as compared to last year since, as mentioned by the Commission, it strictly relates to 2013 and assumes that payment needs from previous years will have been covered;

29. Considers this increase in payments only as a first step to cover the actual needs of running projects and reiterates its concern as to a possible shortage of funds in the field of cohesion policy; will therefore oppose any possible cut in the level of payments compared to the proposal included in the DB 2013;

30. Calls, as well, on the Commission and Council, should payment appropriations be insufficient to cover real needs during this year, to timely present and adopt an amending budget, thus fulfilling the mutual commitment undertaken in the inter-institutional Declaration of December 2011;

Heading 2

31. Notes that the DB 2013 proposes to increase CA by 0,6% (to EUR 60.307 million) and PA by 1,6% (to EUR 57.964 million) as compared to the Budget 2012; underlines that these levels remain below the increase proposed by the Commission for the budget as a whole; points out that these increases are partly due to the continuous phasing-in of direct payments to new Member States and additional needs for rural development projects; underlines that the proposed funds for market interventions are being EUR 419 million

lower for 2013 compared with Budget 2012;

32. Notes that the projected margin of EUR 809 million for the market-related expenditure and direct aids sub-ceiling under Heading 2 represents a significant increase compared with 2012, which, according to the Commission, is mostly the result of a one-off effect following the end of the Sugar Restructuring Fund; expresses its satisfaction that this margin means that the financial discipline mechanism will not be applied in 2013; stresses the fact that a sufficient margin is necessary under this Heading to alleviate any potential crisis arising in the agricultural sector, as seen in recent years with the EHEC crisis;

33. Stresses that 2013 is the last year of the current programming period and hence an adequate level of payment appropriations must be ensured under Heading 2 to cover in particular the needs of the running rural development and LIFE+ projects;

34. Points out that Heading 2 is instrumental in realising the EU 2020 strategy goals of growth and employment, in particular through its rural development programmes; highlights the need to support SMEs in the rural areas, as main creators of jobs with a particular target on young people; welcomes in this respect the proposed increase of CA by 1,3% (to EUR 14.808 million) for rural development;

35. Notes that appropriations for Heading 2 are lower than the estimated needs, because assigned revenues to the EAGF are estimated to be higher in 2013 (EUR 1.332,8 million) than in 2012 (EUR 1.010 million); notes that difference stems from the remaining balance of the Temporary Sugar Restructuring Fund (EUR 647,8 million), while assigned revenues from clearance of accounts decisions are expected to be lower than in 2012 (EUR 400 million in the 2013 Draft Budget compared to EUR 600 million in the 2012 Budget); reminds that an adjustment of the current estimates on the basis of the actual needs will be done in Autumn through the agricultural amending letter;

36. Reminds that price volatility in this sector is a major concern and endorses measures to combat speculation in agricultural commodities; urges the Commission and the Council to carefully monitor developments in agricultural markets; in this context reminds the Commission of the request by the Parliament to install a price and margins observatory to achieve better price comparability and more transparency in setting food prices, to which no suit has been given so far;

37. Notes that climate action and environmental objectives are a priority stipulated in the Europe 2020 strategy, which must be translated into concrete actions to be implemented under the various programmes; welcomes in this context the proposed increase of CA by 3,3% to EUR 366,6 million for LIFE + and considers that a cross-cutting approach should be applied whereby sustainable growth becomes a horizontal priority underpinning all EU policies;

38. Considers important to maintain the financial backing to the common fisheries policy (CFP) with a view to its imminent reform; stresses in particular the need to support SMEs in the fisheries sector and the access to jobs for young people in this field; welcomes in this regard the proposed increase for the European Fisheries Fund by respectively 2,2% (to EUR 687,2 million) in CA and 7,3% (to EUR 523,5 million) in PA, compared to the 2012 Budget;

Heading 3a

39. Notes that the overall increase in funding proposed in DB 2013 - EUR 1.392,2 and 928,3 million in commitments and payments respectively - compared to Budget 2012 for actions encompassed under this heading is 1,8% (by 24,42 EUR million) in CA and 11,1% in PA; considers that this is in line with the growing ambitions of the EU in the area of freedom, security and justice;

40. Stresses the need to reinforce appropriations for cyber security in the informatics sector, due to the enormous damage that increasing criminal activity in this domain is causing to the EU national economies; notes that contrary to the Financial programming, a decrease by EUR 64,4 million is foreseen for the Prevention of and fight against crime programme, compared to Budget 2012, although the programme was supposed to cover also cybercrime and illegal use of the internet;

41. Asks for a continued support for FRONTEX, as well as for the number of recently set-up agencies under this heading (European Asylum Support Office and large-scale IT systems in particular; notes the 8,9 % decrease (- EUR 7,3 million) for the contribution to the European Police Office (EUROPOL) compared to the Budget 2012 and expects the Commission to provide additional details on this proposed cut;

42. Notes that the decrease of EUR 30 million for VIS programme and the termination of EURODAC (-EUR 0,5 million) will be compensated by the transfer of these tasks and corresponding budget appropriations to the new agency for the operational management of large scale IT systems;

43. Appreciates the increase by EUR 9,8 million compared to the Budget 2012 proposed by the Commission for the European Refugee Fund, which is coherent with the line taken in the previous years; takes notes of the 19% increase in the External Borders Fund's budget allocation up to EUR 415,5 million which is limited to half that foreseen by the Financial programming; recalls its strong request for an appropriate and balanced answer to the challenges, with a view to the management of legal migration and slowing down of illegal migration;

Heading 3b

44. Recalls that Heading 3b, though the smallest heading of the MFF in terms of financial allocation, 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; deplores, therefore, that again for 2013 overall appropriations under this Heading, compared to 2012 budget, are intended to be reduced with a decrease in CA by 1,2% (EUR 26,08 million) and in PA by 0,4%, excluding the Solidarity Fund;

45. On the basis of its good implementation in the previous years, welcomes the increased funding in 2013 for Youth in Action programme to EUR 140,45 million, which represents an increase by EUR 0,8 million compared to the Budget 2012 and of EUR 16,5 million compared to the Financial programming;

46. Whilst appreciates the increases in commitments compared to the Budget 2012 for the Culture programme (+1,4%), Media 2007 (+1,1%) and the Union action in the field of health (+3,1%), will carefully analyse the reasons for cutting appropriations for Europe for Citizens, the Union action in the field of consumer policy and Media Mundus;

47. Is critical of the decreased volume of commitments for communication actions compared to the 2012 Budget at the moment when the gap between the European Union and its citizens is more evident than ever, as shown in ever-diminishing turnout in European elections; is convinced of the need for reinforced communication efforts and commensurate funding to ensure the visibility of the European Union institutions and showing their contribution to overcoming the economic and financial crisis;

48. Underlines the fact that again this year a very limited margin (EUR 25,6 million) is left available under this heading, which will leave a limited room for manoeuvre should new actions or decisions on funding priorities directly relevant to citizens be needed;

Heading 4

49. Notes that the commitment and payment appropriations presented in the DB 2013 mark an increase of 0,7% and 5,1%, as compared to the 2012 Budget, to EUR 9 467,2 and EUR 7 311,6 million respectively; points out that these increases remain below the increase proposed by the Commission for the Budget as a whole;

50. Recalls the need for more coordination and coherence of efforts in the financing of external actions by the Union and Member States to avoid overlaps and duplication of scarce resources; underlines the need to foster cooperation and synchronization of actions with other international, local and regional donors in order to optimize the use of funds and create synergies; in times of economic hardship its also important to enhance the flexibility in the programming and implementation of the instruments and complement scarce resources with instruments with leverage effects that would enable the use and re-use of invested and generated funds;

51. Notes the significant increase of EUR 272,3 million in the proposed margin for Heading 4 compared to the Financial programming for 2013 (from EUR 119,6 million to EUR 391,9 million), which is the net effect of the increase in commitments for ENPI (reinforced by EUR 51,7 million), ICI and ICI + (above Financial programming with EUR 0,3 million) and decreasing the growth in commitments for the Guarantee Fund (-104,5 million EUR), Instrument for Pre-Accession Assistance (-99.3 million EUR), Macro-financial Assistance (-37,4 million EUR), Development Cooperation Instrument (-28,6 million EUR), Instrument for Stability (- 41,4 million EUR); is concerned by the fact that the Commission did not provide sufficient explanation as to why such a significant scaling down of some programmes was needed compared to the Financial programming; stresses that while the principle of scaling down projects that are under-implemented is welcomed if it produces efficiency savings, the decrease in the appropriations should not be done across the lines; warns that the use of an artificially high margin as a negotiating tool in the budgetary procedure cannot be considered as a sound budgetary practice;

52. Considers that a sufficient level of EU financial assistance to the Palestinian Authority and UNRWA is still needed in order to adequately and comprehensively respond to the

political and humanitarian situation in the Middle East and the Peace Process;

53. Takes note of the fact that, apart from administrative expenditure, no appropriations have been entered into the Draft Budget for the accession of Croatia in July 2013; expects that the revision of the MFF foreseen by Point 29 of the IIA will be adopted swiftly and asks the Commission to present its proposal for the corresponding additional appropriations as soon as the Act of Accession has been ratified by all Member States;

54. Acknowledges the fact that with the accession of Croatia to the Union, a reduction of EUR 67,6 million will be made to IPA allocations; is nevertheless concerned that the Commission proposes a significant cut in support for institutional capacity building for candidate countries (-29,14 million EUR compared to 2012), while the same line for potential candidates is reinforced (+10,5 million EUR compared to 2012); reminds that institutional capacity is of utmost importance for the rightful use of Union funding and is equally important for candidates and potential candidates; notes the proposed increase in CA for IPA rural development of 10,2% compared to Budget 2012;

55. Reiterates that especially in times of austerity commitment appropriations should be carefully planned for each CFSP budgetary line in order to guarantee that EU money is streamlined towards the measures where it is mostly needed, as much as possible taking into consideration the flexibility and unpredictability of CFSP operations; will carefully analyse the increase of 9,2% in CA for CFSP in 2013;

56. Recognizes the need for reaction to trans-regional threats of organised crime, trafficking, protection of critical infrastructure and threats to public health and fight against terrorism; however calls on the Commission to provide evidence why an increase of 50% is needed for these measures in 2013;

Heading 5

57. Notes that total administrative expenditure for all institutions is estimated at EUR 8.544,4 million, representing an increase of 3,2% as compared to 2012 and leaving a margin of EUR 636,6 million, including additional expenditure linked to Croatia's accession;

58. Stresses that this increase is mainly due to statutory or contractual obligations such as pensions or the salary adjustments; notes however that the Commission complied with and even overstepped its commitment to keep the nominal increase in the Commission's administrative appropriations under Heading 5 below the forecast inflation of 1,9%, as compared to 2012, as presented in the letter dated 23 January 2012 from the Commissioner for Budgets and Financial programming;

59. Understands that this was achieved through a reduction in the number of posts in its establishment plans by more than 1% already for 2013, notably in administrative support, budgetary management and anti-fraud, as well as through further cuts in other items of administrative expenditure; requires further explanation as to the actual need to proceed to such staff reductions to freeze administrative expenditure *in real terms*, when Commission managed to freeze its administrative expenditure *in nominal terms* in 2012 without resorting to any staff reduction;

60. Welcomes this effort towards budget consolidation in administrative expenditure at a time of economic and budgetary constraints at national level; is however concerned about the adverse impact such measures may have on the swift, regular and effective implementation of EU actions and programmes, especially at a time when EU competences keep increasing and new Member States join the Union; welcomes the presentation of those areas reinforced in staffing, such as European economic governance, Single Market, Security and Justice but requires similar information as to those policy areas and types of posts where cuts in staffing were made as compared to 2012;

61. Reiterates against this background that any such staff reduction should be based on a prior impact assessment and take full account of, inter alia, the Union's legal obligations, EU priorities, as well as the institutions' new competences and increased tasks arising from the treaties; stresses that such assessment should also take carefully into account the effects for the different directorates-general and services, given their size and workload notably, as well as on the different types of posts concerned as presented in Commission's annual screening of human resources (policy making, programmes management, administrative support, budgetary management and antifraud, linguistic, etc.);

62. Emphasises that for many areas of EU action, sufficient staffing should be ensured in view of the stage of programmes' implementation, new priorities and other developments; will therefore carefully scrutinise the overall evolution of staff in the different DGs and services also in light of the priorities presented in this report; in addition to more detailed information in this regard, asks the Commission to proceed to such detailed assessment of the impact of the proposed across the board staff cuts, also taking into account in the longer run any further reduction in Commission's staffing, and to report back to the Parliament; insists that this would be a prerequisite for the budgetary authority to consider accepting, depending of its outcome, this 1% staff reduction and possibly endorse Commission's objective to reduce, by 2018, the staffing level in the Commission by 5% as compared to 2013;

63. Takes the view that the European Schools should be adequately funded in the interests of addressing the specific situation of the children of agents of the EU institutions; takes note of the proposed overall allocation of 180,7 million, which is a 6,8% increase as compared to 2012, and above the Financial programming amounts; will nonetheless carefully scrutinise each of the European Schools' budget lines, and make, during its reading, any modification it considers appropriate in this respect;

Pilot projects – preparatory actions

64. 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 improving the lives of EU citizens; intends to proceed to the identification of a balanced package of PP-PAs based on the Commission’s assessment and carefully considering the sustainability and durability of the aimed results produced;

65. According to Annex II, part D of the IIA, will transmit to the Commission a first provisional list of potential PPs and PAs for the Budget 2013; expects the Commission to provide a well-reasoned analysis of Parliament's indicative proposals; stresses that this

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;

66. Recalls that under the Budget 2012 a total number of 70 pilot projects and preparatory actions were adopted, amounting to EUR 105,45 million in CA across all headings; stresses that, should the budgetary authority adopt for 2013 pilot projects and preparatory actions at a similar level and with a similar breakdown among headings, 54% of the margin under Heading 1a, 27% of the margin under Heading 3a and 37% under Heading 3b would already be used up;

67. Takes note of the Commission's proposals for four preparatory actions and two pilot projects for a total amount of EUR 15,5 million in CA; intends to carefully analyse the objectives and contents of these proposals and check the amounts requested;

Agencies

68. Notes the overall level of EUR 748 million (i.e. 0,5% of the total EU budget) devoted to EU decentralised agencies in DB 2013, which results in an increase in the total EU contribution (including assigned revenue) as compared to the 2012 Budget of EUR 24 million, or +3,2%; is aware that this increase mainly stems from the eight phasing-in agencies, with a view to providing them with adequate funding and from the seven agencies, the tasks of which have been extended, so as not to hinder their performance; notes that the EU contribution to the agencies at cruising speed is decreasing in nominal terms, with however an increase in staffing by 1,2%; notes that agencies have a total of 5.115 establishment plan posts overall, i.e. an increase by 257 posts which mainly concern agencies with new tasks or in their start-up phase;

69. Is however worried that for the first time the Commission cut the budgetary requests of almost all agencies, which were in line with Financial programming amounts overall, including of those agencies which belong to Parliament's priorities, for a total amount of some EUR 44 million; will carefully analyse the methodology, rationale and possible impact of such cuts; Underlines once more that EU agencies' budget allocations are far from consisting in administrative expenditure alone, but instead contribute to achieving the Europe 2020 goals and EU objectives in general, as decided by the legislative authority;

* * *

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

ANNEX: BUDGETARY TRILOGUE OF 26 MARCH 2012 - DRAFT CONCLUSIONS "Dates for the budgetary procedure and modalities for the functioning of the Conciliation Committee in 2012"

BUDGETARY TRILOGUE

26 March 2012

DRAFT CONCLUSIONS

Dates for the budgetary procedure and modalities for the functioning of the Conciliation Committee in 2012

The European Parliament, the Council and the Commission recall their joint declaration of 30 November 2009 on transitional measures defining the calendar for the budgetary procedure for 2011 and stipulating that the future budgetary procedures would follow a similar calendar unless agreed otherwise. The calendar should be updated accordingly for the budgetary procedure for 2013.

A. In this regard, they agree on the following key dates for 2012:

1. A trilogue will be called on 9 July in the morning before the adoption of the Council's position;
2. The Council will complete its reading by week 30 at the latest (end of July);
3. The European Parliament's Committee on Budgets will vote on amendments to the Council's position by the end of week 41 (early October) at the latest;
4. A trilogue will be called on 17 October in the afternoon before the reading of the European Parliament;
5. The European Parliament's Plenary will vote on its reading in week 43;
6. The Conciliation period will start on 24 October. If needed, in agreement with the provisions of point c of Article 314(4) TFEU, the Conciliation will last until 13 November 2012 (included);
7. The Conciliation Committee will meet on 26 October in the afternoon hosted by the European Parliament and on 9 November hosted by the Council; the sessions of the

Conciliation Committee will be prepared by trilogues held on 31 October in the morning and 7 November in the morning; additional trilogues may be called during the 21-day conciliation period.

B. They agree on the modalities for the functioning of the Conciliation Committee set out in the annex.

ANNEX

Modalities for the functioning of the Conciliation Committee in 2012

1. If the EP votes amendments to the Council's position, the President of the Council will, during the same plenary meeting, take note of the differences in the position of the two institutions and give his/her agreement for the President of the EP to convene the Conciliation Committee immediately. The letter convening the Conciliation Committee will be sent on the same day as the plenary vote was delivered and the conciliation period will start on the following day. The 21-day time period is calculated pursuant to Regulation (EEC, Euratom) No 1182/71 determining the rules applicable to periods, dates and time limits.

2. If the Council cannot agree on all the amendments voted by the European Parliament, it will confirm its position by letter sent before the date scheduled for the first Conciliation Committee meeting foreseen in point A.7 above. In such case, the Conciliation Committee will proceed in the conditions laid down in the following paragraphs.

3. A common set of documents (input documents) comparing the various steps of the budgetary procedure will be made available to the Conciliation Committee[1]. It will include "line by line" figures[2], totals by financial framework headings and a comparative document both for figures and budgetary remarks with amendments by budget line for all budget lines deemed technically "open". These documents will be classified by budgetary nomenclature.

   Other documents will also be attached to the input documents for the Conciliation Committee[3].

4. With a view to reaching agreement by the end of the conciliation period, trilogues will:

   - define the scope of the negotiations of the budgetary issues to be addressed;

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1 The various steps will include: 2012 budget (including adopted amending budgets); the initial draft budget; the Council's position on the draft budget; the European Parliament's amendments on the Council's position and the letters of amendment presented by the Commission. For comparison purposes, the initial draft budget will include only those letters of amendment taken into consideration by both the Council's and the European Parliament's readings.

2 Budget lines deemed technically closed will be highlighted in the input material. A budget line deemed technically closed is a line for which there is no disagreement between the European Parliament and the Council, and for which no letter of amendment has been presented, without prejudice to the final decision of the Conciliation Committee.

3 Including a 'letter of executability' of the Commission on the Council's position and the European Parliament's amendments; a letter of amendment for agriculture (and other areas, if need be); possibly, the autumn Budget Forecast Alert Note prepared by the Commission; and possible letters from other Institutions on the Council's position and the European Parliament's amendments.

- o discuss outstanding issues identified under the previous indent in view of reaching agreement to be endorsed by the Conciliation Committee;
- o address thematic issues, including by headings of the multiannual financial framework.

Tentative conclusions will be drawn jointly during or immediately after each trilogue, simultaneously with the agenda of the following meeting. Such conclusions will be registered by the institution hosting the trilogue and will be deemed provisionally approved after 24 hours without prejudice to the final decision of the Conciliation Committee.

5. The conclusions of trilogues and a document with the budget lines for which an agreement has been tentatively reached during the trilogues shall be available at the meetings of the Conciliation Committee for possible endorsement.

6. The joint text provided for in Article 314(5) TFEU shall be established by the secretariats of the European Parliament and of the Council with the assistance of the Commission. It will consist of a letter of transmission addressed to the Presidents of the European Parliament and the Council, containing the date of the agreement at the Conciliation Committee, and annexes, which will include:

   - o line by line figures for all budget items[1] and summary figures by financial framework headings;
   - o a consolidated document, indicating figures and final text of agreed amendments to the draft budget[2] or to Council's position.

   The Conciliation Committee may also approve possible joint statements in relation to the 2013 budget.

7. The joint text will be translated in all languages (by the services of the European Parliament) and will be submitted to the approval of the two arms of the budgetary authority within 14 days from the date following the date of agreement on the joint text pursuant to point 6 above.

   The budget will be subject to legal-linguistic finalisation after the adoption of the joint text by integrating the annexes of the joint text with the budget lines not modified during the conciliation process.

8. The institution hosting the trilogue or Conciliation Committee meeting will provide interpretation facilities with a full linguistic regime applicable to the Conciliation Committee meetings and an ad hoc linguistic regime for the trilogues.

   The institution hosting the meeting will ensure reproduction and distribution of room documents.

[1] Lines not modified with regard to the draft budget or to the Council's position will be highlighted.

[2] Including letters of amendment taken into consideration by both the Council's and the European Parliament's readings

The services of the three institutions will cooperate for the encoding of the results of the negotiations in order to finalise the joint text.