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from : General Secretariat of the Council
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Subject: Summary of the meeting of the European Parliament's **Committee on Budgets**
(BUDG) held in Brussels on 21 March 2012

The meeting was chaired by Mr LAMASSOURE (EPP, FR).

(The numbering refers to the items as listed on the agenda.)

**PRESENTATION OF A STUDY ON "TOWARDS A MORE COMPREHENSIVE,
STRATEGIC AND COST-EFFECTIVE EU FOREIGN POLICY: THE ROLE OF
NATIONAL PARLIAMENTS AND THE EUROPEAN PARLIAMENT"**

Rapporteur: Ms NEYNSKY (EPP, BG)

This study was presented by two of its authors, Dr Julie SMITH and Ms Ariella HUFF who explained that the objectives of this study were to offer recommendations on better budgetary practice in foreign and defence policy based on a review of six national parliaments, to outline potential synergies between national and EU foreign policy budgets based on three case study issues and to develop an analytical tool to measure such synergies.

The authors added that the study recommended some improvements in the following areas: internal coordination and strategy, information, communication, rationalisation and innovation and concluded that savings could be made, notably by identifying areas where EU action could replace national action at a lower cost. They finally also referred to Article 10 of Protocol 1 of the Lisbon Treaty, which concerned inter-parliamentary cooperation and could offer scope for more consistent and profound inter-parliamentary cooperation.

After this intervention, Mr FÄRM (S&D, SE) and Ms NEYNSKY welcomed the presentation. Mr FÄRM considered that a bottom up approach could be more efficient when implementing the Common Foreign Security Policy (CFSP). Mr HARTONG (NI, NL) questioned EU actions in this area and especially the contributions to Palestine. Ms GRÄSSLE (EPP, DE) pointed out that the European External Action Service (EEAS) was created with the objective of better coordination. Mr LAMASSOURE regretted that it was not sufficiently taken into account that savings could be made by rationalising external action. He also regretted the absence of an EU parliamentary organ to follow the external policy. Mr SALATTO (EPP, IT) welcomed the fact that political issues as well as technical ones were discussed in BUDG. However, Mr LAMASSOURE recalled that the role of BUDG was to focus on the amounts allocated to external policy and not to decide on their precise repartition. Mr ELLES (ECR, UK) mentioned that the results of the pilot project designed to set up an interinstitutional system identifying long-term trends on major policy issues facing the EU should be distributed. He recalled that it was decided to create a joint interinstitutional Task Force to ensure the political ownership and oversee the unfolding of the project. According to him, this should contribute to the preparation and delivery of final reports aimed at highlighting challenges and scenarios for the Union, with a 2030 horizon.

ITEM 4. 2013 BUDGET - MANDATE FOR TRILOGUE

Rapporteur: Mr LA VIA (EPP, IT)

Commissioner LEWANDOWSKI made a presentation on the implementation of the budget in 2011 and its consequences on the 2012 budget.

He pointed out that the implementation rates in 2011 were very high: 99.9 % in commitment appropriations and 99.7 % in payment appropriations. There were EUR 5.3 billion more in payments than in 2010 (i.e. + 4.3 %) and a further EUR 5 billion, mainly in cohesion policy, could

have been paid. Those payments were not possible because there were not enough appropriations in the budget or because it was too late in the year to make transfers. To solve this last issue, Mr LEWANDOWSKI requested new rules in the Financial Regulation which could provide more flexibility in transfers at the end of the year.

He considered that this lack of appropriations in 2011 would have an impact in 2012. He explained that the outstanding commitments (RAL) were expected to increase in 2012 if no amending budget for additional payments was approved. He also highlighted that the 2012 budget was lower than the possible execution in 2011, as EUR 5 billion were unpaid at the end of 2011. Moreover, those EUR 5 billion, mainly for Cohesion policy, had to be added to the needs in 2012.

Mr LEWANDOWSKI informed BUDG members that requests from Member States for EUR 15 billion arrived in the three last weeks of December. In his opinion, there were two reasons for this unexpected increase in claims. One reason was the increase in co-financing rates. Another factor was the financial pressure on some Member States concerned by the N+2 rule, which leads to decommitments in case of non use of commitments after two years. Spain and Italy were especially at risk. He added that, by the end of 2013, all Member States would feel the pressure of this N+2 rule and that a catch-up of payments was needed.

Mr LA VIA thanked the Commissioner for his presentation. Supported by Ms TRÜPEL (GREENS, DE), he concluded that the implementation in payments should be followed very carefully in order to be able to correct their level in 2012 and to adapt the 2013 draft budget. He also urged the Commission to be realistic when establishing the 2013 draft budget and to dare to ask for the right level of payments.

Mr GODMANIS (ALDE, LV) asked for additional information on the interruption in payments as regards some Member States and on the transfers made from Structural Funds to other programmes during the current Multiannual Financial Framework.

Ms JĘDRZEJEWSKA (EPP, PL) recalled the "unpleasant" negotiations with the Council in November 2011 concerning the 2012 budget. She considered that the time when the budget was always under-executed was totally over. Concerning the new Financial Regulation, she recommended caution as regards possible changes in late transfers and to ensure that the European Parliament's powers were respected.

Ms ANDREASEN (EFD, UK) wondered how to be sure that the requests introduced by the Member States to avoid decommitments were "genuine" ones.

Ms GARDIAZÁBAL RUBIAL (S&D, ES), who considered the situation as "tragic", asked the Commission for additional information on the respective parts in the increase of payment requests due to the increase in co-financing rates and due to the N+2 rule.

Mr BÖGE (EPP, DE) wondered if the Council would change its position and if Member States in difficult situations would finally dare to express themselves. He urged the Commission to provide detailed figures as soon as possible. He was in favour of separating the discussions on the 2013 budget from the discussions on amending budgets. As regards new rules for transfers, he preferred to be very cautious.

Mr LEWANDOWSKI concluded that lessons should be drawn from the negotiations in 2011. The Commission has asked the Member States to provide better forecasts and to avoid introducing their requests late in the year. He considered that an amending budget would be necessary in 2012 to address research and cohesion needs. Even if he recognised that the Commission would be able to provide more exact figures at a later stage, he wondered if it would not be tactically more appropriate to dissociate this amending budget from the discussions on the 2013 budget.

Mr LAMASSOURE mentioned that the issue of implementation in 2011 would be on the agenda of the budgetary trilogue on 26 March.

Another issue mentioned by the rapporteur was that, concerning pilot projects (PP) and preparatory actions (PA), the same procedure as last year would be applied this year. The aim was to establish an indicative list of PP and PA proposals for 2013 in June 2012, on the basis of a preliminary evaluation by all committees.

ITEM 5. ESTIMATES OF REVENUE AND EXPENDITURE FOR 2013 - SECTION I - PARLIAMENT

Rapporteur: Mr VAUGHAN (S&D, UK)

The rapporteur's draft report was adopted (31 votes in favour, 2 against and 2 abstentions).

The vote notably approved a compromise amendment stating that the European Parliament's Bureau was ready to adopt further savings as compared with the preliminary draft estimates. The overall level of the draft estimates for 2013 amounted to EUR 1 759 391 671, corresponding to a rate of increase of 1.9 % compared to the 2012 budget, excluding the costs of enlargement to Croatia.

ITEM 6. DRAFT AMENDING BUDGET NO 1/2012: FINANCING OF ITER

Rapporteur: Ms BALZANI (S&D, IT)

This item was postponed.

ITEM 7. MULTIANNUAL FINANCIAL FRAMEWORK (MFF) 2014-2020 / OWN RESOURCES

Rapporteurs: Mr BÖGE (EPP, DE), Mr KALFIN (S&D, BG), Mr DEHAENE (EPP, BE), Ms JENSEN (ALDE, DK)

Ms CLUCAS, the Chair of the Committee of the Regions' ad-hoc commission on the EU budget, presented the own-initiative opinion on the new MFF. The regions welcomed the involvement of the European Parliament in the discussions and were in favour of a real codecision procedure. The regions wanted innovative proposals, were opposed to conditionality related to macroeconomic criteria and insisted on a real partnership between Member States and local authorities.

They considered that austerity was only a part of the process as was growth stimulation. They were convinced that EU financing provided assurance and stimuli to regions. They considered that the level proposed in the MFF was a minimum and that the EU should respect its promises and commitments. More specifically, the amounts proposed for rural development, fisheries, research and programmes for youth and sport were considered as insufficient. They welcomed the programme for Public Health and Creative Europe.

Concerning own resources, they were in favour of the simplification of the rebates and of new own resources (financial transaction tax and VAT reform).

ITEM 8. COMMON SYSTEM FOR TAXING FINANCIAL TRANSACTIONS AND AMENDMENT TO DIRECTIVE 2008/7/EC

Rapporteur: Ms JENSEN (ALDE, DK)

This item was postponed to BUDG meeting on 29 March 2012, when a vote will take place.

ITEM 9. ESTABLISHING A EUROPEAN NEIGHBOURHOOD INSTRUMENT

Rapporteur: Mr KOZLOWSKI (EPP, PL)

The rapporteur intended to focus his draft opinion for AFET on the need to better define the criteria applied to the "more for more" principle proposed by the Commission (principle giving more possibilities to more ambitious projects). He was supported by Ms BRANTNER (GREENS, DE) on this issue. He also wanted to insist on the role of democracy as a basic principle, to be more in line with the "Europe 2020" Strategy, to ask for more transparency as regards the use of EU funds, to request more cooperation with EIB and other financial institutions, to insist on the need for energetic efficiency and on the crucial role of SMEs and to emphasise the role of the European Parliament. Supported by Mr FÄRM and by Mr HAGLUND (ALDE, FI), he also envisaged pointing out the importance of ensuring sufficient financial support for macro-regional strategies.

Mr FÄRM insisted on the need to coordinate this report with the report related to the instrument for the promotion of democracy and human rights worldwide (see item 10). He intended to introduce amendments related to reflows from financial instruments, as this issue was especially sensitive. Supported by Ms BRANTNER, he wanted to emphasise the importance of social and cultural aspects, as for the instrument for pre-accession.

The vote in BUDG will take place on 31 May (deadline for amendments: 25 April).

ITEM 10. ESTABLISHING A FINANCING INSTRUMENT FOR THE PROMOTION OF DEMOCRACY AND HUMAN RIGHTS WORLDWIDE

Rapporteur: Ms MUÑIZ DE URQUIZA (S&D, ES)

The rapporteur recalled that the objective of the reform of various instruments was to implement a procedure which would be harmonised, simplified and flexible and to increase the synergy between all instruments.

She wanted to preserve the nature of the objectives of this instrument on human rights and to ensure that the consent of the European Parliament was requested before any change.

She also intended to request an additional increase in the budget because she considered that the proposed increase of 20 % was below the general increase under heading 4. She also wanted to mention that the creation of new instruments should not decrease the resources available under Democracy and Human Rights Instrument (EIDHR). Moreover, she regretted that the Commission's proposal did not sufficiently ensure the coordination between EU and Member States or regional, local and international assistance.

Ms NEYNSKY (EPP, BG) insisted on the need for simple and uniform rules which could apply to all instruments.

The vote in BUDG will take place on 31 May (deadline for amendments: 25 April).

ITEM 11. INSTRUMENT FOR PRE-ACCESSION (IPA II)

Rapporteur: Ms NEYNSKY (EPP, BG)

This item was postponed.

ITEM 12. ENLARGEMENT: POLICIES, CRITERIA AND THE EU'S STRATEGIC INTERESTS

Rapporteur: Ms NEYNSKY (EPP, BG)

The rapporteur recalled that the Instrument for Pre-Accession Assistance (IPA) would remain the central pillar as regards enlargement. She will recommend in her draft opinion for AFET that pre-accession dialogues should be focused on the "Europe 2020" Strategy and should address the role of sound public finances and a growth-oriented EU, notably taking into account priorities in terms of youth or SMEs. She insisted on the need for a streamlined, forward-looking enlargement policy as a valuable strategic tool. She took note of the increase by 7.3 % for the Instrument for Pre-Accession in the next MFF and welcomed the proposed changes.

Mr FÄRM supported the rapporteur but wanted to insist on the need for coordination with other actors, e.g. EIB. He also pointed out the risk of bureaucracy, the need to clarify what was meant by a focus on economic governance knowing that this issue was already controversial inside the European Union, and the need to consider not only political issues but also social or cultural aspects.

ITEM 13. ESTABLISHING COMMON RULES AND PROCEDURES FOR THE IMPLEMENTATION OF THE UNION'S INSTRUMENTS FOR EXTERNAL ACTION

Rapporteur: Ms NEYNSKY (EPP, BG)

This item was postponed.

ITEM 14. ESTABLISHING AN INSTRUMENT FOR STABILITY

Rapporteur: Ms MUÑIZ DE URQUIZA (S&D,ES)

The rapporteur recalled that this instrument was to be considered in relation with Article 21 of the TEU. She intended to request, in her opinion for AFET, that external action should be more efficient. She supported the Commission proposal to increase the budget by 42 % in the next MFF. However, she wanted to insist on the need for a simplified and more flexible access to financing by harmonised and simplified procedures. She also wanted to ensure better coordination of assistance between the EU, the Member States, the regions and local and international entities.

As Ms BRANTNER supported her view to keep the flexibility of the instrument, she regretted that the Commission decreased the budget of the non-programmed part of the instrument and that many provisions were now put in the annex rather than in the act itself. She could agree with this last point in exchange for the introduction of the possibility of a delegated act.

The vote in BUDG will take place on 31 May (deadline for amendments: 25 April).

ITEM 15. EUROPEAN SOCIAL FUND AND REPEAL OF REGULATION (EC)

NO 1081/2006

Rapporteur: Mr GEIER (S&D, DE)

This item was postponed.

ITEM 16. EU PROGRAMME FOR SOCIAL CHANGE AND INNOVATION

Rapporteur: Ms GRELIER (S&D, FR)

The rapporteur recalled that this proposal was a part of the cohesion package for the next MFF and should integrate the existing programmes Progress, EURES and the European Progress Microfinance Facility for employment and social inclusion. The objectives were to better answer the objectives of the "Europe 2020" Strategy and to improve simplification and synergy. She considered the proposal as interesting. However, she intended to ask in her draft opinion for EMPL for clarification on the link that the Commission intended to make with the European Social Fund and other initiatives, e.g. JASMINE. She also pointed out that it was too early to be able to evaluate the European Progress Microfinance Facility.

The vote in BUDG will take place on 31 May (deadline for amendments: 26 April).

ITEM 17. AMENDMENT OF DECISION NO 1639/2006/EC ESTABLISHING A COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME (2007-2013) AND OF REGULATION (EC) NO 680/2007 LAYING DOWN GENERAL RULES FOR THE GRANTING OF COMMUNITY FINANCIAL AID IN THE FIELD OF THE TRANS-EUROPEAN TRANSPORT AND ENERGY NETWORKS

Rapporteur: Mr FÄRM (S&D, SE)

The rapporteur presented his draft report. As he recognised the need for additional tools to attract investors, he supported the proposal and hoped that an agreement could be found before July. However, he proposed some adjustments. He wanted to insist on the fact that it was only a pilot phase, without commitments for the next MFF, but considered that it was important not to discourage investors. He also requested very clear provisions on the reporting and wanted the Commission to report every six months, not necessarily in writing. In his opinion and supported by Ms JĘDRZEJEWSKA on behalf of Mr RIQUET (EPP, FR), a main issue was the overlap between the evaluation of the pilot phase and the starting of the Connecting Europe Facility (CEF) in 2014. In his view, a reasonable way needed to be found to solve this issue. He also intended to stress in his report that the proposed amount was a definitive cap and that there were no other contingent liabilities. Finally, he wanted to state in a political amendment that it was important to find ways for investments.

Ms JĘDRZEJEWSKA on behalf of EPP, Mr HAGLUND (ALDE, FI) on behalf of ALDE and Ms DURANT (GREENS, BE) supported the rapporteur's draft report. However, Ms DURANT wanted to point out that, when calculating risks, other criteria than those related to market distortion should be taken into account. She mentioned as an example environmental criteria.

Mr DE CRAYENCOUR, representative of EIB, underlined that the project bonds were participating in the objectives of growth and employment. He welcomed the excellent cooperation with the Commission on this project. As investors were interested, he stressed the need for an agreement on this pilot phase as soon as possible. He ensured that EIB would be very careful in reporting.

The representative of the Commission also underlined the importance of this pilot phase. He considered that this project could help in finding the best equilibrium between public and private investment in the next MFF. Concerning the overlap between the evaluation of the pilot phase and CEF, he insisted on the need for flexibility in CEF to adapt financial instruments.

Mr FÄRM concluded that a consensus existed inside the European Parliament to launch the pilot phase and considered that this procedure could feed the discussions on CEF.

The vote in BUDG will take place on 25 April (deadline for amendments: 3 April).

ITEM 18. MOBILISATION OF THE EUROPEAN GLOBALISATION ADJUSTMENT FUND: APPLICATION EGF/2011/006 ES/COMUNIDAD VALENCIANA - CONSTRUCTION OF BUILDINGS FROM SPAIN

Rapporteur: Ms MATERA (EPP, IT)

The rapporteur's draft report, approving the mobilisation, was adopted (25 in favour, 3 against and 4 abstentions).

ITEM 19. STAFF REGULATIONS OF OFFICIALS AND CONDITIONS OF EMPLOYMENT OF OTHER SERVANTS OF THE EU

Rapporteur: Mr LYON (ALDE, UK)

The rapporteur's draft opinion was approved (30 in favour, 3 against and 2 abstentions).

ITEM 20. 2012 BUDGET: SECTION III - COMMISSION

Rapporteur: Ms BALZANI (S&D, IT)

Transfer DEC02/2012, related to item 18, was approved.

ITEM 21. 2012 BUDGET: OTHER SECTIONS

Rapporteur: Mr FERNANDES (EPP, PT)

The European Parliament's transfer request No C1/2012 was approved.

ITEM 22. BUILDINGS POLICY

Rapporteur: Ms HOHLMEIER (EPP, DE)

This item was not discussed.

ITEM 23. ANY OTHER BUSINESS

Direct payments to farmers

Rapporteur: Mr LA VIA (EPP, IT)

Mr LA VIA informed BUDG members that the current Regulation related to direct payments was applicable until the end of 2012. The Commission proposal was to maintain the same procedure until the next MFF. The modulation provisions would therefore continue to apply in 2013.

ITEM 24. DATE OF NEXT MEETING

Thursday 29 March 2012, 15h00 - 18h30 (Brussels)
