



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from :	General Secretariat of the Council
to :	Delegations
Subject:	Summary record of the plenary session of the European Parliament, held in Strasbourg on 22 October 2012 General budget of the European Union for the financial year 2013 – all sections

Minister Mavroyiannis, on behalf of the Council, delivered the speech set out in the [Annex I](#).

Mr Lewandowski, on behalf of the Commission, delivered the speech set out in the [Annex II](#).

The rapporteur for section 3, Mr La Via (EPP, IT) opened the debate by saying that the Parliament's intent was to send a strong message to the Council, which had suggested a significant range of cuts which were not in line with the declared objectives of growth and job creation. He added that the Parliament was fully aware of the current economic crisis and considered that the response to it had to be more Europe. He defended the Parliament's suggestion of a responsible response ensuring a sufficient level of appropriations. With regard to the issue of payments, he took the view that legal commitments should be honoured.

The rapporteur for the other institutions, Mr Vaughan (S&D, UK) stressed the efforts made by the Parliament to find savings and freezes, while ensuring Parliament's efficiency. He rejected the idea of a general freeze of all institutions' budgets suggested by the Council, which failed to take into account special challenges faced by some institutions.

For the political groups, the following speakers took the floor:

- Ms Hohlmeier (EPP, DE) stressed that the Parliament had managed to stick within a 1,9% increase by making several savings. Further cuts were not possible in her view, as they would jeopardize Parliament's functionality. She also underlined that Parliament was on the same line as the Commission.
- Ms Gardiazábal Rubial (S&D, ES) stressed that a wide majority vote was to be expected within the Parliament and that the Council should be aware that Parliament's position was the absolute minimum. She argued that the growth and job creation priorities adopted by the Council were opposed to the austerity policy and called for a change of course. She warned that cutting payments meant that the EU would not respect its contractual obligations and that the Parliament had a firm stand on this issue.
- Mr Mulder (ALDE, DE) regretted that the BUDG committee did not agree to his group's suggestion to decrease the level of appropriations of structural funds for those Member States which made bad use of these funds. He considered that citizens would not understand the 6.8% budget increase, yet he stressed the need to respect contractual obligations.
- Ms Trüpel (Greens/EFA, DE) stated that she was disappointed by the restrictive attitude of the Council and its unreasonable stance. She took the view that citizens needed to trust in the EU again, which meant that funds had to be available for the EU programmes, referring in particular to the ESF. She favoured more focus on renewable energies and less funds for other areas.
- Mr Ashworth (ECR, UK) congratulated both rapporteurs but said that his group could not agree to overall size of the EU budget and called upon the Parliament to set an example by making savings, and to accept the Council proposal to freeze the size of the budget.
- Ms Sousa (GUE/NGL, PT) criticized the fact that though governments were committed to growth and job creation, their only course of action was to apply austerity policies and suggest cutting vital EU programmes. She believed that the decisions should not be taken alone by governments.

- Ms Andreasen (EFD, UK) considered that a 7% budget increase was unacceptable and that instead, there should instead be a 10% cut. She also pointed out a number of badly managed EU programmes, which contributed to the public anger about the EU.
- Mr Hartong (NI, NL) criticised the increase wanted by the Parliament and said that it was simply not responsible towards the public.

The rapporteurs of the committees AFET, ECON, ENVI, ITRE, TRAN, REGI, CULT, AFCO, PETI and INTA briefly presented their respective opinions.

The many interventions by individual Members largely mirrored the speakers from political groups and only MEPs from the ECR group agreed with the Council's position. Numerous speakers stressed the added value of EU budget in terms of growth and job creation and being a tool to overcome the current crisis and provide assistance to citizens. A number of MEPs highlighted the payment issue as regards European programmes and structural funds, which was felt to be unacceptable. The particular situation of youth was mentioned by several MEPs.

In his closing statement, Commissioner Lewandowski explained that the draft budget was based upon figures provided by Member States and revised by the Commission. On the payment issue, he recalled that there were contractual obligations to be respected and therefore he believed that in times of austerity, consolidation of public finances should be combined with a realistic growth and jobs agenda provided for by the EU budget.

Minister Mavroyannis took note of the points raised during the debate. He clarified that the Council had accepted a 2.79 % increase on the current year and that it had not made horizontal cuts across the board, referring in particular to the more than 8% increase for cohesion funding and the full EUR 55 billion for the European Council's Growth and Jobs Pact. He assured MEPs that the Council would do its utmost to find an agreement on the 2013 budget within the deadlines foreseen by the Treaty.

Speech by Minister Mavrogiannis; Strasbourg, 22 October 2012

Mr President, as President of the Council, it is a pleasure for me to attend Parliament's debate on the draft budget of the European Union for the financial year 2013. On 11 September I also had the honour of presenting to you in detail the Council's position on the draft budget for 2013, as adopted by the Council on 24 July.

Last week, at the budgetary triilogue, I had the opportunity of giving some initial reactions to the amendments which the European Parliament intends to vote on. I wish to recall that the Council reached an agreement on its position on the draft budget for 2013, following difficult negotiations, and accepted a limited increase in commitments and payment appropriations compared to 2012.

We are all aware of the considerable effort and budgetary constraints that Member States are currently facing at national level, and we have to take these into account. I believe that, as the Member States endeavour to consolidate their budgets, it is crucial to deliver the right message to European citizens. Today I will take note of the positions taken by the European Parliament.

Let me now focus on some issues to which the Council attaches particular importance. Firstly, the Council considers that the existing ceilings of the multiannual financial framework must be respected. It is also important to ensure adequate margins under the different ceilings in order to be able to cope with unforeseen situations. The Council is therefore concerned about the European Parliament's amendments, which considerably reduce the margins in all headings, the only exception being heading 5. Moreover, the European Parliament proposes to go beyond the ceilings of subheading 1a, requiring the mobilisation of the Flexibility Instrument.

Secondly, the Council regrets the increasing payment appropriations that the European Parliament intends to vote on, especially when their level exceeds the Commission's draft budget. The Council is aware of the European Parliament's intentions to support and highlight several of its political priorities. However, the overall level of payment appropriations retained should be sufficient but not overestimated.

Thirdly, the Council wishes to find an agreement with the European Parliament on a reasonable level of payment appropriations for the current budgetary year, including draft amending budget No 5, the global transfer and the upcoming draft amending budget No 6.

Finally, I would like to remind you that the Council is opposed to the broad use of reserves that you intend to vote on, especially when their release is accompanied by conditions which are not in line with the provisions of the Financial Regulation. Appropriations should only be entered in the reserve in the absence of a basic act and in cases of serious doubt about the adequacy of the appropriations or their implementation.

To conclude, let me reiterate the Council's hope and conviction that the existing excellent climate of cooperation will prevail during the rest of the budgetary procedure, leading to a mutually-satisfying agreement on the 2013 budget. We fully respect the European Parliament and your intentions, even when we are not in a position to entirely share the stance you adopt.

Speech by Mr Lewandowski; Strasbourg, 22 October 2012

Mr President, honourable Members, Minister, we are discussing the budget for 2013, the last year of this financial perspective. However, we should draw on the experience of the tensions we have in this year's budget; they should be kept very strongly in mind.

Therefore I welcome –not surprisingly– the reading of the proposal by the Committee on Budgets about the restoration of our draft proposal for next year. We share the same priorities. It is very clear to me that budgetary efforts nowadays should undertaken be in close conjunction with the growth, jobs and competitiveness agenda of the European Union. This should not be just an illusion of a growth strategy; it should be very well equipped with money.

We notice that Parliament is very restrained as to the level of commitments. That is why it is leaving some unallocated margins for unforeseen events, and it is easy to foresee that this will also be needed for next year.

Last Friday we adopted the amending budget for agriculture for next year that more or less confirms our early estimates, but as Mr La Via clearly stated, the main sensitive issue is the level of payments. We cannot endorse the Council's decision to cut our proposal by more than EUR 5 billion, because this is simply contradicting earlier announcements on the growth and jobs agenda for Europe: they were made in June, and in July come cuts of that amount. This ignores the reality of what is really needed this year, and next, and we cannot simply continue with the systematic underfunding of the European budget, as it is hindering the implementation of so many programmes. This year we should also base our programming of the implementation of the budget – which is now more than EUR 10 billion bigger than last year (an indication of the maturity of many programmes) – on the need to cover this year all that should be paid this year in order to enter next year with a clear vision of what is really needed in 2013 and not carry forwards all the accumulated problems.

In some areas we are really running short of money. For example, for the Social Fund we have to stop payments in the area of competitiveness, as there are no more resources available. There is a very high level of implementation generally in cohesion funding. As for the research grants, they already needed to be reinforced back in July. So the tension this year indicates the need for an amending and correcting budget for this year in order to cover what is really needed in the remaining period of this year before we can discuss and agree on the 2013 level.

I think the position on administration that Mr Vaughan takes is the right one. We should be constrained, but of course there are limits to savings, given the new responsibilities of the European Union. So this should be below the level of inflation.

Our letter of executability is coming soon in order to complete the full picture. That is also about pilot projects and preparatory actions.

Of course we are not happy with the reserves, but I understand that we could end the conciliation after the written explanations without reserves. Our role is to submit everything that is needed as the basis for sound programming for 2013 so that Parliament has a full picture of what is really reasonable in the 2013 budget.
