



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 14 January 2013

5314/13

**PE 11
BUDGET 1
INST 26
JAI 22**

NOTE

from: General Secretariat of the Council
to: Delegations
Subject: Summary record of the meeting of the European Parliament **Committee on Budgetary Control (CONT)**, held in Brussels on 10 January 2013

The meeting was chaired by Mr Thuerer (ALDE, DE) and Mr Sonik (S&D, PL).

Item 3 on the agenda

Election of CONT Vice-Chair

This item was postponed

Item 4 on the agenda

European Investment Bank - Annual Report 2011

CONT/7/11152

Rapporteur: M. AUDY (PPE)

- Adoption of draft opinion

All the amendments were adopted and the opinion, as modified, was unanimously adopted.

Item 5 on the agenda

2011 discharge: EU general budget, European External Action Service

CONT/7/10503

Rapporteur: Mr CZARNECKI (ECR)

- Exchange of views with the High Representative of the Union for Foreign Affairs and Security Policy, **Baroness Catherine Ashton**, in the presence of the Member of the European Court of Auditors responsible, **Karel Pinxten**

Mr Pinxten, Member of the Court of Auditors (CoA), acknowledged that 2011 had been a difficult year for the European External Action Service (EEAS) because, newly set up, it had had to deal at the same time with its administrative organisation and with particularly dramatic world events such as the Arab Spring. Concerning relations between the EEAS and DEVCO, Mr Pinxten argued that responsibilities had to be clearly allocated and understood. With respect to the 2011 annual report, he first presented the chapter on administrative expenditure. Here, he said that the CoA had drawn attention to two problems in the management of human resources (chapter 9), i.e. information on family situations that was not up to date and resulted in erroneous family allowances, and certain temporary staff contracts that had been signed after the staff concerned had taken up their duties. Some problems in procurement were also highlighted by the CoA. Concerning the programming of aid (chapter 7), Mr Pinxten highlighted the risks relating to budget support when weak or corrupt countries were the recipients.

High Representative (HR) Ashton welcomed the input from the EP on how to consolidate the administrative and financial management system of the EEAS and reassured MEPs with regard to the efforts of the EEAS to make the best use of limited resources. She insisted on the added value of the EEAS in providing a cost-effective contribution to foreign policy, noting that some Member States now relied on the EEAS when deciding to scale back their national diplomatic services. HR Ashton informed the Members of the two screening exercises carried out by the EEAS to eliminate duplication and identify efficiency savings, but acknowledged that some aspects needed to be improved, such as the parallel financial circuits in delegations for EEAS and Commission budgets and the recruitment and personnel policies. Replying to the comments made by the CoA, HR Ashton reassured Mr Pinxten by saying that the errors identified by the Court - as a result of the difficult phase that the EEAS had experienced right after it had been set up - had now been corrected. She acknowledged that budget support entailed certain risks but considered that budget support was crucial in order to build capacities in weak States.

Members put a wide range of questions on the administrative expenditure of the EEAS, focusing mainly on coordination between the EEAS, the Commission and the national embassies, recruitment costs, the organisation chart and the overall budget of the EEAS.

Mr Czarnecki (ECR, PL), rapporteur for the EEAS discharge, asked in particular for more details on the role of the EEAS Secretary-General and the mandate of the EU special representatives.

Ms Grässle (EPP, DE) expressed concerns regarding what she considered to be the huge costs of the recruitment procedure in the EEAS. HR Ashton replied that certain measures had been taken to reduce costs, such as interviews held by video-conference or interviews to be held on the same day if an applicant had applied for two different posts. She also invited MEPs to take into account the fact that candidates were coming from all over the world (i.e. national diplomats in overseas posts), so that travel costs for interviews were naturally high. Chief operating officer O'Sullivan added that such costs were rather exceptional and linked to the objective of recruiting one third of EEAS staff from the national diplomatic services. From now on, he added, the recruitment exercise would become less intense and costs would consequently decrease. Ms Grässle also questioned the HR on the exchange of information between the EEAS and Member States. HR Ashton said that Member States were increasingly using EEAS reporting, which was a very positive signal. The issue of the confidentiality of information received and supplied was crucial, she added, and the EEAS was still working on making Member States feel confident about this. On the excessive number of high ranking positions in the organisation chart, Mr O'Sullivan said that the situation in the EEAS was not very different from that of national diplomatic services, where grades and functions had their importance. He also insisted on the fact that the EEAS had inherited its stock of staff from the Commission and the Council secretariat.

Mr Kalfin (S&D, BG) insisted on the importance of good cooperation and synergies between the EEAS, the Commission and Member States. HR Ashton replied that this was already the case in specific cases such as Somalia and was becoming standard practice. On the use of the resources and services of national embassies, she said that smaller Member States, in particular, relied increasingly on the EU delegations.

Mr Skylakakis (ALDE, EL) raised the issue of residences for head of delegations, which, in his view, were extremely large in some cases. HR Ashton acknowledged that this was a real issue and that an evaluation was needed. Nevertheless, she pointed out that, in some cases, very big residences were partly used as office space, and that big residences in one country could be less expensive than smaller ones in others.

Mr Eppink (ECR, BE) regretted that the EEAS budget neutrality promised by HR Ashton when the EEAS was set up had not been achieved. HR Ashton explained that there had been no increase in the EEAS budget because the money already existed in the system. In other words, the "amalgamation" upon which the EEAS had been built had not cost more. On the contrary, HR Ashton pointed out that some costs, for example travelling, had been cut.

Ms Andreasen (EFD, UK) wondered whether the EEAS was going to replace the national embassies and, if so, how it would deal with particular national problems. HR Ashton made it clear that the EEAS had no vocation to replace national embassies in third countries. She explained that what the EU did was different from what Member States did. It was rather a matter of rationalisation and synergies between the EU and Member States. Mr O'Sullivan added that the EEAS was strongly committed to working closely with Member States and such cooperation had huge potential (he mentioned the example of a one-stop-shop for Schengen visas).

Mr Ehrenhauser (NI, AT) considered that intelligence cooperation had to be subject to parliamentary control and made the object of an annual report. HR Ashton said that there was a considerable amount of information flowing in and out of the EEAS but it was difficult to quantify precisely.

Mr Salafranca (EPP, ES), on behalf of the AFET committee, insisted on the fact that the CoA had found no material errors in EEAS expenditure and therefore invited fellow Members to be proportional and fair vis-à-vis the EEAS. He called for more transparency with regard to the costs incurred in election observation missions. Mr O'Sullivan replied that there was a very wide-ranging evaluation after each mission and he added that security was in most cases the biggest cost.

Among speakers intervening in an individual capacity, Mr Audy (EPP, FR) voiced his criticism of the system of individual discharges, noting that refusing to grant the discharge to the Council had no effect. In the case of the EEAS, he raised the question of which expenditure (only administrative or also operational) the EP was granting the discharge for and what was the framework for the audit. On the first point, Mr O'Sullivan explained that the discharge for the administrative expenditure of EEAS would be granted to HR Ashton, but of course this kind of expenditure could not be completely separated from CFSP objectives. As to the scope of the audit, Mr Pinxten said that the CoA had not yet taken a decision but the key issues raised by the MEPs in the debate would all be covered.

Ms Ayala Sender (S&D, ES) raised the issue of mobility of staff, worrying that it could hinder the accumulation of know-how. Mr O'Sullivan explained how mobility worked in the EEAS and said that the right balance had to be struck between encouraging mobility and ensuring the acquisition of knowledge so as not to lose expertise.

Mr Rübig (EPP, AT) invited the EEAS to shape economic and trade relations so as to create new opportunities for European business and Mr O'Sullivan confirmed that EU delegations worked very closely with the business community of Member States that were represented in the country.

Mr Vaughan (S&D, UK) expressed concerns regarding the exposure of EEAS expenditure to the fluctuation of the euro exchange rate. Mr O'Sullivan acknowledged that it had indeed an impact on the budget, but that it was a problem shared with national diplomatic services and required some degree of flexibility of the budget.

Item 6 on the agenda

Coordinators' meeting (*in camera*)

Item 7 on the agenda

Any other business

None.

Item 8 on the agenda

Next meeting(s)

- 21 January 2013, 15.00 – 18.30 (Brussels)
- 22 January 2013, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
- 24 January 2013, 9.00 – 12.30 (Brussels)