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REPORT

on the Guidelines for the Budget 2010 procedure
(2009/2005(BUD))

Section III – Commission

Committee on Budgets

Rapporteur: László Surján

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Guidelines for the Budget 2010 procedure, Section III – Commission (2009/2005(BUD))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2009,
 - having regard to the Commission's updated financial programming 2007-2013, as submitted on 30 January 2009 in accordance with Point 46 of the Interinstitutional Agreement (IIA) of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹,
 - having regard to the Commission Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on its Annual Policy Strategy for 2010 (COM(2009) 0073) and, in particular, Part II thereof,
 - having regard to the aforementioned IIA of 17 May 2006,
 - having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
 - having regard to Rule 112(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A6-0111/2009),
- A. whereas 2010 will bring a mid-term evaluation of many multiannual programmes
- B. whereas both the European Parliament and the European Commission will be newly constituted by the end of 2009,

Budgetary overview

1. Notes that the Multiannual Financial Framework (MFF) for 2007-2013 sets out a challenging amount of budgetary resources for 2010, namely EUR 139 489 000 000 in commitments, which represents 1,02% of EU GNI, and EUR 133 505 000 000 in payments, which constitutes 0,97% of EU GNI (in current prices), and recalls that the next adjustment of the MFF will take place in April 2009, just before the publication of the PDB 2010;
2. Takes into account that the amounts set out in the MFF for each heading are the maximum amounts of expenditure and constitute the frame for annual budgets; wishes to see the final budget closer to these upper limits, which might help to finance numerous aims of vital importance of the European Union without jeopardising current policies and programmes; notes that some community programmes are still under-financed; states that the Union needs more ambitious financial and budgetary decisions to allow it to assume

¹ OJ C 139, 14.6.2006, p. 1.

its role mainly in the area of economic growth and jobs and in the external policy area where the resources are scarce;

3. Emphasises that Parliament will use all the means available under the IIA of 17 May 2006, including, the use of the legislative flexibility of 5% (Point 37 of that IIA) over the MFF period 2007-2013 in order to see its political priorities carried through;
4. Also notes that weak implementation of annual budgets leads to an even lower executed budget, mainly due to the system of complicated rules and requirements imposed by both the Commission and/or Member States and to the weak implementation capacity of Member States, which results in a substantial amount of RALs (restes à liquider); urges the Commission and the Member States to facilitate implementation by reducing self-imposed bureaucratic burdens and simplifying the management systems where possible, notably of the Structural Funds;
5. Underlines the importance of good interinstitutional cooperation in the context of which the Commission provides the budgetary authority with all necessary background information;
6. Considers a clear and comprehensive presentation of the Union's budget to be necessary; intends to follow up closely the financial programming to allow the appropriate budgetary decisions to be taken; welcomes the Commission's improved presentation of its financial programming documents; wishes the modifications that the Commission has made to its financial programming, however, to appear more distinctively and clearly; calls for further clarification in the allocation between operational and administrative expenditure; notes that an already substantial amount of what is, in reality, administrative expenditure is financed from operational allocations;
7. Asks the Commission, in its preparation for the preliminary draft budget (PDB) for 2010, to produce clear, consistent and sound activity statements for each policy area in order to enable all relevant European Parliament committees to thoroughly scrutinise the implementation of the various EU programmes and policies; in that respect, expects to see the appropriate evolution and implementation of the major budgetary decisions previously undertaken such as Galileo, EIT and food aid;
8. Points out the importance of the principle of "sound budgeting"; asks the Commission to prepare a PDB that addresses the current challenges and provides for a sustainable budget for the ongoing policies; is particularly concerned about the budgetary needs for 2010 in Headings 1a and 4 of the MFF; wishes to underline that the Flexibility Instrument is intended to finance unforeseen political challenges and is only one of the tools enabling additional funding;
9. Welcomes the setting-up of an interinstitutional working group on decentralised agencies; reminds the Commission of the need to take into account assigned revenues when establishing the PDB 2010 for existing decentralised agencies; insists that those agencies depending to a large extent on revenues generated by fees must still be able to use this instrument in its entirety to give them the needed budgetary flexibility;
10. Supports the different assistance instruments under Heading 4; recalls that a constant

preoccupation of the Parliament is that Heading 4 of the MFF suffers from serious under-funding; points out that if the Union is to live up to its promises and its ambitions as a global player, it must ensure that the needs of developing countries are fully reflected in the strategic choices of financing mechanisms in the area of development cooperation;

11. Recalls the procedure laid down in Point 23 of the IIA of 17 May 2006; recalls, nevertheless, that there have already been several changes reducing the margins available and that it is therefore difficult to finance new measures without fresh money; favours finding long-term solutions which would make the EU budget sufficient to meet all needs instead of shifting appropriations between headings; underlines that margins available under each heading of the MFF (especially Heading 2) cannot be taken for granted, due to changing economic conditions; considers it more appropriate to address directly the category of expenditure that is insufficient in order to avoid hindering other areas of expenditure; considers that in the absence of flexibility within and across headings, a revision of the MFF reflects most budgetary principles; regrets that in the current context, the Council has not taken a constructive approach for using the existing flexibility mechanisms; considers that the mid-term review of the MFF should also address the chronic under-funding of certain categories of expenditure;
12. Expresses its readiness to take into account the outcomes of the mid-term review covering all aspects of EU spending and resources, including the UK rebate, the Commission report on the functioning of the IIA by the end of 2009 foreseen by the IIA of 17 May 2006 as well as the mid-term evaluation of the on-going multiannual programmes;

Acting to face the challenges

13. Recalls that enormous challenges should be met in the EU budget 2010; points out that the key objective is to put European citizens first and give them more safety, which requires special attention to be given to: the recent financial and economic crisis and its impact on growth and competitiveness, jobs and cohesion, better and simpler implementation of structural funds; enhancing energy supply and transport safety; as well as internal security, meaning particularly immigration, the fight against terrorism, demographic challenges, and also the matter of climate change and environmental protection, social cohesion, security of its citizens, and the strengthening of the role of the Union in the world;
14. Calls on the Commission to take into account the abovementioned circumstances when deciding on the PDB; expects the Commission to present solid and useful proposals to allow a meaningful budgetary discussion within the budgetary authority;
15. Welcomes the Commission's intention to contribute to economic and social recovery, reinforce energy efficiency and combat climate change and continue the delivery of aid in particular to Kosovo, the Middle East, Afghanistan and Georgia as expressed in the Annual Policy Strategy for 2010; expects the Commission, having identified some of the major priorities, to reflect them in PDB, and to provide sufficient financial resources;

Responding to the global financial and economic crisis

16. Emphasises that, in a time of global financial and economic crisis, Member States have responded with their individual aid measures; strongly believes that the Union has to react rapidly with measures that have a direct impact on the economy and has to support the Member States with accompanying actions, particularly those stimulating economic growth, as this would result in encouraging investments by the private sector and therefore help to overcome the danger of job losses, to promote job creation and to support SMEs in the short and longer term;
17. Stresses that the current context of economic crisis could be seen as an opportunity to increase investments in green technologies, which may require modifications to current financial programmes;
18. Welcomes the intention of the Commission to respond to the economic crisis and reiterates its willingness to negotiate with Council the appropriate budgetary solution as soon as possible; believes that the decision on the projects to be financially supported would be facilitated by a geographically balanced proposal; calls on the Council to assume its responsibility and make the European dimension of the recovery plan a reality;
19. Is worried that SMEs in particular will suffer from the economic crisis and will be cut off from urgently needed financing; therefore emphasises the importance of strengthening EU funds supporting SMEs, particularly those working in the area of research, development and innovation; points out, in this context, that the Competitiveness and Innovation Framework Programme (CIP) can provide effective support for their innovation activities;
20. Is concerned that the current margin under Heading 1a, estimated at EUR 111 599 000, does not allow the effects of the economic crisis to be appropriately addressed;
21. Considers that the tremendous opportunities of information and communication technologies (ICTs) foster growth and innovation, thereby contributing to achieving the goals of the Lisbon strategy and to overcoming the current economic crises; recalls that the European Research Area is more than ever a cornerstone for a European knowledge society and also recalls the need to overcome the fragmentation of research activities, programmes and policies across Europe; in this context, points out the importance of granting adequate funding to assure the proper implementation of these projects;

Providing Energy and Transport Security

22. Recognises that, as a result of the recent energy crisis, there is an enormous need for projects which bring energy security to the Union through diversification of resources and interconnection of energy markets; stresses that the Union's security of energy supply as well as the principle of energy solidarity are top priorities on the EU agenda and must also be appropriately reflected in the EU budget; sees the increased energy investment also as a tool for fighting the economic crisis and favours the idea of advancing EU budget expenditure on key energy infrastructure projects;
23. Points out that the recent gas crisis and the volatility of oil prices have shown again the vulnerability of the European energy supply system; underlines that the lack of alternative (renewable) energy sources, alternative energy transport routes, energy source

storage capacity and energy transport interconnections among Member States is detrimental to the energy independence of Europe and the well-being of its people; therefore the Union should be better prepared for times of energy shortage;

24. Wishes to explore the possibilities of further EU financing in those areas; expects the Commission to propose strong actions in support of the realisation of diversified gas transport routes, particularly the Nabucco project; points out, in this context, the role of the European Investment Bank, in bringing about leverage effects and in helping mobilise private sector participation, bearing in mind, however, the issue of democratic accountability;
25. Recognises that transport, especially the TEN-T programme, was always a high priority for Parliament; stresses the importance of developing the necessary rail, sea and road transport infrastructure and wishes to accelerate the implementation of projects in 2010; notes the importance that the Union attaches to reducing the impact of climate change and is of the opinion that priority should be given to proposals that can exploit the energy-saving potential;

Environmental protection and combating climate change

26. Recalls that combating climate change is also connected to energy security and that promoting energy efficiency and energy savings, increasing the share of renewable energy are also tools of higher energy supply security;
27. Points out that climate change has a widely recognised impact on Europe's environment, economy and society; in this context, reiterates its conviction that measures to mitigate climate change are still not satisfactorily included in the EU budget, since significant additional EU resources for energy efficiency and renewable energy technologies are needed and should be deployed to help to meet the Union's 2020 targets; stresses that it will support all efforts to increase and concentrate adequate financial resources to mitigate the consequences of climate change; reminds the Commission that the budget authority voted for the 2009 Budget in favour of extra funding in order to boost the fight against climate change; calls on the Commission to implement this increase; recalls its resolution of 23 October 2008 on the draft general budget of the European Union for the financial year 2009¹ which invites the Commission to present, by 15 March 2009, an ambitious plan for an adequate increase of climate change funds which considers the establishment of a specific "climate change fund" or the creation of a dedicated budget line which would improve the budget capability to deal with these issues;
28. Encourages the Commission to increase, from 2009 onward, financial support to an appropriate level for new sustainable energy (meaning in particular zero carbon) technologies;
29. Recalls the responsibility towards future generations to take cost-effective steps to maintain environmental protection; reiterates that EU action needs to be taken in a global context, and therefore regrets the fact that European actions are not followed by actions of other actors, which has serious effects on the competitiveness of the Union; recognises

¹ Texts Adopted, P6_TA(2008)0515.

that the current European Globalisation Adjustment Fund will be unable to prevent the consequences of relocations, decreasing production and job losses;

30. Recalls its resolution of 20 November 2008 on the European space policy¹ and reiterates its position that the Council and Commission should submit specific recommendations and proposals in this policy area accompanied by appropriate funding;

Reinforcing internal security

31. Recalls that the funding for issues such as border protection, civil protection, the fight against terrorism are to be maintained and should be reinforced in 2010, because these policies directly address the fears of European citizens; notes that promoting food safety also remains a priority; regrets that, according to the financial programming of January 2009, the funding for these issues is increased in Heading 3a moderately and remains almost unchanged for citizenship, Heading 3b according to the 2010 APS compared to the 2009 Budget, although they address significant concerns of European citizens;
32. Considers that special attention should be given to border protection in connection with the problem of illegal immigration and that the efforts of Member States should be supported by the Union;

Improving the quality of spending

33. Insists that improving implementation and the quality of spending should constitute a guiding principle for achieving the best outcomes of the EU budget; calls on the Commission and the Member States to gear their efforts in this direction and monitor closely the implementation of policies, and particularly of Heading 1B on structural policies;
34. Requests the Commission to keep the budgetary authority informed and to reflect on appropriate actions that would boost implementation; wishes to continue reflection in line with the joint declaration of 21 November 2008 on acceleration of the implementation of the structural and cohesion funds; wishes to expand the acceleration of implementation to other policy areas too;
35. Expects the Commission to present a proposal for the next regular revision of the Financial Regulation, including real proposals for simplification; expects the Commission to put pressure on the Council to develop and improve the working conditions in OLAF's fight against fraud with regard to the proposals made by Parliament in connection with Regulation (EC) No 1073/1999;
36. Requests the Commission via its responsible services, including OLAF, to support Bulgaria and Romania in their efforts with respect to the verification and cooperation mechanism and the management of EU funds; calls on the Commission to follow closely the developments in Kosovo and the Balkan states with regard to the implementation and proper management of EU funds and to establish a successor organisation for the ITF to follow up the fight against fraud and irregularity;

¹ Texts Adopted, P6_TA(2008)0564.

37. Wishes to see administrative expenditure at more efficient levels compared to operational expenditure; believes the effectiveness of the EU's public administration is essential in achieving the best use of the EU budget; has in the previous budget year reduced administrative expenditure compared to operational expenditure and invites the Commission to continue in this direction;
38. Notes with concern that an increasing number of staff employed by the European Union are neither visible in the institutions' establishment plans, as adopted by the budgetary authority, nor financed under Heading 5 of the MFF; is determined to continue the screening exercise concerning Commission staff and the balanced representation of the Member States; will also monitor closely the Commission's building policy in Brussels;

Safeguarding the EP's prerogatives

39. Underlines that pilot projects and preparatory actions provide the Parliament with the possibility of paving the way for new policies and activities that enrich the Union's actions; stresses that, even though the limited margins jeopardise the full use of this tool as provided for in the IIA of 17 May 2006, it intends to use the full amounts set aside for pilot projects and preparatory actions, in Annex II, Part D to the IIA of 17 May 2006, should the proposals so require;
40. Recalls the incontrovertibly positive performance, both in participation and implementation terms, of the different Erasmus pilot projects launched by Parliament over the past years (Erasmus apprentices, Erasmus young entrepreneurs, Erasmus secondary school, Erasmus public administration) as well as of the traditional Erasmus programme; confirms the need for the Union to further invest in this field; believes that a substantial increase of the global financial envelope allocated to all Erasmus lines is needed in order to considerably raise (up to 1 000 000 per year) the number of young people participating in the 'European Erasmus policy'; is convinced that this measure is essential to respond correctly to the difficulties that Europe is encountering in its integration process as well as to help resolve the current economic crisis;
41. Draws attention to the need for sufficient funding to be made available for communication policy, notably that it be in alignment with the objectives set out in the common Declaration on Communicating Europe in Partnership adopted by Parliament, the Council and the Commission in October 2008;
42. Stresses that it has made efforts to adopt its guidelines for the 2010 budget at an early stage; therefore expects the Commission to take them on board in the preparation of the PDB;

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

EXPLANATORY STATEMENT

Your rapporteur is committed to the idea of values and results based budgeting which will be a driving force of the actions of the European Parliament.

In the beginning of the second 50 year of the European Union, its citizens live in apprehension and insecurity. The current problems of economic crisis, energy supply, climate change, illegal immigration, crime, and terrorism show that the EU has to provide clear and determined help: we would like to give more security and safety to the European citizens.

Every year the margins available under the different expenditure ceilings of the MFF are restricted and the possibilities for financing new priorities and to respond to the expectations of the citizens are limited. Compared to the numerous aims of vital importance of the European Union, community programmes are still underfinanced. However the final voted budgets are well below the amounts indicated in the Multiannual Financial Framework. The implementation of annual budgets remains on an even lower level resulting enormous amounts of RALs.

A solution to this problem could be to demolish the system of complicated rules and requirements imposed by the Commission and improving implementation capacity of Member States reducing their self imposed bureaucratic burdens. The European Parliament will closely monitor the actions taken by the Commission and the Member States to boost implementation.

Your rapporteur also emphasises the need for securing the credibility of the European Parliament, i. e.: being the driving force behind promoting meaningful projects with clear links to budgetary items.

Common spending of the European Union needs to focus to the largest possible extent on those areas, where funds bring more safety and security and can be used more efficiently. There is also a need to focus on those areas that are really in need of additional financial resources.

In the 2010 budgetary procedure a high level of transparency will be expected in the spirit of good interinstitutional cooperation. Coherence is required among the Annual Policy Strategy, the Preliminary Draft Budget, the final voted budget and implementation. The European Parliament expects the Commission to reflect parliament's priorities and prerogatives in the PDB.

Your rapporteur is committed to use the full amounts provided for pilot projects and preparatory actions, however is disappointed with the fact that small margins in different headings could jeopardize the full use of these tools. It is the right of every Member of the EP to propose PPs/PAs. This right will be secured in Budget 2010 as in previous years.

Europe needs a budget that reflects future challenges not its past political arguments. There needs to be a radical shift if it is to reflect the future priorities of Europeans.¹ Your rapporteur intends to contribute in this direction, knowing the limitations of the annual budgetary procedure.

¹ Briefing papers - Committee on Budgets Workshop "Does the EU have sufficient resources to meet its objectives on energy policy and climate change? - the follow up" - 21 January, 2009

19.2.2009

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgets

on the guidelines for the 2010 budget procedure
(2009/2005(BUD))

Section III- Commission

Rapporteur: Gay Mitchell

SUGGESTIONS

The Committee on Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Is extremely concerned about the global economic downturn and its multiple repercussions for developing countries; points out that the financial crisis occurs at a time of extreme vulnerability for developing countries, induced by the food crisis and environmental challenges, the combination of which will generate acute new needs; stresses that as the levels of private investment flows and migrants' remittances decline, it is critical that the European Union increase aid flows and find other, innovative solutions for development finance to mitigate the impact;
2. Stresses that the triple shock facing developing countries - financial, food and environmental - threatens to erode substantially the progress made so far towards the achievement of the Millennium Development Goals (MDGs) by 2015, in particular due to the likelihood of a sharp decline in spending on social sectors by developing countries; points out that if the EU is to live up to its promises and its ambitions as global player, it must ensure that the needs of developing countries be fully reflected in the strategic choices of financing mechanisms in the area of development cooperation; calls in particular for the use of increased development support, simplification of procedures and predictable, sustainable, additional, adequate and innovative sources of financing for development;
3. Insists that EU Member States must increase their Official Development Assistance (ODA) to levels consistent with the commitments made; notes that the EU budget can

make a meaningful contribution towards meeting the collective target of 0,56 % of gross national income (GNI) for ODA by 2010 and 0,7 % by 2015;

4. Points out that the financing situation of Heading 4 of the EU budget is badly overstretched as a result of a large number of newly arising needs unforeseen at the time the Financial Perspectives 2007-2013 were established; calls for a revision of the Multiannual Financial Framework to remedy this unsustainable situation.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.2.2009
Result of final vote	+: 19 -: 0 0: 0
Members present for the final vote	Thijs Berman, Thierry Cornillet, Corina Crețu, Alexandra Dobolyi, Fernando Fernández Martín, Alain Hutchinson, Romana Jordan Cizelj, Filip Kaczmarek, Glenys Kinnock, Maria Martens, Gay Mitchell, José Javier Pomés Ruiz, José Ribeiro e Castro, Toomas Savi, Frithjof Schmidt, Jürgen Schröder
Substitute(s) present for the final vote	Miguel Angel Martínez Martínez, Manolis Mavrommatis, Gabriele Zimmer
Substitute(s) under Rule 178(2) present for the final vote	Emilio Menéndez del Valle

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	24.2.2009
Result of final vote	+: 41 -: 1 0:
Members present for the final vote	Laima Liucija Andrikienė, Richard James Ashworth, Glenn Bedingfield, Reimer Böge, Costas Botopoulos, Daniel Dăianu, Vasilica Viorica Dăncilă, Valdis Dombrovskis, James Elles, Szabolcs Fazakas, Vicente Miguel Garcés Ramón, Salvador Garriga Polledo, Catherine Guy-Quint, Jutta Haug, Anne E. Jensen, Wiesław Stefan Kuc, Zbigniew Krzysztof Kuźmiuk, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Alexandru Nazare, Gérard Onesta, Esko Seppänen, Nina Škottová, Theodor Dumitru Stolojan, László Surján, Kyösti Virrankoski, Ralf Walter
Substitute(s) present for the final vote	Juan Fraile Cantón, Zdzisław Kazimierz Chmielewski, Vytautas Landsbergis, Manolis Mavrommatis, Juan Andrés Naranjo Escobar, Béatrice Patrie, Paul Rübig, Jacek Saryusz-Wolski, György Schöpflin, Margarita Starkevičiūtė, Peter Šťastný, István Szent-Iványi, Janusz Wojciechowski, Zbigniew Zaleski