



Budgets Committee in "balancing act" to jumpstart EU growth

MEPs voted to boost EU 2012 spending by €30 million to support growth investments on Wednesday. The Committee's decision is an attempt to prevent Europe from slipping further into a crisis, as Italian MEP Francesca Balzani warned that the EU's "2020" growth strategy should not fall victim to the current austerity climate. At the same time, Members made cuts of €26 million in administration and foreign policy expenses.

MEPs in the European Parliament's Budgets committee were considering the EU's draft 2012 annual budget proposed by the Commission, following amendments made to it by Europe's 27 finance ministers meeting in the Council.

Seeking to add value at the European level

MEPs rejected cuts made by Council to financing for development in Europe's poorest countries, restoring the levels of "cohesion" expenditure originally proposed by the Commission.

They also voted to add €250 million in the agricultural budget for fruit and vegetable producers to prevent future crises such as last year's EHEC-bacteria food safety scare.

In the domain of external relations, though overall cuts were made, €100 million more was set aside for aid to Palestine, while Frontex, the EU's border agency, was allocated €25 million more than in the draft budget received from Council.

In the context of the current economic crisis and high indebtedness of EU countries, budget commissioner Janusz Lewandowski described the draft budget under consideration as a "delicate balancing act combining austerity and growth boosting measures".

Parliament's position in negotiations with the Council...

In June this year, MEPs already defended an increase in payment appropriations (money actually paid out in a given year on the basis of prior commitments) of 4.9% over 2011 for the next financial year, challenging EU Member States to explain publicly which of the EU's political priorities or projects they would otherwise be prepared to delay or drop altogether.

... and Council's

On 25th July, the Council opted for a freeze on the budget in real terms, thus allowing for an increase in payments of just 2.02% over 2011 (€129.1 billion), with inflation forecast at 2%. According to the Council, its position "takes due account of the member states' fiscal consolidation efforts whilst allowing the financing of the EU priorities".

Next steps

The Budgets Committee will vote on a draft budget resolution next week, explaining why its figures were adopted. Parliament will then vote its position at the 26 October plenary session. A 21-day conciliation period starts in November. If Parliament and Council can agree, the final budget could be approved by the end of November.