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DRAFT REPORT

on the Council position on the draft general budget of the European Union for the financial year 2015
(12608/2014 – C8-0144/2014 – 2014/2040(BUD))

Part 1: Motion for a resolution

Committee on Budgets

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Council position on the draft general budget of the European Union for the financial year 2015 (12608/2014 – C8-0144/2014 – 2014/2040(BUD))

The European Parliament,

- having regard to Article 314 of the Treaty on the Functioning of the European Union,
- having regard to Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Council Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources¹,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002²,
- having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020³ (MFF Regulation),
- having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management⁴ (IIA of 2 December 2013),
- having regard to its resolution of 13 March 2014 on general guidelines for the preparation of the 2015 budget, Section III - Commission⁵,
- having regard to its resolution of 17 April 2014 on Parliament's estimates of revenue and expenditure for the financial year 2015⁶,
- having regard to the draft general budget of the European Union for the financial year 2015, which the Commission adopted on 24 June 2014 (COM(2014)0300),
- having regard to the position on the draft general budget of the European Union for the financial year 2015, which the Council adopted on 2 September 2014 and forwarded to Parliament on 12 September 2014 (12608/2014 – C8-0144/2014),
- having regard to Letter of amendment No 1/2014 to the draft general budget of the European Union for the financial year 2015 presented by the Commission on xx October 2014,

¹ OJ L 163, 23.6.2007, p. 17.

² OJ L 298, 26.10.2012, p. 1.

³ OJ L 347, 20.12.2013, p. 884.

⁴ OJ C 373, 20.12.2013, p.1.

⁵ Texts adopted, P7_TA(2014)0247.

⁶ Texts adopted, P7_TA(2014)0450.

- having regard to the Bureau deliberations of 15 September 2014 and the revised note of the secretary general of 17 September 2014 on the EP reading on its draft budget for 2015,
- having regard to its legislative resolution of 15 April 2014 on the draft regulation of the European Parliament and of the Council amending the Protocol on the Statute of the Court of Justice of the European Union by increasing the number of Judges at the General Court⁷,
- having regard to the cooperation agreement of 5 February 2014 between the European Parliament and the European Economic and Social Committee and the Committee of the Regions,
- having regard to its resolution of 3 April 2014 on the EU strategy towards Iran⁸,
- having regard to Rule 88 of its Rules of Procedure,
- having regard to the report of the Committee on Budgets and the opinions of the other committees concerned (A8-0000/2014),

⁷ Texts adopted, P7_TA(2014)0358.

⁸ Texts adopted, P7_TA(2014)0339.

Section III

General overview

1. Recalls that, in its resolution of 13 March 2014, the Parliament underlined the need to reinforce strategic investment in actions with European added value in order to help put the European economy back on track, generating sustainable growth and employment, in particular youth employment, while aiming to increase economic and social cohesion;
2. Highlights that Heads of States and Governments agreed once more in June 2014 (reiterated at the special meeting of the European Council in August 2014) on the need to invest and prepare Member States' economies for the future by addressing overdue investment needs in transport, energy and telecom infrastructure (including the completion of the digital single market by 2015) of Union significance as well as in energy efficiency, innovation and research, and skills; recalls the unquestionable role of the Union budget in achieving these political objectives;
3. Recalls, once more, that the EU budget should in no way be perceived and evaluated simply as a financial item added as a burden to national budgets but, on the contrary, is to be understood as an opportunity to gear up those initiatives and investments that are of interest and of added value to the Union as a whole, most of them co-decided by Parliament and the Council and thus legitimised also at national level;
4. Reiterates the complementary nature of the EU budget to national budgets and the impetus it creates to promote growth and jobs and underlines that given its very nature and limited size it should not be checked and curbed by arbitrary reductions but on the contrary targeted areas need to be reinforced;
5. Notes that the Draft Budget 2015 (DB) proposed by the Commission amounts to (including special instruments) EUR 145 599,3 million in commitment appropriations (CA) and EUR 142 137,3 million in payment appropriations (PA); highlights that the overall volume of the payment appropriations in the DB represents a moderate 1,4% increase over the 2014 Budget (taking into account AB 1 and DAB 2-4/2014), and is still EUR 2 billion lower than the implemented 2013 budget; notes that the Commission proposed to leave a total margin of EUR 1 478,9 million in commitment appropriations under the ceilings in its DB;
6. Underlines the importance of decentralised agencies, which are vital for the implementation of Union policies and programmes; stresses the need to provide them with appropriate financial means and staff so that they can properly fulfil the tasks assigned to them by the legislative authority;

Council's position

7. Deplores that the Council, in its reading, reduced commitment appropriations by EUR 522 million and payment appropriations by EUR 2,1 billion, thus setting the Union budget for 2015 at EUR 145 077,4 million in commitments and EUR 139 996,9 million in payments; points out that the EUR 2,1 billion cut in payments would represent a reduction of -0,18 % as compared to 2014 Budget (including AB 1/2014 and DAB 2-4/2014);
8. Disapproves of the Council's reading on the 2015 Budget which disregards the multiannual character of the Union's policies, and which would instead of tackling the issue further aggravate payments shortages and slowdown further the implementation of Union programmes;
9. Deplores the arbitrary cuts proposed by the Council to the administrative and support lines financing the implementation of key Union programmes which could be detrimental to the successful start of new programmes as a lack of administrative capacity entails a serious risk of hampering the implementation of Union policies;
10. Welcomes the point of view expressed by 13 Member States that they are convinced that the Council's agreed level of payment appropriations may not be sufficient and could lead to great pressure with regard to the timely fulfilment of the Union's legal obligations and the meeting of commitments already made; recalls that, according to Article 323 of the Treaty, 'the European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligation in respect of third parties';
11. Considers that the Council holds a strong political responsibility for the very tense situation in payments, due to its inability to gather a qualified majority within its ranks to secure a level of payments allowing the Union to cover undisputed payment needs;

Parliament's reading

12. Emphasizes that besides implementing the political agreement reached in the negotiations of the Multiannual Financial Framework (MFF) 2014-2020 as regards frontloading of appropriations for specified policy objectives, the Commission did not propose additional efforts to accommodate priorities outlined by the Parliament; decides therefore to reinforce financial resources for the Union political objectives and strategic priorities, in a number of areas in Headings 1a, 1b and 4 by exhausting margins in commitment appropriations;
13. Decides to concentrate its reinforcements on the programmes which are at the core of the Europe 2020 strategy aimed at fostering growth, competitiveness and employment, namely Horizon 2020, COSME, Erasmus +, the digital agenda, Progress, EURES, the Microfinance Facility and the social agenda;

14. Insists on the need to increase the financing of programmes and initiatives to fight against inequalities like FEAD, Europe for Citizens, gender equality, development and humanitarian aid;
15. Sets the overall level of appropriations for 2015 at EUR xxx xxx million and EUR yyy yyy million in commitment and payment appropriations respectively;

Addressing the recurrent payment crisis

16. Supports the Commission's proposal to make full use of resources available under the 2015 payment ceiling thereby leaving no margin under the 2015 payment ceiling; restores all of the Council's cuts in payments on the basis of current and expected implementation patterns;
17. Highlights however, that even the full use of the payment ceiling is not sufficient to adequately address the Union's ongoing payment problems that have erupted since the 2010 Union budget; hence, decides to go beyond the Commission's proposals in payments for a number of budget lines, where the situation in payments is the most critical;
18. Calls accordingly on the Commission to stand ready to put forward relevant proposals for the mobilisation of the flexibility mechanisms included in the MFF Regulation;
19. Insists once again that all payments appropriations mobilised through the use of special instruments must be entered in the budget over and above the MFF payment ceiling;
20. Recalls the striking example of the dramatic shortage of payment appropriations for humanitarian aid, experienced at the end of 2013 and in the first quarter of 2014, that could only be solved thanks to short term and temporary solutions in the form of transfers within the adopted budget; is extremely worried that such situation is likely to occur also in other policy fields such as Research/Development and innovation;
21. Stresses the fact that, in order to clearly identify the 2015 needs stemming from previous years, the negotiations on the additional 2014 payment needs should be finalised before the conciliation on 2015 Budget; reiterates that DABs 2, 3 and 4/2014 should be considered as a package and that the Council cannot expect to benefit from the unexpected revenue resulting from the budgetisation of the surplus and fines without delivering on the additional payment needs presented in DAB 3/2014;
22. Underlines that the level of appropriations, especially in payments, voted by the Parliament in its reading are based on the assumption that all pending DABs for 2014 are adopted in full;
23. Stresses that in order to ensure adequate resources for the Union wide investment plans (agreed by the June 2014 European Council following President-elect Juncker's political

guidelines¹), continuation of the Youth Employment Initiative, notably the European Youth Guarantee as of budget 2016, and in order to address the persistent problem of payment appropriations, the post electoral review/revision of the MFF 2014-2020, as provided for in Article 2 of the MFF Regulation, should be launched as soon as possible by the new Commission, due to enter into office on 1st November 2014;

Heading 1a

24. Notes that Heading 1a bears the largest share of Council's cuts both in commitments (EUR -323,5 million as compared to the DB) and in payments (EUR -1 335 million), despite the fact that the European Council again in June 2014 set growth, competitiveness and the creation of jobs at the top of its political agenda; highlights that some of these cuts openly contradict the agreement on the MFF 2014-2020, in so far as they heavily decrease Horizon 2020 (by EUR 190 million in commitments against the DB) as well as the ITER programme (EUR -11,2 million), which should instead be frontloaded in 2015 to compensate its backloading in 2014 as per the MFF agreement;
25. Contests the cuts applied by the Council to the Connecting Europe Facility programme (EUR -34,4 million), which come on top of the backloading of this programme for 2015 already taken into account in the DB following the MFF agreement; is concerned about the risks of an ineffective start to this strategic programme, which is of topical importance for the future transport and energy infrastructure investments in Europe;
26. Decides, therefore, as a general line to restore the level of the Draft Budget for 2015 for all cuts performed by the Council, both in commitments and in payments; furthermore increases a selected number of lines within the programmes which correspond to the Parliament's priorities under Heading 1a by exhausting the margin;
27. Deems furthermore necessary to increase above the DB the CEF-Energy lines by a total amount of EUR 34 million in order to partly mitigate the effect of the backloading of this programme for the second year in a row as a result of the MFF agreement; considers it also a priority to reinforce investments in the digital agenda and the broadband and consequently increases CEF-Telecommunication networks by EUR 12 million above the DB;
28. Increases above DB in commitments the three supervisory agencies (EBA, EIOPA and ESMA) for a total amount of EUR 6,1 million;

¹ http://ec.europa.eu/about/juncker-commission/docs/pg_en.pdf

Heading 1b

29. Is deeply concerned that the Council, while maintaining the level of commitment appropriations at the DB level (EUR 49 227 million), has decreased the payment appropriations by EUR 220 million, setting the level of payments at EUR 51 382 million;
30. Underlines that Heading 1b bears the biggest part of the current outstanding commitments which is impeding reimbursement for resources already spent by the beneficiary Member States and regions; highlights that this practice caused serious consequences for Member States and regions mostly affected by crisis;
31. Decides to restore the DB in payments for budget lines dedicated to the new programmes, cut by the Council, and to exceed the DB in payments for a number of lines notably concerning the completion of the 2007-2013 MFF programmes;
32. Calls on the Commission to finance the second instalment of EUR 100 million for Cyprus fully by the mobilisation of the Flexibility instrument, hence ensuring the amount of EUR 20,2 million for other priorities, notably for the Fund for European Aid to the Most Deprived (FEAD) and PP/PAs;
33. Reinforces FEAD, by an additional amount of EUR 16,7 million and decides to secure EUR 3,5 million for PP/PAs;

Heading 2

34. Welcomes the increase proposed by the Commission in commitment appropriations for the new LIFE programme for the Environment and Climate Action and expects this programme to be fully in place in 2015, including a first set of financial instruments; deploras, however, that smaller programmes such as the LIFE programme as well as the European Maritime and Fisheries Fund (EMFF) bear the most significant cuts by the Council under this heading, both in commitments and payments, thereby affecting the achievement of their agreed objectives; also regrets inappropriate Council's cuts to the school fruit and school milk schemes; restores, therefore, the DB on all lines cut by the Council;
35. Agrees that additional support is needed to alleviate the impact of the Russian ban on the import of certain Union agricultural and fisheries products; welcomes the emergency support measures taken by the European Commission as a first response to this crisis; increases, therefore, the Union co-financing for promotion measures in the Common Agricultural Policy by 30 million in order to help producers find alternative sales opportunities, while providing EUR 5 million additional support to fishermen via the EMFF; also decides to increase the amount available for the school fruits scheme by EUR 7 million and school milk scheme by EUR 4 million above the draft budget of the Commission;

36. Notes that, taking into account all amendments under this heading including EUR 2,9 million for pilot projects and preparatory actions, the total amount for heading 2 is EUR 59,3 billion, leaving a margin of 286,2 EUR million below the ceiling;

Heading 3

37. Underlines that, while representing only 1,5% of the Union budget and thereby being the smallest heading of the MFF in terms of financial allocation, Heading 3 covers issues of key concern to the European citizens;

38. Regrets that the DB decreases commitment appropriations by 1,9% from EUR 2 171,998 to EUR 2 130,721 million compared to the 2014 budget leaving a margin of approximately EUR 115 million; deplores that the Council has cut the commitment appropriations by a further EUR 30,2 million compared to the DB and the payment appropriations by a further EUR 28,5 million compared to the DB (corresponding to - 1,42% in commitment appropriations and -1,51% in payment appropriations); notes thereby that Heading 3 is one of the most affected by the Council's cuts;

39. Believes that the additional cuts proposed by the Council will jeopardise a proper implementation of programmes and actions in Heading 3; takes therefore the general approach to restore the DB on all lines under this heading; takes the decision, furthermore, to increase a selected number of lines above the DB mainly within the programmes Creative Europe, Europe for Citizens and Multimedia Actions (for a total of EUR 53,2 million in commitment appropriations above DB including agencies and pilot projects and preparatory actions);

40. Recalls that a fair and transparent distribution of funding between the different objectives of the Asylum, Migration and Integration Fund was a priority for the Parliament during negotiations leading to the adoption of that fund; calls accordingly on the Commission to increase the number of budget lines under the Asylum, Migration and Integration Fund to facilitate better readability and transparency in respect of how the financial resources allocated to the different objectives, and thus to those budgetary lines, will be spent;

Heading 4

41. Deplores the Council's cuts to Heading 4 (-0,83 % in commitment appropriations and - 5,24 % in payment appropriations), which makes it the heading most severely affected by the Council's cuts to payment appropriations; reiterates the fact that although it takes up less than 6 % of the total Union budget, Heading 4 is the projection of Union engagement abroad and it should therefore ensure enough resources for the Union to play its role as a global actor;

42. Strongly condemns the Council's cut to commitment appropriations for humanitarian aid which cannot resolve the problem of carrying over backlogs of unpaid invoices from

previous years and is jeopardising the smooth implementation of this policy, putting the lives of its beneficiaries in threat; stresses that the level of payment appropriations for the Emergency Aid Reserve should correspond to the level of commitment appropriations and must be entered in the budget over and above the MFF payment ceiling ;stresses the gap between commitment and payment appropriations in Humanitarian aid should be reduced in order to take account of the short spending cycles in this area and to break the habit of carrying over backlogs of unpaid invoices from previous years;

43. Recalls the international commitment made by the Union and its Member States to increase their official development assistance (ODA) spending to 0,7 % of GNI and to achieve the Millennium Development Goals by 2015 and therefore calls for an increase in the appropriations for thematic areas covered by the Development Cooperation Instrument, in view of getting closer to the attainment of the Millennium Development Goals;
44. Emphasises its support for the Middle East Peace Process and its determination to ensure a sufficient amount of funding to UNRWA and the Palestinian Authority by increasing the level of commitment appropriations by EUR 35,5 million above DB; is astonished that the Council has once again reduced the DB payment appropriations for UNRWA and the Palestinian Authority by EUR 2,4 million without clear justification and considers this line under-budgeted already in the DB;
45. Underlines the need to ensure support for countries in the Union's Eastern and Southern neighbourhood that are facing huge challenges with regard to democratic transition and consolidation, economic and social development, immigration and stability; highlights the additional efforts needed to respond to the situation in Ukraine; calls, therefore, for additional EUR 212,8 million above DB to be allocated to the European Neighbourhood Instrument to enable the Union to meet its responsibility in its Eastern and Southern neighbourhood;
46. Considers the Council's cuts to the priority lines of the Parliament unacceptable and proposes to restore the DB on the lines decreased by the Council and to even exceed the DB in commitment appropriations for some lines of strategic importance for the Union's external relations by a total of EUR 400,55 million (Humanitarian Aid, European Neighbourhood Instrument, Development Cooperation Instrument, Instrument for Pre-Accession Assistance, European Instrument for Human Rights and Democracy Instrument for Stability and PP/PAs);

Heading 5

47. Recalls that the DB reflects the latest Staff Regulation Reform including changes in the calculation of the salary and pension adjustments and the continuing staff reduction;

48. Notes with regret that, despite this, the Council has decreased the appropriations in Heading 5 by EUR 27,6 million, of which EUR 16,7 million is from the Commission's administrative budget for expenditure related to officials and temporary staff, as a consequence of increasing the standard flat rate abatement;
49. Considering that the Commission is reducing its overall number of human resources for the third year in a row and that its staff vacancies forecasts should be considered reliable and should be based on actual institutional expectations, views this increase of the standard flat rate abatement (up to 4,5 % for the Commission's headquarters and 6 % for delegations) as arbitrary;
50. Notes moreover the Council's statement annexed to its position, concerning "the importance of monitoring closely the appropriations for all categories of external staff, against the backdrop of the additional capacity built up by the increase of working time", and the parallel cuts brought to support expenditure in various policy areas, amounting to EUR 20,8 million; besides the already mentioned threats posed by this type of cuts considers them to be ill justified; recalls that according to the IIA of 2 December 2013, that supposed additional capacity was to be already neutralised by rendering 5 % of the official staff over five years; notes in this respect that Commission already over complies with its commitments as it is reducing staff of all categories, whether financed from heading 5 or from other headings;
51. Restores, therefore, the DB on all the lines of the administrative and support expenditure and on all the lines in Heading 5 decreased by the Council;
52. Decides to hold some appropriations in reserve until the Commission modifies the rules on expert groups and ensures their full implementation within all DGs;

Agencies

53. Endorses, as a general rule, the Commission's estimates of the budgetary needs of agencies; notes that the Commission had already considerably reduced the initial requests of most agencies;
54. Considers, therefore, that any further cuts proposed by the Council would endanger the proper functioning of the agencies and would not allow them to fulfil the tasks they have been assigned by the legislative authority;
55. Cannot accept, however, the Commission's approach to staff, according to which the establishment plans of the agencies are not only to be reduced by 1 % on the basis of the political agreement on the MFF, which applies to all institutions and bodies, but are also to contribute another 1 % to a "redeployment pool";
56. Emphasises the fact that the staff reduction agreed upon shall be based on the existing staff and tasks as on the reference date of 31 December 2012 and that any new tasks of

existing agencies or the set-up of new agencies have to be accompanied by additional resources;

57. Underlines that the agreed 5% reduction target needs to be achieved by the end of 2017, and that agencies should have some flexibility with regard to the years when exactly they implement these cuts to allow them to make use of natural staff fluctuation in order to minimise costs for the Union unemployment scheme and other costs related to the early termination of employment contracts;
58. Modifies therefore a number of establishment plans of agencies in such a way as to implement the agreed 1 % reduction, to treat fee-financed posts differently or to align staffing with additional tasks;
59. Decides to increase the 2014 budget appropriations for the three financial supervisory agencies; believes that those appropriations should reflect the needs to fulfil the required tasks, as more regulations, decisions and directives have been and are being adopted to overcome the current financial and economic crisis which is strongly linked to the stability of the financial sector;
60. Decides to also increase the appropriations for European Maritime Safety Agency and the Fisheries Control Agency as well as a number of agencies in Heading 3 due to the additional tasks that have been entrusted to them (Frontex, the European Monitoring Centre for Drugs and Drug Addiction and the European Asylum Support Office);

Pilot projects and preparatory actions (PP-PAs)

61. Having carried out a careful analysis of the pilot projects and preparatory actions submitted – as regards the rate of success of the on-going ones and excluding initiatives already covered by existing legal bases, and taking fully into account the Commission's assessment of the projects' implementability, decides to adopt a compromise package made up of a limited number of PP-PAs, also in view of the limited margins available;

Other sections

62. Recalls that the administrative expenditure of all institutions, pensions and European Schools is covered by Heading 5 of the MFF; notes that the total expenditure of the heading in 2015, as proposed in the DB, is estimated at EUR 8 612,2 million (+2,5% compared to 2014 budget), which leaves a margin of EUR 463,8 million under the ceiling, while the total administrative expenditure of all institutions combined in 2015 is estimated at EUR 6 893,1 million (+1,6% increase over 2014 budget), leaving thus a sub-margin of EUR 457,9 million;
63. Takes note of the Council position on the DB, which horizontally decreased, without any differentiation, the level of 2015 administrative expenditure of the institutions to EUR 6

865,6 million (or by -EUR 27,5 million or - 0,4%), thus artificially increasing the sub-margin to EUR 485,4 million;

64. Is surprised that once again this year the Council proposes linear cuts to the administrative expenditure for the institutions; reiterates that the budget of each Union institution, due to its specific mission and situation, should be treated individually, without 'one-size-fits-all' solutions, taking into account the particular development stage, operational tasks, management goals, human resources needs and building policies of each institution; strongly disagrees with the Council's approach which horizontally inflates the vacancy rate by one percentage point, thus artificially increasing the margin; underlines that this increase, in addition to the posts already suppressed by the 1 % staff reduction, would force certain institutions, already impacted by the above mentioned staff reduction, to freeze recruitment to vacant posts, thus hampering their functioning;
65. Notes that the DB includes the adjustments of 0,8 % for the 2011 and 2012 staff remunerations and pensions for all institutions and bodies and the freeze for 2013 and 2014; welcomes the fact that most of the institutions have already adjusted them in their estimates;
66. Maintains that the Parliament and the Council, while supporting all possible savings and gains of efficiency stemming from the constant re-evaluation of on-going and new tasks, should set a sufficient level of appropriations to ensure the smooth functioning of the institutions, respect for internal and external legal obligations and the provision of a highly professional public service to Union citizens; recalls that new tasks deriving from the Treaty of Lisbon had to be implemented without any additional means;
67. Commends all other institutions on the savings and efficiency gains which they have already incorporated into their draft budgets; underlines that an accurate, efficient and accountable use of Union resources is one of the essential means of reinforcing the trust of the Union citizen and welcomes the efforts made by the institutions to continue to promote transparency, administrative efficiency, good financial management and prioritisation;
68. Reinstates the level of abatement rates, as initially requested by the Court of Justice, Court of Auditors, European Economic and Social Committee and the European External action Service modified horizontally by the Council and restores the DB on the respective budget lines;

Section I – European Parliament

69. Recalls that the Parliament's estimates for 2015 were set at EUR 1 794 929 112, corresponding to an overall rate of increase of 2,24 % over 2014; stresses, however, that 0,67 % of this increase is linked to the legally binding exceptional transitional allowance for the end of the Members' mandate and 0,4 % to the agreement on the adjustment of the

remunerations and pensions for 2011-2012; underlines that the level of other expenditure therefore increased by only 1,18 % over 2014;

70. Welcomes the revised note of the Secretary General of 17 September 2014, which proposes to translate into the budget the Bureau's recent decisions and technical adjustments; points out that these modifications have a budgetary neutral impact; approves these adjustments to its estimates;
71. Notes that political groups have frozen their staff resources since 2012 and that their needs were only partially covered in the preceding budgetary years; insists that the total level of staff in political groups in 2015 should not be lower than the current level; stresses that the activities of the political groups do not correspond to the administrative work; reduces the establishment plan of its secretariat general by 47 posts for 2015; underlines that when this decrease is added to the decrease of 67 posts in 2014, this would correspond to the -2 % target over 2 years;
72. Takes note that the target cost of the KAD project is estimated at EUR 441,27 million in current prices (EUR 406,22 million in constant prices) and that, for 2015, the financial needs for KAD would correspond to EUR 128,91 million (or 29 % of the overall cost); underlines that, including budgetary resources already made available and not yet used, the remaining financial needs in 2015 are estimated at EUR 84,8 million; considers that this amount may be reduced considerably by a transfer at the year-end 2014 and that the remaining part should be financed by using loans; recalls that, due to construction of the KAD building, the total payments per year in the future will be much lower than the rental expense of comparable property;
73. Decides to increase the appropriations for funding of the European political foundations by EUR 3 million, stresses that this increase will be budgetary neutral as it will be offset from the contingency reserve; sets therefore the overall level of its budget for 2015 at EUR 1 794 929 112; points out that this will correspond to a 0 % increase over the level of its estimates, adopted in the Plenary Session of 17 April 2014;

Section II – Council

74. Recalls the Gentlemen's Agreement between Council and European Parliament stipulating that both Institutions shall respect each other's Budget without amending it; criticises therefore that the Commission has amended the Council's estimates; and maintains the Council's position on lines: 2200 and 2202, thus honouring the Agreement;

Section IV – Court of Justice

75. Underlines that, notwithstanding the unprecedented increase in caseload, the Commission decided to remove from the DB of the Court of Justice 12 new posts aimed at preventing any bottleneck and limiting as much as possible the risk of failure to deliver judgment within a reasonable time; stresses that by doing so the Commission has put in risk the productivity of the three Courts in the context of the continuous and unprecedented increase in new cases and thus created a severe risk for the budget;
76. Approves the creation of 12 new posts, as initially requested by the Court of Justice; increases accordingly the budget lines relating to the staff remuneration and allowances (by EUR 511 000), the entitlements relating to entering the service, transfer and leaving the service (by EUR 126 000), and adjusts the establishment plan of the Court of Justice plan as presented in its budget estimates;
77. Readjusts the standard abatement rate to its initial level of 3 %, reinstating the appropriations of EUR 2 167 million, in order to ensure that the Court of Justice can deal adequately with the ever-increasing workload and allow the full use of its establishment plan; emphasises that the decrease proposed by the Council is fully in contradiction with the 98 % staff occupancy (98% - the highest possible figure if one considers the unavoidable effect of staff movement during the year) and with an outturn rate for remunerations of close to 99% in 2013;
78. Underlines that the General Court, in spite of its substantial efforts, can no longer handle the growing workload; stresses that this general upward trend is fully confirmed by the data observed so far in 2014 and will continue given, inter alia, the changes made by the Treaty of Lisbon (which will extend the jurisdiction of the Court from 1 December 2014 in the area of Freedom, Security and Justice), and the accession of Croatia;
79. Stresses that, despite the substantial productivity initiatives taken so far, the number of pending cases continues to grow (+25 % in 2013, +6 % to the end of June 2014), while a risk of claims in respect of failure to deliver judgment within a reasonable time (in particular in cases filed in the General Court, where the level of caseload is now hardly bearable) has now materialised, with a first complaint filed on that ground in June 2014, with possible serious liabilities for the Union;
80. Recalls the agreement in principle between the Parliament and the Council according to which the number of judges must be increased; emphasises that in these circumstances it is urgent to find agreement as soon as possible on the nomination of the additional judges to the Court; puts EUR 2 million in reserve for the appointment of nine new judges and calls on the Court to present to the Council and the European Parliament an updated evaluation of the additional financial needs for new judges and staff; expects that agreement in the Council will be reached as soon as possible and that the legislative

procedure will be finalised by 1 October 2015; insists that the need for additional staff corresponding to the nomination of nine judges should be evaluated in a prudent way;

Section V – Court of Auditors

81. Readjusts the standard abatement rate to its initial level of 2,1%, restoring the appropriations of EUR 878 000 cut by the Council, in order to allow the Court of Auditors to meet its needs in respect of the establishment plan;
82. Restores the DB for the budget lines related to the remuneration of other staff, since the increase requested over 2014 reflects the expected advancement in step of existing staff (item 1400: + EUR 125 000), and to the in-service training and staff exchanges (item 1404: + EUR 125 000), which is intended to cover expenditure relating to the secondment or temporary assignment to the Court of Auditors of officials from the Member States or from other States, and other experts or expenses relating to short-term expertise;

Section VI – European Economic and Social Committee and Section VII - Committee of the Regions

Implementation of the cooperation agreement between the European Parliament and the European Economic and Social Committee and the Committee of the Regions

83. Recalls that, in accordance with the cooperation agreement of 5 February 2014, up to 80 posts would be transferred from the two Committees to the Parliament and that a reinforcement of appropriations for the increase of their political activities and additional needs for the externalisation of translation has been agreed;
84. Acknowledges that in 2015 a minimum of 60 posts are expected to be transferred to the Parliament and that this transfer will be implemented in two phases, the first phase from 1 October 2014 and the second phase later in 2015; includes in the budget the adjustments related to the transfer of 42 posts (30 posts from the EESC and 12 from the CoR) corresponding to the implementation of the 1st phase, and places the half of appropriations corresponding to the transfer of the expected additional posts (a minimum 6 from the EESC and a minimum of 12 from the CoR) in the reserve, to be released once the final decision on the remaining transfer is taken; expects that the final transfer will be completed by July 2015;
85. Welcomes the on-going cooperation between the two Committees in administrative matters and encourages them to further strengthen this cooperation, as further common goals and savings can be achieved; invites the EESC and the CoR to explore how their structural and organisational reforms could be pursued in a coordinated manner by deepening their bilateral cooperation;

Section VI – European Economic and Social Committee

86. Readjusts the standard abatement rate at its initial level of 4,5%, restoring the appropriations of EUR 503 450 cut by the Council, in order to allow the European Economic and Social Committee to cope with the continued reduction of staff;

Section VII – Committee of the Regions

87. Underlines that for the Committee of the Regions (CoR) the 2015 budget will be marked by an increase in its political activities, since the new (6th) CoR political mandate will start in February 2015 and will be the first year where the full effect of the instalment of the 5th political group in the CoR (ECR group) is included in the budget;

88. Strongly disagrees with the Commission's cuts of the expenditure directly linked to the political activities of the CoR ², notably those related to Members' travel and subsistence allowances, attendance at the meetings and associated expenditure or to the information and communication activities; increases, in the light of the start of the new CoR mandate, the concerned budget lines by EUR 332 523 (item 1004) and by EUR 81 000 (item 264);

Section VIII – European Ombudsman

89. Notes that the Council has decreased the draft budget of the Ombudsman by 1,7 %; underlines that this reduction will impose a major burden on the very limited budget of the Ombudsman and will have a major impact on the implementation of the new Ombudsman strategy and the institution's capacity to serve European citizens efficiently and effectively; restores therefore all the budget lines cut by the Council in order to enable the Ombudsman to fulfil his/her mandate and commitments;;

Section IX – European Data Protection Supervisor

90. Recalls that without taking into consideration the unavoidable legal obligations such as expenditure relating to the end of mandate of the EDPS Members or salary adjustments, the main increase over the 2014 budget is linked to the creation of the European Data Protection Board (EDPB) task-force as well as the new specific activities identified for the 2014-2020 period;

91. Restores the DB for the budget lines related to the new EDPS mandate (items: 1010, 1011, 2014), the creation of the EDPB task-force (items: 2010, 2012, 2013, 3030, 3031, 3032 and 3034) and those ensuring the proper functioning of the institution, notably in light of its new 2014-2020 strategy (items: 1110, 1120, 1122); underlines that horizontal cuts of expenditure may be extremely detrimental and counterproductive, especially for such a small institution;

² Due to the fact that the CoR Members are not receiving salaries at Union level, for their political activities in CoR the CoR budget reflects only the reimbursement of their travel and subsistence allowances as well as attendance allowances when participating in meetings.

Section X – European External Action Service

92. Readjusts the standard abatement rates to their initial level of 5,3% for the EEAS Headquarters (HQ), 2,7% for the delegations and 27% for the military SNEs and restores the appropriations as requested in the draft budget (+EUR 689 436 for the HQ, +EUR 616 863 for the delegations and +EUR 300 000 for the military SNEs); stresses that such an increase of the abatement rates will imply a reduction in staff beyond the mandatory 1% cut in the establishment plan and will, respectively, hamper its functioning and impede its development as a new body with growing tasks;
93. Restores the DB on all budget lines cut by the Council, notably those relating to the appropriations for security of the EEAS communications in order to allow the High Representative and its senior staff to participate efficiently in highly sensitive negotiations;
94. Urges that the EEAS communications systems be better protected against intrusions; deplores the fact that the Council equipped the EEAS with outdated systems for communications between the EEAS and the Member States on the one hand, and headquarters³ and delegations⁴ on the other hand, which must be replaced by new, safer and modern systems;
95. Supports the proposal of the High Representative to include in the EEAS budget the appropriations needed to open a new delegation in the Gulf area, where the Union is under-represented; increases therefore the concerned budget lines, as requested by the EEAS in its estimates, as follows: item 3001: +EUR 160 000, item 3003: +EUR 1,570 000, item 3004: +EUR 520 000;
96. Transfers from Section III to Section X of the budget the appropriation of “common administrative costs” (building rents and acquisitions, IT, furniture, etc.) for the Commission staff in delegations from the Commission's budget to the EEAS, a total appropriation of EUR 71,6 million in commitments and payments that will be consolidated and managed directly by the EEAS; underlines that this transfer is budgetary neutral and has no other impact on the administrative appropriations of the Commission nor on the working conditions of Commission staff in delegations and will respond to the simplification in the management of the administrative expenditure of the EU delegations requested by the EEAS, the Council and raised in a recent Court of Auditors report; insists that the transfer shall be implemented in good cooperation between the EEAS and Commission; calls on the Council to respect the budgetary neutrality of this agreement;

³ SOLAN: System for communications at the level "EU Secret" with Member States on military and intelligence matters inherited from the Council, which will lose its accreditation in 2015.

⁴ RUE: System for communication with delegations at the level of "EU Restricted", established by the Commission, which need to be replaced by a safer and user friendly system.

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97. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned and the national parliaments.

ANNEX

JOINT STATEMENT

Dates for the budgetary procedure and modalities for the functioning of the Conciliation Committee in 2014

A. In accordance with Part A of the annex to the interinstitutional agreement between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, the European Parliament, the Council and the Commission agree on the following key dates for the 2015 budgetary procedure:

1. A trilogue will be called on 10 July before the adoption of the Council's position;

[The Commission will endeavour to present the Statement of Estimates 2015 in early June.]

2. The Council will endeavour to adopt its position and transmit it to the European Parliament by week 36 (first week of September), in order to facilitate a timely agreement with the European Parliament;

[The Commission will formally adopt the Draft Budget on 24 June, and the DB 2015 will be available on line in all languages on 25 June.]

3. The European Parliament's Committee on Budgets will endeavour to vote on amendments to the Council's position by the end of week 41 (mid-October) at the latest;

[BUDG committee meetings scheduled for 29/9-1/10 and 6-7/10]

4. A trilogue will be called on 15 October before the reading of the European Parliament;

5. The European Parliament's Plenary will vote on its reading in week 43;

[Plenary session of 20-23 October]

6. The Conciliation period will start on 28 October. In agreement with the provisions of point c of Article 314(4) TFEU, the time available for conciliation will expire on 17 November 2014;

[Part E, point 13 of the annex to the IIA, states that: "The letter convening the Conciliation Committee shall be sent at the latest on the first working day of the week following the end of the parliamentary part-session during which the plenary vote was delivered, and the conciliation period shall start on the following day."]

It is necessary to send the letter on 27 October, i.e. the latest possible day, to ensure the

joint text can be adopted by both arms of the Budgetary Authority within 14 days of its agreement, noting that the relevant plenary session is in week 48.]

7. The Conciliation Committee will meet on 6 November hosted by the European Parliament and on 14 November hosted by the Council; the sessions of the Conciliation Committee will be prepared by trilogue(s). A trilogue is scheduled on 11 November. Additional trilogue(s) may be called during the 21-day conciliation period.
- B. The modalities for the functioning of the Conciliation Committee are set out in Part E of the annex to the above-mentioned interinstitutional agreement.
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