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## **Appointment of the executive director of the European Securities and Markets Authority (ESMA)**

P7\_TA(2011)0113

### **European Parliament resolution of 24 March 2011 on the appointment of the Executive Director of the European Supervisory Authority (European Securities and Markets Authority)**

(2012/C 247 E/04)

*The European Parliament,*

- having regard to the letter of 28 February 2011 from the European Supervisory Authority (European Securities and Markets Authority),
- having regard to Article 51(2) of Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority) <sup>(1)</sup>,
- having regard to the fact that, at its meeting of 17 March 2011, the Committee on Economic and Monetary Affairs heard the candidate selected by the Board of Supervisors of the European Supervisory Authority (European Securities and Markets Authority),
- having regard to Rule 120 of its Rules of Procedure,

A. whereas Verena Ross fulfils the criteria set out in Article 51(2) of Regulation (EU) No 1095/2010,

1. Approves the appointment of Verena Ross as Executive Director of the European Supervisory Authority (European Securities and Markets Authority);
2. Instructs its President to forward this resolution to the European Supervisory Authority (European Securities and Markets Authority).

<sup>(1)</sup> OJ L 331, 15.12.2010, p. 84.

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## **Preparation of 2012 budget**

P7\_TA(2011)0114

### **European Parliament resolution of 24 March 2011 on general guidelines for the preparation of the 2012 budget (2011/2042(BUD))**

(2012/C 247 E/05)

*The European Parliament,*

- having regard to Articles 313 and 314 TFEU,
- having regard to the Interinstitutional Agreement (IIA) of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management <sup>(1)</sup>,

<sup>(1)</sup> OJ C 139, 14.6.2006, p. 1.

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- having regard to its resolution of 17 February 2011 on Europe 2020 <sup>(1)</sup>,
- having regard to its resolution of 15 December 2010 on the Communication from the Commission on the Commission Work Programme 2011 <sup>(2)</sup>,
- having regard to its resolution of 20 October 2010 on ‘the financial, economic and social crisis: recommendations concerning measures and initiatives to be taken (mid-term report)’ <sup>(3)</sup>,
- having regard to its resolution of 16 June 2010 on economic governance <sup>(4)</sup>,
- having regard to the Commission’s updated financial programming for 2007-2013, submitted in accordance with Point 46 of the aforementioned IIA of 17 May 2006,
- having regard to the European Union’s general budget for the 2011 financial year,
- having regard to the Council conclusions of 15 February 2011 on the budget guidelines for 2012,
- having regard to the report of the Committee on Budgets (A7-0058/2011),

***A 2012 budget under the auspices of enhanced European economic governance, the European Semester mechanism and Europe 2020 objectives to boost growth and employment***

1. Takes the view that the Europe 2020 strategy should help Europe recover from the crisis and come out stronger, through smart, sustainable and inclusive growth based on the five EU headline targets, namely promoting employment, improving the conditions for – and public spending on – innovation, research and development, meeting our climate change and energy objectives, improving education levels and promoting social inclusion, in particular through the reduction of poverty; recalls that the Member States themselves have fully endorsed these five targets;

2. Points out that some consistency must be ensured between achieving these objectives and the funding allocated to them at European and national level; insists that EU budgetary policy must be in line with this principle; takes the view that the European Semester, as a new mechanism for enhanced European economic governance, should afford an opportunity to consider how best to deliver on these five headline targets;

3. Strongly believes that the European Semester should aim at improving the coordination and consistency of national and European economic and budgetary policies; takes the view that it should focus on improving synergies between European and national public investments in order better to achieve the EU’s overall political objectives; notes the fundamental differences between the structure of the EU budget and that of national budgets; believes, however, that aggregate EU and national public expenditure on common political objectives should be determined as soon as possible;

4. Acknowledges the Council’s concern about economic and budgetary constraints at national level, but recalls, first and foremost, that under Treaty provisions the EU budget can not run a public deficit; recalls that, in 2009, the accumulated public deficit in the EU as a whole amounted to EUR 801 billion, and that the EU budget represents a mere 2 % of total public spending in the EU;

5. Takes the view, however, that the difficult economic situation across the Union makes it more important than ever to ensure proper implementation of the EU budget, quality of spending and optimal use of existing Community financing; suggests that a thorough review should be undertaken of those lines which have a history of low outturn or where problems have arisen in implementation;

<sup>(1)</sup> Texts adopted, P7\_TA(2011)0068.

<sup>(2)</sup> Texts adopted, P7\_TA(2010)0481.

<sup>(3)</sup> Texts adopted, P7\_TA(2010)0376.

<sup>(4)</sup> Texts adopted, P7\_TA(2010)0224.

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6. Is of the opinion that the EU budget brings added value to national public expenditure when initiating, supporting and complementing investments in those policy areas which are at the core of Europe 2020; believes, moreover, that the EU budget has an instrumental role to play in helping the EU to exit the current economic and financial crisis through its capacity as a catalyst to boost investment, growth and jobs in Europe; takes the view that the EU budget could at least mitigate the effects of current restrictive national budgetary policies while supporting the efforts of national governments; stresses also that, given its redistributive nature, lowering the level of the EU budget may harm European solidarity and have an adverse impact on the pace of economic development in many Member States; believes that a purely 'net contributor'/net beneficiary' approach does not take due account of spill-over effects between EU countries and therefore undermines common EU policy goals;

7. Recalls that delivering on the Europe 2020 strategy's seven flagship initiatives will require a huge amount of future-oriented investment, estimated at no less than EUR 1 800 billion until 2020 by the Commission in its communication entitled 'The EU Budget Review' (COM(2010)0700); stresses that one of the main objectives of the Europe 2020 strategy – namely, to promote jobs and high-quality employment for all Europeans – will be achieved only if the necessary investments in education, in favour of a knowledge society, research and development, innovation, SMEs and green and new technologies are made now and not delayed any longer; calls for a renewed political compromise combining the reduction of public deficits and debt with the promotion of such investments; expresses its willingness, with a view to magnifying the impact of the EU budget and contributing to the EU's response to the economic crisis, to explore possible ways to widen existing instruments enhancing the synergy between the EU budget and EIB actions, in order to support long-term investments; welcomes, moreover, the Commission's launch of public consultation on the 'Europe 2020 Project Bond Initiative';

8. Opposes, therefore, attempts to limit or reduce budget appropriations linked to the delivery of the Europe 2020 strategy's headline targets and seven flagship initiatives; notes that any such attempt would be counter-productive, most likely resulting in the failure of Europe 2020, as was the case for the Lisbon Strategy; takes the view that the Europe 2020 strategy can be credible only if adequately funded, and recalls that the EP has on numerous occasions raised this serious political concern; reiterates its strong request for the Commission to clarify the budgetary dimension of the flagship initiatives, and to inform Parliament of the budgetary means needed for the implementation of the Europe 2020 strategy;

9. Highlights the fact that budgetary measures are not the only factor in achieving the Europe 2020 strategy's targets, but that budgetary efforts must be supplemented by concrete proposals for simplification in order to create the environment needed in order to achieve our goals in the fields of employment, research and innovation, including green and energy technologies; is equally convinced that achieving the Europe 2020 objectives, including the creation of new green jobs, is a question not only of increased budgetary means, but also of a qualitative refocusing of existing EU policies, including the CAP, by taking due account of sustainability criteria;

10. Takes the view, moreover, that 2012 budget appropriations, including in those areas not directly linked to the achievement of the Europe 2020 strategy, need to be kept at an appropriate level to ensure the continuation of EU policies and the achievement of EU objectives well beyond the duration of the current economic crisis;

11. Calls for greater coherence between external and internal EU policies, bearing in mind the major impact of global developments on the EU's economic, natural and industrial environment, competitiveness and employment; underlines, therefore, the need to endow the EU with the necessary financial means to be able to respond adequately to growing global challenges and to defend and promote its common interests and core values – like human rights, democracy, the rule of law, fundamental freedoms and environmental protection – effectively; recalls that moderate additional expenditure at EU level can often generate proportionately higher savings at Member State level;

12. Believes that the EU has an important role to play in assisting and financially supporting Arab countries at this historical point in their democratic development and economic and social transformation; welcomes, in this connection, the Commission communication entitled 'A partnership for democracy and shared prosperity with the southern Mediterranean' (COM(2011)0200));

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13. Deplores the absence of any parliamentary dimension to the first European Semester exercise, despite the role that the European Parliament and the 27 national parliaments play in their respective budgetary procedures; is, instead, firmly convinced that stronger parliamentary involvement would significantly improve the democratic nature and transparency of such an exercise; supports the initiative of its Committee on Budgets to organise, as a first step, a meeting with national parliaments in order to discuss the general outline of the 2012 budgets of the Member States and of the EU;

14. Welcomes the Hungarian and Polish presidencies' public commitments to enter into an open and constructive dialogue with the EP on budget matters in 2011; reaffirms its willingness to work in close cooperation with the Council and the Commission in full accordance with the provisions of the Lisbon Treaty; expects that the present guidelines will be taken into account fully during the 2012 budgetary procedure;

#### ***Sustainability and responsibility at the heart of the 2012 EU budget***

15. Notes that, for 2012, the Multiannual Financial Framework (MFF) for 2007-2013 provides for an overall level of commitment appropriations (CA) of EUR 147,55 billion and an overall ceiling for payment appropriations (PA) of EUR 141,36 billion; recalls that these amounts are in any case considerably lower (by around EUR 25 billion in the case of CA, and around EUR 22 billion in the case of PA) than the ceiling specified in the current Own Resources Decision;

16. Stresses that the financial programming presented by the Commission on 31 January 2011 represents an indicative reference envelope for commitment appropriations for each of the existing EU programmes and actions; takes note that the overall level of commitment appropriations may be set at EUR 147,88 billion;

17. Underlines that these figures constitute a yearly breakdown of multiannual global amounts agreed upon by both Parliament and the Council when these programmes and actions were adopted; stresses that the annual amounts programmed represent appropriations which allow for achieving EU objectives and priorities, notably in the context of Europe 2020; acknowledges, however, that some room for manoeuvre may appear under certain headings of the MFF, given the very provisional indicative figures (in particular under Heading 2) put forward by the Commission at that point in the year;

18. Points out that the 2012 budget is the sixth of seven under the current MFF; believes that the two arms of the budgetary authority now have, therefore, a clearer view of the shortfalls and positive developments associated with existing multiannual programmes; notes that the mid-term reviews of most co-decided programmes have already taken place, and calls on the Commission to present any budgetary implications resulting from this exercise; emphasises, in this connection, that the EP is determined – should it prove necessary in order to support and enhance EU political priorities as well as to address new political needs and in close cooperation with its specialised committees – to make full use of, inter alia, Point 37 of the IIA (allowing a 5 % margin of legislative flexibility);

19. Highlights the fact that leaving sufficient margins below all MFF headings is not the only solution in order to address unforeseen circumstances; points out the recurrent under-financing of certain headings of the MFF, in particular Headings 1a, 3b and 4, as compared to the needs and EU political priorities endorsed by the Member States; finds that the approach underpinning the Council's budget guidelines for 2012 does not reflect a long-term perspective and could put existing actions and programmes at risk, should unforeseen events or new political priorities arise; stresses that recent events in several North African countries are already pointing in that direction, and invites the Commission to assess how the EU's existing financial instruments could be used to support aspirations to democracy;

20. Believes, on the contrary, that the various flexibility mechanisms foreseen by the IIA (such as shifting expenditure between headings or mobilising the flexibility instrument) are tools to be used fully; recalls that they have had to be used every year since 2007 in response to various challenges that have arisen; expects the Council's to give its full cooperation in using them, and to enter into such discussions at an early stage in order to avoid disproportionately long and difficult negotiations on their mobilisation;

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21. Stresses, in this connection, that keeping commitment appropriations under strict control would require not only significant redeployments and reprioritisation, but also the joint identification of possible negative priorities and savings by the institutions; strongly urges its specialised committees seriously to embark on the process of determining clear political priorities in all EU policy fields; highlights, however, the fact that, to this end, greater budgetary flexibility is needed, and that a revision of the MFF (for example, offsetting between headings of the current MFF) may be a necessity for the Union's ability to function, not only in terms of facing the new challenges but also with a view to facilitating the decision-making process within the institutions in order to align budgetary resources with evolving circumstances and priorities; emphasises that this process must be fully transparent;

22. Emphasises that the strengthening of a number of policies and the new competences established at EU level following the entry into force of the Lisbon Treaty should logically imply additional financial capacity for the EU, which was hardly the case for 2011, the first year after its entry into force; reminds the Council and the Commission of the political declaration annexed to the 2011 budget, whereby the Commission undertakes to consider ways to strengthen the Lisbon Treaty priority areas and thoroughly to assess the needs when preparing the draft budget for 2012; expects the Commission to follow suit by, for example, proposing to turn successful Lisbon-related pilot projects or preparatory actions into multiannual programmes;

23. Considers the Commission's approach to determining EU decentralised agencies' subsidies from the EU budget to be reliable and to provide the right incentives; stresses that EU agencies' budget allocations are far from being confined to administrative expenditure alone, but instead contribute to achieving the Europe 2020 goals and EU objectives in general, as decided by the legislative authority; reaffirms the need to examine requests for new posts carefully in relation to newly assigned tasks; underlines, however, the importance of adequate funding for those agencies whose tasks have been increased, so as not to hinder their performance; calls for a specific approach in respect of the recruitment of specialised scientific staff with professional experience, especially when these posts are financed exclusively by fees and are thus budget-neutral for the EU budget; supports the work carried out by the interinstitutional working group on the future of agencies, which was set up in early 2009, and looks forward to its conclusions, notably on the above mentioned points;

#### ***Level of payments, RAL and financing of the EU budget***

24. Notes that the 2012 level of payments will result directly from previous years' legal and political commitments; believes that an increase compared to the 2011 budget level is foreseeable and in line with the general profile of payments over the 2007-2013 programming period (see tables in annex);

25. Emphasises the urgent need to address the issue of the growing level of outstanding commitments (RAL) at the end of 2010 (EUR 194 billion, see table in annex); regrets the attitude adopted by the Council in deciding on the level of payments *a priori*, without taking into account an accurate assessment of the actual needs; highlights the fact that the level of RAL is particularly high under Heading 1b; does not consider the Council's option of reducing EU budget commitments in order to decrease the level of RAL to be a sustainable solution, since this would be detrimental to the achievement of previously agreed EU objectives and priorities; underlines, in this connection, the Council's commitment to a joint declaration with Parliament on the possibility of resolving needs in payments which arise in the course of 2011 by means of an amending budget;

26. Emphasises that a certain level of RAL is unavoidable when multiannual programmes are implemented, and that the existence of outstanding commitments by definition requires corresponding payments to be made; requests, therefore, that an orderly relationship between commitments and payments be maintained, and will do its utmost throughout the budgetary procedure to reduce the discrepancy between commitment and payment appropriations;

27. Shares the Council's view that realistic budgeting should be promoted; calls on the Commission to ensure that its draft budget is based on this principle; notes, however, that past implementation, which has improved in recent years, may not constitute a very accurate indicator of 2012 needs in some cases, since the implementation of some programmes could speed up in 2012, and payment needs increase accordingly; endorses the Council's call for the Member States to provide better implementation forecasts, notably with a view to avoiding under-implementation, and takes the view that the bulk of the effort in this respect should be undertaken by the Member States themselves, since the level of the Commission's draft budget is

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determined mainly by their own forecasts (particularly under Heading 2) and their implementation capacity; recalls that the Member States co-manage, together with the Commission, more than 80 % of EU funding; reminds the Member States of their legal responsibility in defining and enforcing financial rules applicable to the recipients of EU funding;

28. Points out that, since the entry into force of the Lisbon Treaty, the protection of financial interests has also been the responsibility of the Member States; emphasises the European Court of Auditors' finding that the management and control systems in some of the Member States are not fully effective; recalls furthermore, that wrongly spent structural funding amounting to billions of euros has not yet been recovered; notes that DG REGIO's current annual report cannot declare the legality and regularity of the Member States' expenditure, because some Member States have not complied with their obligation to submit their reports on time; points out that, as a result of the Member States' ongoing under-financing of the EU budget, Parliament may be forced to identify negative priorities among EU projects, and subsequently to cut their budgets;

29. Is aware that the level of payments finally implemented every year sometimes entails a significant so-called 'surplus' compared with the level of payments originally agreed by the budget authority, meaning that Member States' national contributions to the EU budget are therefore decreased accordingly, and their fiscal positions improved; does not consider the Council's concerns as to the level and timing of this 'return' relevant in addressing the sensitive underlying political issue of the financing of the EU budget; is, rather, of the opinion that unspent payments from year 'n' should be carried over to the following budget year ('n+1') rather than being deducted from the calculation of Member States' national contributions; strongly urges the Commission, therefore, to make ambitious proposals for the establishment of new and genuine own resources, so as fully to provide the EU with real and autonomous financial resources; insists, moreover, that any new own resources should be based on a comprehensive impact assessment, and aimed at developing ways to strengthen the EU's competitiveness and economic growth; asks the Council to cooperate constructively in the debate on fair and new own resources for the EU;

#### ***Administrative expenditure under Section III of the EU budget***

30. Takes due account of the letter dated 3 February 2011 from the Commissioner for Financial Programming and Budget, reaffirming the Commission's commitment to zero staff increase as well as its endeavour to limit the nominal increase (as compared with 2011) in administrative appropriations under Heading 5; is aware, however, that while EU competences keep on increasing, this trend may not be sustainable in the long term and may have an adverse impact on the swift and effective implementation of EU actions;

31. Calls on the Commission to consider the long-term impact of its outsourcing policy, and of its approach of employing a growing number of contract agents, on the quality and independence of the European civil service; underlines that although this generates savings on salaries and pensions, it leads to a situation whereby an increasing number of staff employed by the Commission are not included in its establishment plan; recalls that pension and salary levels are determined by legally binding agreements with which the Commission has to comply in their entirety;

32. Highlights the fact that, in the case of multi-annual programmes, some specific administrative expenditure (including that of executive agencies) is included in the programmes' overall financial envelope along with so-called 'operational expenditure'; points out that the Council's habit of cutting these budget lines horizontally with the aim of reducing administrative expenditure would inevitably end up modifying the entire co-decided envelope for these programmes, and risk affecting the swiftness and quality of their implementation;

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33. Instructs its President to forward this resolution to the Commission, the Council and the Court of Auditors.

ANNEX

