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NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	Partial summary record of the meeting of the European Parliament Committee on Budgets (BUDG) , held in Brussels on 5 February 2015

The meeting was chaired by Mr ARTHUIS (ALDE, FR).

2. Chairman's announcement

The chair informed the Committee that both ECON and BUDG will be in charge of the Regulation on the European Fund for Strategic Investments. Two rapporteurs, Mr BULLMANN (S&D, DE) and Mr FERNANDES (EPP, PT), will jointly examine the proposal and subsequently draft a single report. In addition, ITRE and TRAN will act as associated Committees and EMPL and CONT will provide their opinions and have access to the trilogues. Finally, the Chair announced that a coordination group will be set up in order to ensure transparency and coherence through the legislative procedure.

5. Investment plan - proposal for a regulation [Rapporteur: Mr OLBRYCH (EPP, PL)]

6. Draft amending budget No 1/2015: European Fund for Strategic Investments (EFSI)

Rapporteur: Ms GARDIAZÁBAL (S&D, ES)

The Chair explained that the committee was waiting for a final endorsement by the Conference of Presidents of the cooperation with ECON under rule 55.

Mr FERNANDES (EPP coordinator, PT) expressed a positive opinion on the Commission proposal overall and highlighted the importance of this investment plan for European growth and jobs. He announced that an agreement with the Council was expected by June at the latest.

Ms GARDIAZÁBAL (S&D, ES) pointed out the urgency of the issue. There was in her view little scope for discussing any alternative financing for this plan. She supported the Commission's proposal.

Mr GRÄSSLE (EPP, DE) appealed to the Commission to provide answers to the questions submitted by BUDG in order to facilitate the decision within the committee.

7. MFF revision in line with article 19 of Regulation 1311/2013 laying down the MFF 2014-2020 [*Rapporteurs: Mr OLBRYCH (EPP, PL) & Ms THOMAS (S&D, BE)*]

8. Draft amending budget n° 2/2015: Transfer of commitments shared management; Economic, social and Territorial Cohesion; Sustainable growth; Security and citizenship; Global Europe [*Rapporteur: Ms GARDIAZÁBAL (S&D, ES)*]

Ms THOMAS (S&D, BE) presented the Commission proposal. In her view, this was a purely technical revision of the MFF, which should be adopted swiftly. The issue of payments was indirectly linked to this revision. She recalled that the payments would be the subject of separate discussions with the Council.

Mr OLBRYCH (EPP, PL) indicated that according to the Commission, the rebudgeting of commitments would not affect the level of payments programmed in the MFF.

Ms GARDIAZÁBAL (S&D, ES) expressed concern on the backlog of payments related to the 2014 budget and its impact on the 2015 budget. She called on the Commission to present a plan to "solve the issue of payments smoothly and melt the backlog".

In Mr ARTHUIS' view, the EP had to remain tough with the Council on the issue of payments as otherwise citizens' confidence in the EU will be seriously undermined.

3. First assessment from the High Level Group on Own Resources - Presentation by President Monti

Mr ARTHUIS highlighted the importance of Mr MONTI's work and of the High-Level Group on Own Resources (" the Group") for the European Parliament.

Mr MONTI outlined the mission of the High-Level Group, and presented the approach taken for the preparation of the first assessment report. He explained that the report presented an in-depth analysis of the current system, and that recommendations would follow. His ambition was to achieve a good understanding of the system in place among all stakeholders as a starting point for any further proposal for a change in the current system. In his view, the fact that all members of the Group could unanimously support the content of the report should be recognised as an important political signal.

The report presented the most recent attempts at reforms, as well as the main reasons for failures, the criteria for the establishment of a solid EU system of own resources and the political and economic environment necessary for the reforms to be definitively undertaken. This broader picture was of extreme importance as reforms often failed not because they were poorly conceived but because the politics and the political context were not favourable.

The next report would already include proposals for policy options. In his view, involving national parliaments and governments in the reflection process was crucial. The second report should therefore be tabled once a debate with national parliaments has taken place within an interparliamentary conference.

Mr LAMASSOURE (EPP, FR) supported Mr MONTI's presentation. He acknowledged that public perception of those issues was key. In his view, the current own-resource system was neither fair nor democratic and required substantial reform. Mr KALFIN (member of the HLG) added that any reform should preserve EU taxpayers from additional burdens and allow Member States to retain their fiscal sovereignty. Mr VERHOFSTADT (ALDE, BE) echoed the political significance of unanimous support for the report from all members of the Group, although he was more sceptical about the perception of this report by the Council.

Mr LEWANDOWKI (EPP, PL) regretted that the first assessment report did not include any new ideas and was instead building on work already done by the Parliament and the Commission. He called on the EP to take an active role in the MFF revision in 2016.

Mr DEPREZ (ALDE, BE) praised the report, although it failed to raise two questions: what to do to regain public support for own resources reform, and whether questioning the expenditure structure of the budget was not opening a Pandora's box.

Mr TANG (S&D, NL) regretted that the report did not address the question of the "time-inconsistency" of the Council that resulted in a gap being created between commitment and payment appropriations.

Other MEPs (MANKA (S&D, SK), DENANOT (S&D, FR), ZANNI (EFD, IT), VIOTI (S&D, IT), MARAGALL (Greens, ES), NI RIADA (Greens, IR)) talked about the added-value of the EU budget, the credibility of the EU, legitimacy, own vs national resources, EU debt towards citizens and the need for a broader debate.

Mr MONTI stressed again that political willingness to reform and to succeed depended to a large extent on the political and economic context and was determined to a lesser extent by the choices made. In his view there was a need to understand the political bottlenecks and why in the past certain important decisions had not managed to get through. He referred back to the 50s, when the structure of the system was much simpler but also more solid and corresponded better to the political objectives of the institutions at that time. He continued by recalling the crisis of the 80s, which in his view rigidified the system by having nowadays "28 Mrs Thatchers sitting in the Council".

He agreed that it was an extremely difficult task to regain public support and that solutions should be sought to tackle the time inconsistency issue. The question of EU legitimacy also depended on public support. Any action or reform should therefore be presented to the public in a clear and transparent way, in order to get support from EU citizens.

9. Guidelines for the 2016 budget - Section III

The Rapporteur, Mr FERNANDES (EPP, PT) presented the structure and key features of the draft report for budget guidelines for 2016. In his opinion, the structure of his guidelines should be oriented around three Es: Employment, Enterprise and Entrepreneurship, which he considered priorities for EU citizens. The budget should in his view concentrate on providing EU added value; it should be an investment budget and focus on the EU 2020 Strategy objectives, with a special focus on SMEs, which needed a positive investment climate. He referred to such topics and programmes as innovation, research, the Europe 2020 Strategy and COSME. In his view, the Investment Plan should be complementary to the EU budget and should not replace it and should be effectively and quickly implemented. In addition, internal (Structural Funds) and external (fighting poverty) solidarity was needed in order to create a safe Europe. The rapporteur confirmed the importance the EP attaches to the payment plan to reduce the backlog of unpaid bills, which should be presented by the Commission in spring 2015. He concluded that the Council "should also honour its obligations to regain citizens' trust and boost the economy".

Ms GARDIAZÁBAL, on behalf of S&D, was concerned that negotiations on the 2016 budget were expected to be difficult. She considered the draft report to be a good document with a clear structure and agreed with the priorities identified by the rapporteur. She recalled the importance of economic recovery and a change in economic policy that focused on stimulating demand (to which the three Es would contribute). Four issues that would have to be tackled in the framework of the 2016 budget negotiations: (1) lack of funds pre-assigned to the Youth Employment Guarantee in 2015; (2) the uncertain impact of the Investment Plan; (3) the MFF revision for commitments and (4) the payment plan to be presented by the Commission.

Mr ALI (ALDE, BG) agreed with the content of the draft report and said that he would submit minor amendments.

Draft calendar:

Tabling of amendments: 11 February

Debate: 26 February

Adoption: March Plenary

10. Estimates of revenue and expenditure for the financial year 2016 - Section I - Parliament

The Rapporteur, Mr DEPREZ (ALDE, BE) presented the first preliminary guidelines on the EP's estimates of revenue and expenditure. In his view, the EP's expenditure should increase only to an extent that would allow for the EP budget to constitute 20 % of the total of Heading 5. Secondly, the EP's expenditure should grow by no more than 2 %, based on indexation for inflation (1.6 % estimated by the Commission and 0.4% based on EP's budget priorities) and past increases. In terms of priorities for spending, Mr DEPREZ considered that there were two main priorities: the security of the EP's buildings, which needed to be adapted, and reinforcing the staff as regards monitoring the execution of the EP's decisions and the EP's work as co-legislator. Finally, Mr DEPREZ criticised the fact that there was an imbalance between local and accredited assistants.

Mr MANKA (S&D, SK) and Mr VALLI considered 2 % a large increase. They suggested searching for savings inter alia in the translation services, in local assistants and reducing paper copies of documents, something on which Ms GRÄßLE disagreed.

Ms NI RIADA (Greens, IE) called for a pragmatic approach on security issues in order to keep an "open house."

Several MEPs (MANKA, VALLI, TARAND, ITURGAIZ) agreed with Mr DEPREZ on the issue of local assistants. Mr RÜBIG (EPP, AT) disagreed and pointed out that local assistants were necessary to fulfil the task of informing citizens back home. He also called for better facilities for welcoming visitors and better connectivity, and criticised the situation of the pension fund.

***** Voting time *****

17. Financial rules applicable to the general budget of the Union

Rapporteur: Ingeborg GRÄßLE (PPE)

The vote was postponed.

18. European Semester for economic policy coordination: Annual Growth Survey 2015

Rapporteur: Jean ARTHUIS (ALDE)

For the opinion responsible: ECON* – Dariusz Rosati (PPE)

The report was adopted with amendments (19 for, 7 against, 9 abstentions).

19. 2015 Budget: Section III - Commission

Rapporteur: Eider GARDIAZABAL RUBIAL (S&D)

Transfer No DEC 1/2015 was adopted.

20. 2015 Budget: Other Sections

Rapporteur: Monika HOHLMEIER (PPE)

This item was postponed.

22. Any other business

None

23. Next meeting

26 February 2015, 9.00 – 12.30 (Brussels)
