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REPORT

on the amended proposal for a decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (2007-2013)
(COM(2009)0171 – C6-0508/2008 – 2008/2332(ACI))

Committee on Budgets

Rapporteur: Reimer Böge

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	5
EXPLANATORY STATEMENT	8
RESULT OF FINAL VOTE IN COMMITTEE.....	11

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the amended proposal for a decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework(2007-2013)

(COM(2009)0171- C6-0508/2008 - 2009/2332(ACI))

The European Parliament,

- having regard to the amended Commission proposal to the European Parliament and the Council (COM(2009)0171),
 - 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 management¹ (IIA of 17 May 2006), and in particular to Points 21, 22 and 23 thereof,
 - having regard to its resolution of 25 March 2009 on the Mid-term Review of the 2007-2013 Financial Framework² and of 10 March 2009 on Guidelines for the 2010 budget procedure³,
 - having regard to the Conclusions of the Trialogue held on 2 April 2009,
 - having regard to the report of the Committee on Budgets (A6-0278/2009),
1. Approves the conclusions of the Trialogue of 2 April 2009;
 2. Stresses that the agreement reached on the revision of the multiannual financial framework is the result of successful interinstitutional cooperation in responding to the financial and economic crisis that Member States are experiencing, through the promotion of solidarity in the energy resources field and the promotion of broadband in rural areas as well as the support to the agriculture sector;
 3. Recalls that with this agreement the Parliament, in its double capacity of legislative and budgetary authority, has protected its existing priorities, as it did during the 2008 budgetary procedure when an agreement on Galileo financing was reached;
 4. Agrees to the political compromise which provides for a compensation mechanism planned for the 2010 budgetary procedure, as well as - but only if necessary - for the 2011 budgetary procedure; recalls that, as stated in the Joint Declaration adopted by the European Parliament, the Council and the Commission during Trilogue on 2 April 2009, the compensation mechanism will be without prejudice to the financial envelopes of the co-decided programmes and the annual budgetary procedure and will be financed by using all budgetary means available in the budgetary legal framework;

¹ OJ C 139, 14.6.2006, p. 1.

² Texts adopted, TA_P6(2009)0174.

³ Texts adopted, TA_P6(2009)0095 and 0096.

5. Reiterates that deficits and leftovers are still unresolved from the outcome of the negotiations of the IIA of 17 May 2006 and that these deficits should be addressed in the 2008-2009 mid-term review, as provided for in Declaration 3 of the IIA of 17 May 2006, as well as in the course of the annual budgetary procedures, if possible through more flexibility and in any case by all means foreseen by the IIA of 17 May 2006; recalls, as stated by Parliament in its unilateral declaration during Trilogue on 2 April 2009, that the Commission should take on board during the mid-term review process the principles laid down in its resolution adopted on 25 March 2009;
6. Cautions against the regular use of margins under heading 2 to finance other headings, since this could jeopardise the interests of the agricultural sector, in light of unexpected decreases in market prices;
7. Regrets that the agreement with the Council was reached only two months before the end of parliamentary term, leaving less space for the negotiations, and regrets that this put the institutions under pressure, even if in the usual climate of loyal cooperation;
8. Approves the decision annexed to this resolution;
9. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the Official Journal of the European Union;
10. Instructs its President to forward this resolution, including its annex, to the Council and Commission.

ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of XX xxxx 2009

amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (2007-2013)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial management¹, and in particular to Points 21, 22, first and second paragraphs, and 23 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) At the trilogue meeting of 2 April 2009 the European Parliament, the Council and the Commission have agreed on the financing, in the framework of the European Economic Recovery Plan for modernisation of infrastructures and energy solidarity, of projects in the field of energy and broadband internet, as well as for strengthening operations related to the "new challenges" defined in the context of the assessment of the 2003 mid-term reform of the Common Agricultural Policy ("Health Check")². The financing requires, as a first step, a revision of the multiannual financial framework 2007-2013 in accordance with Points 21, 22, and 23 of the Interinstitutional Agreement, so as to raise the ceiling for the year 2009 for commitment appropriations under sub-heading 1a by an amount of EUR 2 000 000 000 in current prices.
- (2) The increase of the ceiling for sub-heading 1a will be fully offset by decreasing the ceiling for commitment appropriations under heading 2 for the year 2009 by EUR 2000 000 000.
- (3) In order to keep an appropriate relationship between commitments and payments, the annual ceilings for payment appropriations will be adjusted. The adjustment will be neutral.

¹ OJ C 139, 14.6.2006, p. 1.

² COM(2008) 800.

- (4) Annex I of the Interinstitutional Agreement on budgetary discipline and sound financial management should therefore be amended accordingly¹,

HAVE DECIDED AS FOLLOWS:

Sole Article

Annex I to the Interinstitutional Agreement on budgetary discipline and sound financial management is replaced by the Annex to this Decision.

Done at Brussels, [...]

For the European Parliament
The President
[...]

For the Council
The President
[...]

¹ For that purpose, the figures resulting from the above agreement are converted into 2004 prices.

FINANCIAL FRAMEWORK 2007-2013 REVISED FOR EUROPEAN ECONOMIC RECOVERY PLAN (CONSTANT 2004 PRICES)

(EUR million - constant 2004 prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
1. Sustainable Growth	50.865	53.262	55.883	54.860	55.400	56.866	58.256	385.392
1a Competitiveness for Growth and Employment	8.404	9.595	12.021	11.000	11.306	12.122	12.914	77.362
1b Cohesion for Growth and Employment	42.461	43.667	43.862	43.860	44.094	44.744	45.342	308.030
2. Preservation and Management of Natural Resources	51.962	54.685	52.205	53.379	52.528	51.901	51.284	367.944
of which: market related expenditure and direct payments	43.120	42.697	42.279	41.864	41.453	41.047	40.645	293.105
3. Citizenship, freedom, security and justice	1.199	1.258	1.380	1.503	1.645	1.797	1.988	10.770
3a Freedom, Security and Justice	600	690	790	910	1.050	1.200	1.390	6.630
3b Citizenship	599	568	590	593	595	597	598	4.140
4. EU as a global player	6.199	6.469	6.739	7.009	7.339	7.679	8.029	49.463
5. Administration ⁽¹⁾	6.633	6.818	6.973	7.111	7.255	7.400	7.610	49.800
6. Compensations	419	191	190					800
TOTAL COMMITMENT APPROPRIATIONS	117.277	122.683	123.370	123.862	124.167	125.643	127.167	864.169
as a percentage of GNI	1,08%	1,09%	1,07%	1,05%	1,03%	1,02%	1,01%	1,048%

TOTAL PAYMENT APPROPRIATIONS	115.142	119.805	110.439	119.126	116.552	120.145	119.391	820.600
as a percentage of GNI	1,06%	1,06%	0,96%	1,01%	0,97%	0,98%	0,95%	1,00%
Margin available	0,18%	0,18%	0,28%	0,23%	0,27%	0,26%	0,29%	0,24%
Own Resources Ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

EXPLANATORY STATEMENT

On 10 December 2008 the Commission presented a proposal on the revision of the MFF in order to finance transeuropean energy interconnections and broadband infrastructure projects in the context of the European Economic Recovery Plan. In particular the Commission proposed to increase the annual ceiling for commitments under heading 1a for an amount of 3bn in 2009 and 2 bn in 2010. Accordingly the increase was to be offset by decreasing the annual ceiling of heading 2 by 3.5 bn in 2009 and 2.5 bn in 2010.

On 28 January 2009, the Commission also presented two proposals for regulations to provide the revision of the MFF and related investments with a legal basis. These proposals set changes to the first budgetary provisions modifying the MFF foreseen in December 2008. In particular the Commission proposed to set the increase of heading 1a ceiling at 3.5 bn for projects in the field of energy and to foresee 1.5 b under the ceiling of heading 2 for developing broadband in the rural areas and respond to the challenges identified within the framework of the midterm reform of Agricultural policy (so-called "Health check").

As major agreement problems were outstanding in the Council, one had to wait for the European Council of 20 March to find out a possible solution to the refusal of some Member States to finance the two abovementioned proposals as well as on the controversial list of energy related projects.

In the Joint declaration resulting from the trialogue of 2 April between the budgetary authority and the Commission new provisions were agreed to finance the actions foreseen under the regulations proposals and in view of modifying the MFF. In particular the agreement foresees a two steps approach:

An amount of EUR 5bn will be made available as follows:

- Step 1: EUR 2.6bn:

heading 1a ceiling should be increased of 2 bn euro in 2009n by decreasing the ceiling of Heading 2 by the same amount; 600 million would be added to rural development from 2009 budget.

- Step 2: EUR 2.4bn:

the remaining 2,4 b would be secured through a compensation at the conciliation of the 2010 and 2011 budgetary procedures by using all means foreseen in its legal framework and without prejudice to the financial envelopes of the co-decided programmes and the annual budgetary procedure.

As far as projects are concerned, the financing foresees the following breakdown:

"EUR 3 980 million will be made available for the financing of energy projects under heading 1 a of the financial framework: EUR 2 000 million in 2009 and EUR 1 980 million in 2010;

EUR 1 020 million will be made available within heading 2 for developing broadband internet in rural areas and strengthening operations related to the 'new challenges' defined in the context of the Health Check"

The Commission Decision proposal responds to the 2009 budget need for modification of the MFF as agreed on 2 April. The modification implies the increase of 2 bn EUR in Heading 1a ceiling and the decrease of ceiling of Heading 2 by the same amount. As 600 million EUR would be added to rural development from 2009 budget, the margin of Heading 2 left for 2009 is of 900 million EUR, which will be available to cope with unexpected events in the agricultural sector for the rest of the year.

The Interinstitutional Agreement of 17 May 2006 foresees the possibility to modify the MFF in order to respond to unexpected situations. In its Decision proposal the Commission foresees to review the MFF to provide an increase of the ceiling of Heading 1a of 2 bn EUR by decreasing the ceiling for commitments under Heading 2 for 2009 and in order to finance projects in the energy sector.

The Rapporteur recommends to adopt the Commission Decision proposal attached to the draft resolution.

Here below the table on Financial Framework 2007-2013 revised for European Economic Recovery Plan (Current prices).

FINANCIAL FRAMEWORK 2007-2013 REVISED FOR EUROPEAN ECONOMIC RECOVERY PLAN (CURRENT PRICES)

(EUR million - current prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
1. Sustainable Growth	53.979	57.653	61.700	61.782	63.638	66.628	69.621	435.001
1a Competitiveness for Growth and Employment	8.918	10.386	13.272	12.388	12.987	14.203	15.433	87.587
1b Cohesion for Growth and Employment	45.061	47.267	48.428	49.394	50.651	52.425	54.188	347.414
2. Preservation and Management of Natural Resources	55.143	59.193	57.639	60.113	60.338	60.810	61.289	414.525
of which: market related expenditure and direct payments	45.759	46.217	46.679	47.146	47.617	48.093	48.574	330.085
3. Citizenship, freedom, security and justice	1.273	1.362	1.523	1.693	1.889	2.105	2.376	12.221
3a Freedom, Security and Justice	637	747	872	1.025	1.206	1.406	1.661	7.554
3b Citizenship	636	615	651	668	683	699	715	4.667
4. EU as a global player	6.578	7.002	7.440	7.893	8.430	8.997	9.595	55.935
5. Administration ⁽¹⁾	7.039	7.380	7.699	8.008	8.334	8.670	9.095	56.225
6. Compensations	445	207	210					862
TOTAL COMMITMENT APPROPRIATIONS	124.457	132.797	136.211	139.489	142.629	147.210	151.976	974.769
as a percentage of GNI	1,02%	1,08%	1,15%	1,15%	1,13%	1,12%	1,11%	1,11%
TOTAL PAYMENT APPROPRIATIONS	122.190	129.681	121.934	134.155	133.882	140.769	142.683	925.294
as a percentage of GNI	1,00%	1,05%	1,03%	1,10%	1,06%	1,07%	1,04%	1,05%
Margin available	0,24%	0,19%	0,21%	0,14%	0,18%	0,17%	0,20%	0,19%
Own Resources Ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%	1,24%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.4.2009
Result of final vote	+: 18 -: 0 0: 0
Members present for the final vote	Glenn Bedingfield, Reimer Böge, Brigitte Douay, James Elles, Salvador Garriga Polledo, Catherine Guy-Quint, Jutta Haug, Anne E. Jensen, Alain Lamassoure, Liene Liepiņa, Vladimír Maňka, Alexandru Nazare, Esko Seppänen, Nina Škottová, László Surján, Ralf Walter
Substitute(s) present for the final vote	Michael Gahler, Paul Rübig