

Official Journal

of the European Union

C 390 E



English edition

Information and Notices

Volume 55

18 December 2012

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I

(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN PARLIAMENT

Implementation of cohesion policy programmes for 2007-2013

P7_TA(2011)0283

European Parliament resolution of 23 June 2011 on the Report 2010 on the implementation of the cohesion policy programmes for 2007-2013 (2010/2139(INI))

(2012/C 390 E/01)

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular Articles 174 to 178 thereof,
- having regard to the Commission's Communication of 31 March 2010: 'Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013' (COM(2010)01110),
- having regard to the Commission's Staff Working Document of 31 March 2010: 'Accompanying document to the Commission's Communication of 31 March 2010 – Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013' (SEC(2010)0360),
- having regard to the Commission's Staff Working Paper of 25 October 2010, 'Cohesion Policy: Responding to the economic crisis, a review of the implementation of cohesion policy measures adopted in support of the European Economic Recovery Plan' (SEC(2010)1291),
- having regard to the Commission's Staff Working Document of 14 November 2008: 'Regions 2020 - an Assessment of Future Challenges for EU Regions' (SEC(2008)2868),
- having regard to the Communication from the Commission 'Europe 2020 – A strategy for smart, sustainable and inclusive growth' (COM (2010)2020),
- having regard to the Commission's Communication of 26 January 2011 'Regional Policy Contributing to Sustainable Growth in Europe 2020' (COM(2011)0017),
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund ⁽¹⁾,
- having regard to Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, and in particular to Article 7 thereof ⁽²⁾,

⁽¹⁾ OJ L 210, 31.7.2006, p. 25.

⁽²⁾ OJ L 371, 27.12.2006, p. 1.

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- having regard to Regulation (EC) No 397/2009 of the European Parliament and of the Council of 6 May 2009 amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of energy efficiency and renewable energy investments in housing ⁽¹⁾,
- having regard to Regulation (EU) No 437/2010 of the European Parliament and of the Council of 19 May 2010 amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of housing interventions in favour of marginalised communities ⁽²⁾,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion ⁽³⁾,
- having regard to its resolution of 24 March 2009 on the implementation of the Structural Funds Regulation 2007-2013: the results of the negotiations on the national cohesion strategies and the operational programmes ⁽⁴⁾,
- having regard to its resolution of 20 May 2010 on the implementation of the synergies of research and innovation earmarked funds in Regulation (EC) No 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union ⁽⁵⁾,
- having regard to its resolution of 14 December 2010 on achieving real territorial, social and economic cohesion within the EU – a sine qua non for global competitiveness? ⁽⁶⁾,
- having regard to the Commission's Information Paper No 1: Earmarking of 28 February 2007 (COCOF/2007/0012/00),
- having regard to the Commission's information note 'Indicative structure for the national strategic reports 2009' of 18 May 2009 (COCOF 09/0018/01),
- having regard to the Council conclusions on the Strategic Report of 2010 by the Commission on the Implementation of the Cohesion Policy Programmes adopted by the Foreign Affairs Council on 14 June 2010,
- having regard to the opinion of the Committee of the Regions on 'Cohesion policy: strategic report 2010 on the implementation of the programmes 2007-2013' of 1-2 December 2010 (CdR 159/2010),
- having regard to the opinion of the European Economic and Social Committee of 14 July 2010: 'How to foster efficient partnership in the management of cohesion policy programmes, based on good practices from the 2007-2013 cycle' (ECO/258),
- having regard to Rule 48 of its Rules of Procedure,
- having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism (A7-0111/2011),

⁽¹⁾ OJ L 126, 21.5.2009, p. 3.

⁽²⁾ OJ L 132, 29.5.2010, p. 1.

⁽³⁾ OJ L 291, 21.10.2006, p. 11.

⁽⁴⁾ OJ C 117 E, 6.5.2010, p. 79.

⁽⁵⁾ OJ C 161 E, 31.5.2011, p. 104.

⁽⁶⁾ Texts adopted, P7_TA(2010)0473.

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- A. whereas, according to Article 174 of the Treaty on the Functioning of the European Union, in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion, and in particular shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions such as rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicap, and whereas the EU 2020 Strategy has to be taken into account to ensure that the EU becomes a smart, sustainable and inclusive economy,
- B. whereas cohesion policy plays a pivotal role on the way towards full achievement of the EU 2020 goals, in particular in the field of employment and social affairs, at all governance levels and in all geographical areas,
- C. whereas the strategic dimension of cohesion policy guaranteeing consistency with the European Union's priorities – making Europe and its regions more attractive places in which to invest and work, improving knowledge and innovation for growth and creating more and better jobs – is provided and highlighted through Council Regulation (EC) No 1083/2006 (hereinafter: the General Regulation), the Community strategic guidelines on cohesion (hereinafter: the Strategic Guidelines), the National Strategic Reference Framework (NSRF) and the Operational Programmes (OP),
- D. whereas the strategic reporting exercise represents a new instrument of cohesion policy, introduced in the present programming period through the General Regulation as an instrument for examining the implementation of Strategic Guidelines, aiming at increasing the strategic content and promoting the transparency and accountability of cohesion policy, and whereas lessons should be learnt from the information and experience gained when planning the next programming period;
- E. whereas Lisbon earmarking is the exercise whereby subsets of the agreed 86 priority schemes were identified as specific priorities under the Lisbon Growth and Jobs Agenda and whereas, for the Convergence objective regions, 47 priority themes were identified as earmarked priorities, while in Regional Competitiveness and Employment objective regions only 33 priority themes were identified,
- F. whereas for the 2009 national strategic reports, the Commission and the Member States agreed to exchange data only on the priority themes by objective, with a target date of 30 September 2009 for extraction, a date when Member States were still suffering from the effects of the economic crisis, with some facing initial difficulties at the beginning of the programming period, and whereas it is expected that more informative data can be gleaned from the 2013 Strategic Report,
- G. whereas European regions are still facing striking economic, social and environmental disparities, partly as a natural consequence of the last two enlargements and also due to the direct effects of the global financial and economic crisis, even though these disparities have shrunk over the past decade through the active contribution of cohesion policy which is crucial for ensuring competitiveness and economic growth while taking into account regional specificities;
- H. whereas cohesion policy has been a key element of the European Economic Recovery Plan (EERP), demonstrating the importance of the Structural Funds as tools of economic stimulus, in particular for small businesses, sustainability and energy efficiency, and whereas the Commission was asked to present a report in 2010 about the uptake of measures adopted as part of Europe's response to the crisis,
1. Welcomes the Commission's strategic report on the implementation of the cohesion policy programmes co-financed by the Structural Funds; congratulates Member States on their efforts to prepare their first national strategic reports, which have proved to be a valuable source of information on implementation;

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2. Points out that, when making comparative analyses, it should be taken into consideration that five Member States extracted their data at a more recent date and one at an earlier date; considers that it is more appropriate to compare the progress made by individual Member States with the EU average;

3. Considers that transparency in the allocation of funds fosters correct implementation and is a key precondition for achieving the overall objectives of cohesion policy and as such needs to be reinforced at all stages of implementation; believes that disclosure of the list of beneficiaries should be continued, notably online, as it is an efficient tool to improve transparency; takes the view that setting Community guidelines and introducing strategic reporting as a new instrument have contributed to increased accountability in delivering policy objectives; calls in this context for regular political debate in order to improve transparency, accountability and assessment of the effects of cohesion policy;

Implementation

4. Notes that the reported financial volume of projects selected is EUR 93,4 billion, representing 27,1 % of available EU resources in the current period, and that this average rate applies to the three cohesion policy objectives as well as to the Lisbon earmarking categories and to the progress in implementing the Community Strategic Guidelines; underlines, however, that progress varies widely between countries and across themes, with aggregate selection rates above 40 % in the case of 9 Member States and below 20 % for 4 Member States;

5. Reiterates its appreciation of the national efforts resulting in average allocation of expenditure for the achievement of the Lisbon agenda of 65 % of the available funds in the convergence regions and 82 % in the regional competitiveness and employment regions, exceeding the levels originally requested; notes with satisfaction that a total of EUR 63 billion is reported as allocated to Lisbon earmarking projects and that project selection under Lisbon earmarking is at the same level or slightly faster than selection for other actions, and therefore urges the Member States to continue in future to earmark resources for projects supporting the EU 2020 Strategy;

6. Notes that the progress rate among CSG themes is highest in the Territorial Dimension theme (30 %), above average for 'Improving knowledge and innovation for growth', but below 27,1 % in the case of the other two guidelines and that, moreover, selection rates are above average for Lisbon earmarked projects in both Convergence and Regional Competitiveness and Employment objectives, but amount only to 20,5 % in the European Territorial Cooperation objective; regrets that, in the absence of output and result indicators for all Member States, the analysis of policy performance as presented in the strategic report has proved to have serious limitations; calls on the Commission, therefore, to review its administrative reporting requirements and calls on the Member States to be more disciplined about providing data on programme implementation;

7. Welcomes the progress already made in implementing projects relevant to the 'More and better jobs' Guideline, in view of the economic crisis and the growing number of unemployed; strongly recommends, however, that the Commission introduce methods for cooperating with the Member States that will make it easier for all necessary funding to be promptly mobilised and allocated efficiently for the achievement of a resource-efficient and competitive economy, inclusive growth and a high-employment economy delivering social and territorial cohesion and poverty reduction, which are priority targets of the EU 2020 Strategy and its objectives, in particular in the field of employment and social affairs, in order to boost growth and productivity and improve employment performance in Europe;

8. Welcomes the fact that the ESF has provided relevant support to implement labour market reforms and proved to be an effective instrument contributing to the shift from passive to active and even preventive labour market policies; calls on the Member States to continue with structural reforms that will safeguard labour markets against a potential future crisis;

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9. Calls on the Member States to make progress in the implementation of co-financed measures and activities aiming at regional level to support labour markets by reducing gender segregation as well as inequalities, such as the pay gap and under-representation in decision-making positions, by facilitating the reconciliation of working and family life and by encouraging conversion of precarious work into work with rights, given the significant proportion of women affected by precarious working arrangements;
10. Stresses the importance of improving infrastructure and services for disadvantaged microregions with a high concentration of socially marginalised people (e.g. the Roma), and also making them affordable;
11. Stresses the importance of transport in general in ensuring territorial, economic and social cohesion; is concerned that investment in the rail sector is not progressing according to plan and is below the level of progress in the road sector, thus not contributing sufficiently to the decarbonisation of transport; underlines in this context that disproportionately planned transport investments between the different modes are detrimental to the creation of intermodal European transport system and notes that further delays in implementation could accentuate imbalances;
12. Recalls that about 23,7 % (EUR 82 billion) of the Cohesion and Structural Funds allocation for 2007-2013 is intended for transport, but only half of it will be spent on TEN-T projects (EUR 17 billion on the TEN-T priority network and EUR 27,2 billion for the comprehensive part), with the other half being earmarked for investment in national, regional and local projects not indicated on the TEN-T maps; stresses that cohesion and structural funding allocated to transport is distributed between transport modes and networks in a way which takes insufficient account of the objectives of the European Union;
13. In terms of territorial cooperation, draws attention to the tendency to delay the launching of cross-border projects and railway projects in general and stresses the European added value of the TEN-T network, which is particularly evident in cross-border sections of projects and in their interconnection with national road, rail and inland waterways projects; proposes in this context systematising the introduction of common platforms for best practices organised on a socio-economic, geographic, demographic and cultural basis;
14. Welcomes the inclusion of expenditure for investment in energy efficiency and renewable energy in housing construction and housing projects for marginalised communities, which is successfully being implemented in many regions and should be continued in the future;
15. Calls for more effective implementation of programmes in the environmental sector, especially in cross-cutting areas which provide European added value, such as action to combat, mitigate and adapt to climate change, investment in cleaner and low-carbon technologies, action to combat air and water pollution, action for biodiversity protection, the expansion of railway networks, the promotion of energy efficiency, especially in the building sector, and renewable energy sources endeavouring to achieve the EU 2020 targets and promote the creation of green jobs and a green economy;
16. Calls for the relevant funds to be used for environmental disaster prevention and/or rapid reaction and calls on the Member States to speed up investment in prevention and in the rehabilitation of industrial sites and contaminated land, given the low rate of implementation;

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17. Regrets the delays in project selection for strategic areas such as the rail sector, certain energy and environmental investments, the digital economy, social inclusion, governance and capacity building, and calls for a thorough analysis of the causes of these delays, while also inviting the Member States to involve their regions in closer monitoring of areas where efforts need reinforcement; highlights on the other hand the higher absorption rate of environmental projects in European Territorial Cooperation programmes, and points to the clear added value of cooperation in this context; underlines, however, that Member States may have caught up in areas where implementation was lagging behind, and that therefore delays at this particular stage need not be indicative of overall quality in the programming period; points in this context to the acceleration in absorption capacities and budgetary implementation of cohesion policy during 2010 which stems, inter alia, from recent legislative changes and from operational programmes reaching cruising speed, the last Management and Control Systems having finally been approved by the Commission;

18. Believes that corrective measures need to be promptly taken to improve poor performance in some priority areas; recommends carrying out an in-depth analysis of the implementation problems in areas with specific delays in project selection and calls on Member States in this context to step up efforts to improve project selection in the delayed themes, and to accelerate implementation of all selected projects to avoid the risk of not reaching the agreed objectives;

19. Considers that in some cases rapid project selection and implementation and an overall better use of the allocated funds is particularly needed for the activities aimed at improving human capital, promoting health and fostering disease prevention, ensuring equal opportunities, supporting labour markets and enhancing social inclusion, especially in order to overcome the negative impacts of the economic crisis;

20. Highlights the fact that several Member States confirmed that the discipline imposed by the earmarking exercise has improved the quality and focus of programming; notes, moreover, that Member States unanimously considered that maintaining fundamental priorities of their National Strategic Reference Frameworks and Operational Programmes linked to the Lisbon Strategy is the best instrument to tackle the crisis, and reconfirmed the relevance of the medium- and long-term objectives set out in these documents;

Challenges in implementation

21. Underlines the fact that effective selection and implementation of projects in some areas is hampered by missing relevant preconditions such as simpler application procedures at national level, clear national priorities for certain areas of intervention, timely transposition of EU laws and consolidated institutional and administrative capacity, and by excessive national red tape; calls therefore on Member States and regions to facilitate policy implementation by tackling these challenges and in particular by adapting the legal framework in the field of state aid, public procurement and environmental rules and pursue institutional reforms;

22. Recalls with regret that the substantial delay in policy implementation results mainly from the following factors: late conclusion of the negotiations on the multiannual financial framework and the legislative package of the policy, resulting in belated completion of the national strategies and operational programmes, changes in the rules on financial control and evaluation criteria imposed at national level, overlap with the closure of the period 2000-2006 and scarce public resources available for cofinancing in Member States;

23. Deplores the fact that, although the Strategic Report should highlight the contribution of the programmes cofinanced by the Structural Funds towards implementing the objectives of cohesion policy, it does not provide comprehensive data on the situation regarding regional disparities up to 2009;

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Response to the economic crisis

24. Welcomes the publication of the Commission Staff Working Paper 'Cohesion Policy: Responding to the economic crisis', a review of the implementation of cohesion policy measures adopted in support of the European Economic Recovery Plan; highlights that this review draws primarily on the information provided in national strategic reports; calls for the Commission to take the necessary measures in order to ensure that the information provided by the Member States is accurate;

25. Notes that, in the context of the global financial and economic crisis and the current economic slowdown, the EU cohesion policy decisively contributes to the European Economic Recovery Plan, constituting the largest Community source of investment in the real economy, and has proven to allow a flexible and appropriate response to the rapidly deteriorating socioeconomic environment; underlines that Member States appreciated that the crisis measures could be tailored to their specific needs; calls nonetheless for greater flexibility and reduced complexity in the rules to combat crisis and encourages Member States to use promptly all measures made available by the Commission to ensure an appropriate and timely reaction according to specific needs as well as a successful exit from the crisis to achieve long-term sustainable development by strengthening competitiveness, employment and the attractiveness of European Regions;

26. Stresses the importance of making supplementary efforts to overcome the difficulty of measuring the overall impact of specific cohesion policy-related measures under the EERP, and regrets that the review therefore can only give limited insights into concrete examples at national level; nevertheless welcomes the analysis of good practices and first conclusions presented in the report;

27. Considers that the signs of recovery from the crisis are fragile, and that in the coming years Europe has to tackle its structural weaknesses, including through Cohesion Policy interventions and targeted investments notably in research and development, innovation, education and technologies that are beneficial for all sectors in acquiring competitiveness; stresses therefore the need for a thorough analysis of the impact of measures aimed at counteracting the crisis and the necessity to provide for accessible structural funding, which is a powerful mechanism designed to help the regions in their economic and social restructuring and in promoting economic, social and territorial cohesion and solidarity;

Creating synergies and avoiding the sectoral dispersion of regional policy resources

28. Shares the view of the Council expressed in the Council Conclusions on the Strategic Report 2010 on the real added value generated by one strategic and integrated approach for the structural funds; recalls that each fund needs its own rules for successful interventions on the ground in specific situations; stresses, as well, the need in the post-crisis era to consolidate public budgets and increase synergies and the impact of all available funding sources (EU, national, EIB instruments) through effective coordination;

29. Stresses that synergies between structural funds and other sectoral policy instruments, and between these instruments and national, regional and local resources, are vital and create valuable links allowing mutual reinforcement, sustainable implementation of programmes and achievement of territorial cohesion; acknowledges that, through the earmarking provisions for 2007-2013, cohesion policy is better geared to create synergies with research and innovation policies; underlines that Structural Funds could be used to enhance research infrastructure, ensuring the level of excellence necessary for access to research funds; also highlights the benefits of synergies between ERDF, ESF and EAFRD; notes that experience clearly proves that successful performance of ESF-financed programmes is essential in order to maximise the effectiveness of

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ERDF funding for economic actions; recalls in this context the potential of cross-financing which is not yet fully exploited; with a view to the next Strategic Report, invites the Commission to introduce a reference to mutual interaction between Structural Funds as well as their interaction with other EU financial instruments;

Monitoring and evaluation

30. Underlines that technical assistance, monitoring and evaluation stimulate policy learning and, together with an efficient financial control will constitute an incentive to improve the quality of performance;

31. Regrets that only 19 Member States reported on core indicators and therefore at this stage it is impossible to have a first clear EU-wide picture of the impact of the policy on the ground; strongly encourages Member States to use core indicators in the next round of the strategic reporting exercise in 2012-2013; calls on the Commission to step in and provide support for Member States and regions to produce timely, coherent and complete data;

32. Underlines the need for the Commission to ensure efficient and constant monitoring and control systems in order to improve governance and effectiveness of the delivery system of the Structural Funds; calls on the Commission to enhance the coherence and quality of monitoring of the progress made by Member States by making obligatory the use of a minimum set of core indicators in national strategic reports in the next programming period to facilitate comparison and result-orientation, by providing more detailed guidance;

Good practices

33. Considers that good practices and mutual learning in policy implementation must be highlighted and their exchange promoted, alongside reinforcement of administrative capacities, in particular of local and regional authorities, in order to improve efficiency and effectiveness and avoid repetition of past mistakes;

34. Encourages good practices related to national reporting such as using core indicators, reporting on results and outputs, reporting on synergies between national policies and EU policies, organising public debates and consultations with stakeholders, submitting the reports to national parliaments for opinions and publishing the reports on governmental websites (with all reports using clear and concise terminology), as these practices improve the quality of the reporting exercise and increase the ownership of stakeholders within Member States; insists on the need to follow best practice in regions characterised by a lower degree of absorption or efficiency in respect of funding programmes;

35. Welcomes the fact that the Commission sets out how national, regional and local authorities can realign operational programmes to EU 2020 sustainable growth objectives, and how practices can be refocused towards smart growth objectives during this programming period; calls on Member States to act without delay, invest more in sustainable development and smart growth, social inclusion and gender equality in the labour market and use funds more effectively; calls furthermore on the Commission to launch a debate to elaborate further on how cohesion policy can, over the current period 2007-2013, contribute to the objectives of the Europe 2020 strategy;

Conclusions and recommendations

36. Underlines the role of SMEs as innovative players in the economy and stresses the need to develop this sector inter alia through the implementation of the Small Business Act, facilitate SMEs' access to financing and operating capital and encourage SMEs to become involved in innovative projects with a view to strengthening their competitiveness and potential for greater employment; stresses that many social and economic benefits are to be gained from cooperation at the local and regional levels between the public authorities, SMEs, business networks, research institutes and clusters, as well as from the effective use of all existing resources, including the financial engineering instruments (Jeremie) as elements of capital reinforcement for SMEs; nevertheless underlines that, regarding loan financing, legal certainty needs to

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be improved in such a way that financial intermediaries and promotional banks can set up conditions for innovative financial instruments that will remain valid for the whole programming period;

37. Strongly believes that good governance at European, national, regional and local level and effective cooperation between the various levels of government are fundamental to ensuring the quality of the decision-making process, strategic planning, improved absorption capacity of Structural and Cohesion Funds and therefore the successful and efficient implementation of cohesion policy; encourages the Commission and the Member States to strengthen and mobilise multi-level governance in accordance with the Treaty and the subsidiarity and partnership principles; stresses therefore the importance of a genuine partnership strategy, both vertically and horizontally, and recommends that the quality of partnership involvement be assessed, recalling that partnership may lead to simplification, particularly in the project selection procedure; calls on Member States to involve the sub-national levels from the outset in defining the investment priorities and in the decision-making process itself, as well as to integrate them with civil society actors and community representatives in the implementation of programmes; proposes, in this context, the establishment of a Territorial Pact of Local and Regional Authorities on the Europe 2020 Strategy in every Member State;

38. Believes that simplification of provisions and procedures should contribute to the speedy allocation of funds and payments, and that it should therefore continue and should result in improved rules in the post-2013 period, both at EU and national level without creating major difficulties for the beneficiaries; considers that regional policy should be better adapted to the needs of users and that simplification should reduce unnecessary administrative barriers and costs as well as other obstacles hampering policy goals, should avoid confusion and erroneous interpretation of current administrative practices and should, on the other hand, ensure more flexible project management, synchronised controls, and increased efficiency of the policy; deplors that, due to superfluous bureaucracy, overcomplicated rules subject to frequent changes and a lack of harmonised procedures, many funds remain unused; considers that a balance needs to be struck between simplification and the stability of rules and procedures;

39. Calls for the Member States and regional authorities to enhance capacity-building and reduce the administrative burden, in particular to ensure the cofinancing of projects by national contributions and, when relevant, to introduce financial engineering support, in order to increase the absorption of the funds and to avoid further major delays in investing;

40. Supports the ideas put forward by the Commission aimed at placing greater emphasis on result-based implementation of Structural Funds and considers that strategic reporting, as a valuable tool of monitoring progress in implementation, creates a basis for peer review and strategic debate at EU level; with a view to achieving better quality strategic reporting, based on comparative and reliable data, encourages Member States to adopt a more analytical and strategic approach while elaborating national reports with stronger focus on objectives, results and strategic developments and to submit timely, accurate information on the core indicators and the agreed targets; stresses therefore that the Strategic report 2013 should be result-oriented and focused more on qualitative analysis of the effectiveness of programmes, outputs, outcomes and early impacts rather than on excessive presentation of statistical data;

41. Calls on the Commission and Member States to use the opportunity of the mid-term review of the financial perspective 2007-2013 and of cohesion policy to ensure increased absorption of European funding in the period 2011-2013;

42. Calls on all EU institutions and Member States, with a view to the next round of negotiations on the future cohesion policy, to facilitate speedier conclusion of key documents, such as the multiannual financial framework and regulations, in the next round of negotiations with a view to overcoming the start-up difficulties that might arise at the beginning of the next programming period;

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43. Calls on the Commission to ensure that the future cohesion policy will benefit from adequate financial resources; takes the view that it must not be seen as merely an instrument for achieving the objectives of sectoral policies, since it is a Community policy offering substantial added value and has its own *raison d'être*: economic, social and territorial cohesion; underlines therefore that cohesion policy should remain independent and its current foundations and principles should not be modified by a sectoral dispersion;

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44. Instructs its President to forward this resolution to the Council, the Commission and the Member States.

European urban agenda and its future in the cohesion policy

P7_TA(2011)0284

European Parliament resolution of 23 June 2011 on European Urban Agenda and its Future in Cohesion Policy (2010/2158(INI))

(2012/C 390 E/02)

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular Title XVIII thereof,
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund ⁽¹⁾,
- having regard to Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund ⁽²⁾,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion ⁽³⁾,
- having regard to Regulation (EC) No 397/2009 of the European Parliament and of the Council of 6 May 2009 amending Regulation (EC) No 1080/2006 on the European Regional Development Fund as regards the eligibility of energy efficiency and renewable energy investments in housing ⁽⁴⁾,
- having regard to Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 amending Regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy ⁽⁵⁾,
- having regard to its resolution of 21 February 2008 on the follow-up of the Territorial Agenda and the Leipzig Charter: Towards a European Action Programme for Spatial Development and Territorial Cohesion ⁽⁶⁾,
- having regard to its resolution of 21 October 2008 on governance and partnership at national and regional levels and a basis for projects in the sphere of regional policy ⁽⁷⁾,

⁽¹⁾ OJ L 210, 31.7.2006, p. 25.

⁽²⁾ OJ L 210, 31.7.2006, p. 1.

⁽³⁾ OJ L 291, 21.10.2006, p. 11.

⁽⁴⁾ OJ L 126, 21.5.2009, p. 3.

⁽⁵⁾ OJ L 346, 30.12.2010, p. 5.

⁽⁶⁾ OJ C 184 E, 6.8.2009, p. 95.

⁽⁷⁾ OJ C 15 E, 21.1.2010, p. 10.

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- having regard to its resolution of 24 March 2009 on the urban dimension of cohesion policy in the new programming period ⁽¹⁾,
- having regard to its resolution of 24 March 2009 on the Green Paper on Territorial Cohesion and the state of the debate on the future reform of cohesion policy ⁽²⁾,
- having regard to its resolution of 20 May 2010 on the contribution of the cohesion policy to the achievement of Lisbon and the EU2020 objectives ⁽³⁾,
- having regard to its resolution of 7 October 2010 on EU cohesion and regional policy after 2013 ⁽⁴⁾,
- having regard to the ad hoc note published by the European Parliament entitled "Follow-up of the Territorial Agenda and the Leipzig Charter: towards a European Action Programme for spatial development and territorial cohesion",
- having regard to the Commission's Communication of 3 March 2010 on "EUROPE 2020 – A strategy for smart, sustainable and inclusive growth" (COM(2010)2020),
- having regard to the Commission's fifth report on 'Economic, social and territorial cohesion: the future of cohesion policy', of 9 November 2010,
- having regard to the Commission's Communication of 9 November 2010 on the "Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy" (COM(2010)0642),
- having regard to the Commission's Synthesis report of April 2010 on the "Ex post evaluation of Cohesion Policy programmes 2000-06 co-financed by the ERDF (Objective 1&2)",
- having regard to the Commission's report of June 2010 on the "Ex post evaluation of Cohesion Policy programmes 2000-06: the URBAN Community Initiative",
- having regard to the opinion of the European Economic and Social Committee (EESC) on "The need to apply an integrated approach to urban regeneration" of 26 May 2010 ⁽⁵⁾,
- having regard to the opinion of the Committee of the Regions on "The role of urban regeneration in the future of urban development in Europe" of 9-10 June 2010 ⁽⁶⁾,
- having regard to the Territorial Agenda of the EU – Towards a More Competitive and Sustainable Europe of Diverse Regions ("the Territorial Agenda") and the Leipzig Charter on Sustainable European Cities ("the Leipzig Charter"), which were both adopted at the Informal Council of Ministers responsible for spatial planning and urban development held in Leipzig on 24-25 May 2007,
- having regard to the "Toledo Declaration" adopted at the Informal Council of Ministers on urban development held in Toledo on 22 June 2010,

⁽¹⁾ OJ C 117 E, 06.5.2010, p. 73.

⁽²⁾ OJ C 117 E, 06.5.2010, p. 65.

⁽³⁾ OJ C 161 E, 31.5.2011, p. 120.

⁽⁴⁾ Texts adopted, P7_TA(2010)0356.

⁽⁵⁾ OJ C 21, 21.1.2011, p. 1.

⁽⁶⁾ OJ C 267, 1.10.2010, p. 25.

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- having regard to the Position of the Directors General for Urban Development on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy (COM(2010)0642/3),
 - having regard to the Conclusions of the European Summit of Local Governments held in Barcelona, 22-24 February 2010, entitled 'Local governments, the protagonist in the new Europe',
 - having regard to the Covenant of Mayors, as initiated and supported by the European Commission,
 - having regard to the independent report, prepared at the request of the Commission, entitled "An Agenda for a Reformed Cohesion Policy" (Fabrizio Barca report) (2009).
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Transport and Tourism (A7-0218/2011),
- A. whereas the EU can be characterised by its polycentric development and variety of different-sized urban areas and cities, which have heterogenic competences and resources; expresses the view that it would be problematic to adopt a common definition of "urban areas" and of the term 'urban' in general, purely on a statistical basis, as it is difficult to bring under the same umbrella the diversity of situations in Member States and regions, and hence takes the view that any obligatory definition and designation of urban areas should be left to Member States, in accordance with the principle of subsidiarity, based on European common indicators; whereas a look should be taken into how a functional approach can lead to a standard definition of "urban" and thus create the basis for a clear statutory definition of the urban dimension of Union policies; and whereas it would be useful, especially in the context of the Cohesion Policy, to have a functionally based definition of the urban dimension,
- B. whereas the EU contributes through its policies to the sustainable development of urban areas, and whereas it should be borne in mind that, in addition to national urban policies under the principle of subsidiarity, a European urban policy should be defined,
- C. whereas cities contribute actively to the formulation of EU policies and play an important role in the successful implementation of the EU2020 Strategy; and whereas failing to take into account the urban dimension of EU policies, and especially that of cohesion policy, would jeopardise the achievement of the EU2020 goals,
- D. whereas cities possess unique architectural and cultural potential, as well as considerable powers of social integration, and whereas they contribute to the social balance by preserving cultural diversity and maintaining a permanent link between the centre and outlying areas,
- E. whereas, building on the experience of the URBAN initiatives, urban actions have been integrated ('mainstreamed') into the regulatory framework for the Convergence and Regional competitiveness and employment objectives in the 2007-2013 programming period; whereas this mainstreaming has clearly expanded the funding available for cities; whereas clearly defined urban development objectives should be identified within the operational programmes to help concentrate resources,
- F. whereas subsidiarity in its strengthened and widened form, as defined in the TFEU, as well as multi-level governance and a better-defined partnership principle, are essential elements for the correct implementation of all EU policies, and whereas engagement of the resources and competences of local and regional authorities should be reinforced accordingly,

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- G. whereas the economic crisis of the last few years has heightened disparities and social exclusion in vast peripheral metropolitan areas; whereas, in the face of the crisis, local authorities must be in a position to implement practical measures to combat poverty and support social cohesion and employment,
- H. whereas a policy of development poles based on stimulating economic activity in the cities has on many occasions failed to generate sufficient pull and has therefore had a limited impact on the surrounding area and has not contributed to integrated development,
- I. whereas in a very few districts of cities, regardless of their wealth or economic strength, there may be specific problems such as extreme social inequality, poverty, marginalisation and high unemployment which cohesion policy support can alleviate or eliminate,
- J. whereas simplification of policy implementation, including that of control and auditing mechanisms, helps improve efficiency, reduce error rates, make the policy architecture more user-friendly and increase visibility; and whereas simplification efforts should continue and be accompanied by the simplification of national and regional procedures so that representatives of urban areas can better orient and manage the utilisation of European funds,

Context of the Urban Dimension

1. Notes that the European Urban Agenda comprises on the one hand the urban dimension of EU policies, in particular cohesion policy, and on the other hand the intergovernmental strand of European-level efforts to coordinate the urban policies of Member States, the latter being implemented through informal ministerial meetings with coordination by successive Council Presidencies and the active contribution of the Commission; takes the view in this context that local governments should be better informed of, and more strongly involved in, the activities of the intergovernmental strand; recommends closer coordination between the two levels and closer involvement of local government; stresses the need to improve coordination of the decisions and actions of administrative authorities at both European and national level;
2. Notes the approval of the Toledo Declaration and the Toledo Reference Document on urban regeneration; agrees with the need for more continuity and coordination in moving towards a joint working programme or 'European Urban Agenda'; welcomes the fact that ministers underlined the need to strengthen cooperation and coordination with the European Parliament, as well as the aim of strengthening the urban dimension in cohesion policy and promoting sustainable urban development and integrated approaches by reinforcing and developing instruments to implement the Leipzig Charter at all levels; congratulates the Member States and the Commission on their efforts to continue the Marseille process and implement a reference framework for sustainable European cities; follows with interest the launch of the test phase of the reference framework; regrets, however, that cities are not sufficiently involved in these processes; asks the Commission and Member States, therefore, to ensure better flow of information about this process to non-participating cities and to keep Parliament informed of further developments;
3. Highlights the fact that, further to the significant contribution of cohesion policy interventions to the development of urban areas, a range of other EU policies (such as environment, transport and energy) and programmes have a strong impact on urban development; stresses the need for a better understanding of the territorial impact of policies and calls for the Urban Agenda in EU policies to be enhanced; reiterates its call on the Commission to proceed with a territorial impact assessment of sectoral policies, and to extend the existing impact assessment mechanisms; welcomes in this context the ideas outlined in the fifth report on economic, social and territorial cohesion and the work carried out by ESPON;

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Local Needs and/vs. European Priorities

4. Highlights the fact that it is to a great extent urban areas that translate European policies into on-the-ground implementation; stresses that urban areas, which contain 73 % of Europe's population, generate around 80 % of the GDP and consume up to 70 % of the energy in the Union and are the major centres of innovation, knowledge and culture, thanks inter alia to the presence of SMEs, and therefore significantly contribute to economic growth; points out that only cities with high-quality services and adequate infrastructure can attract and promote forward-looking activities with high added value; notes that, on the other hand, they also bear the costs of economic productivity (urban sprawl, concentration, congestion, pollution, land use, climate change, energy insecurity, housing crisis, spatial segregation, crime, migration etc.) and are affected by major social imbalances (high unemployment, social insecurity and exclusion, social polarisation etc.) which put their role as 'motors of growth' at risk; stresses that not only economic, but also social and ecological, developments in urban areas have a great impact on the surrounding areas, and takes the view that the urban agenda must seek to develop sustainable, smart, inclusive investments so as to strengthen the role of cities; considers therefore that there is a clear justification for common engagement on the urban areas of the EU with a view to reducing the across-the-board effects of growth and development and, at the same time, tackling issues relating to environmental sustainability and social cohesion;

5. Points out that urban transport services are covered by the subsidiarity principle; emphasises, nevertheless, that European cooperation, coordination and funding would enable local authorities to meet the challenges they are facing, particularly in relation to transport;

6. Believes that maximising the contribution of urban areas to the economic growth of the EU while sustaining or improving their parameters as 'good places to live in' is a shared goal of European, national, regional and local levels of government; stresses that while this goal is widely shared, the specific measures to pursue it can vary from place to place; notes that as a consequence of historical development in the second half of the twentieth century, some regions and cities will generally need to follow a wider palette of priorities including that of convergence, and hence considers that sufficient flexibility must be ensured, allowing particular urban areas to find the solutions best suited to their needs, macro- and micro-environment and development context;

7. Recommends that the urban dimension of Cohesion Policy, taking as a guideline the strategic concept of serving smart, sustainable, inclusive growth, should focus on a threefold objective: first, to help urban areas develop their basic physical infrastructure as a precondition for growth in order fully to exploit their potential contribution to economic growth in Europe, diversification of the economic base and energy and environmental sustainability, in particular with a view to maintaining and improving air quality in urban centres; without detriment to rivers; second, to help urban areas modernise their economic, social and environmental characteristics through smart investment in infrastructure and services based on technological advancements and closely related to specific regional, local and national requirements; thirdly, to regenerate urban areas by reclaiming industrial sites and contaminated land, while bearing in mind the need for links between urban and rural areas with a view to promoting inclusive development, in line with the Europe 2020 Strategy;

8. Points to the great potential for modernisation of infrastructure investment by means of intelligent technologies which would deal with persisting problems in city governance, energy, water supply and utilization management, transport, tourism, housing, education, health and social care, public safety, etc. through the concept of 'smarter urban development'; believes that such information and communications technology (ICT) infrastructure investment can be seen as an explicit driver of economic growth and innovation-based economic activity, bringing together the elements of public and private investment that can aim to generate new entrepreneurship, sustainable jobs and smart growth, in line with the objectives of the Europe 2020 Strategy and, in particular, the Smart Cities innovation partnership;

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9. Stresses that the application of intelligent systems can make a significant contribution to improving energy efficiency, safety and security in the public sector, and calls on the Commission and the Member States to ensure coordinated and effective deployment of intelligent systems in the Union as a whole, and particularly in urban areas; points out that cities, in particular, can make a major contribution towards combating climate change through, for instance, intelligent local public transport systems, energy refurbishment of buildings, and sustainable city-district planning which minimises distances to work, urban amenities etc.; in this context, supports the Civitas initiative and the Covenant of Mayors; stresses the importance of using available funding to implement programmes of action to promote the exploitation of local renewable energy potential, and calls on the Commission to ensure that both these initiatives are updated in the future;

10. Stresses the relevance of cohesion policy to promoting social innovation in urban areas, particularly in disadvantaged neighbourhoods, with a view to enhancing internal cohesion and human capital by means of an inclusive and participatory approach, whether in terms of training and education (particularly for young people), access to micro-credits or promotion of the social economy;

Multi-level Governance and Partnership Principle

11. Reiterates its view that one of the weaknesses of the Lisbon Strategy was the lack of well-functioning multi-level governance and the insufficient involvement of regional and local authorities and civil society in the design, implementation, communication and evaluation stages of the strategy; stresses the need for an improved governance system for the EU2020 Strategy, with greater integration of stakeholders at all stages;

12. Calls on the Commission to ensure in the upcoming regulations that Member States formally involve the political leaders of key urban areas and associations of local and regional authorities in all stages of Cohesion Policy decision-making (strategic planning, definition of, and negotiation on, the proposed 'development and investment partnership contracts'), for example through the creation of new types of partnership such as Territorial Pacts devised for each Member State; calls on the Commission to promote the training of urban and local administrations with a view to providing information on urban policy programmes and initiatives, and calls on the local authorities accordingly to draw up concrete programmes of action under their specific development strategies; is of the opinion that this is the one and only way to reflect local needs while preventing fragmentation of strategic goals and solutions;

13. Believes that the link between local action plans and regional/national mainstream programmes should be strengthened; supports the Commission's proposal to reinforce the position of the local development approach in cohesion policy through 'Leader' type support groups and action plans;

14. Stresses that urban areas are not isolated elements within their regions and that their development must therefore be closely linked to the surrounding functional, suburban or rural areas; seeks further clarification on specific situations such as those of metropolitan areas, urban regions and agglomerations, where functions are closely interlinked; considers that multi-level governance, regional planning and the partnership principle are the most effective tools to prevent sectorialisation and fragmentation of development policies; recalls, however, that internal synergies are not always guaranteed; urges the Commission to call on the Member States specifically to promote contacts and the exchange of good practices on rural-urban strategies and to set out urban-rural dimensions in planning documents to ensure good rural-urban links;

15. Stresses the positive role that cross-border cooperation, transnational cooperation and URBACT initiative play in networking of cities, sharing best practice and generating innovative solutions; notes that cooperation between European cities is fully in line with Objective 3 (European territorial cooperation); considers that, during the period 2014- 2020, the urban dimension of the European territorial cooperation objective should be enhanced; encourages the involvement of cities in inter-regional and cross-border cooperation networks; believes that supported networks should be linked to real development projects

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and calls on the Commission to enhance the platforms to allow of an experimental approach to urban regeneration and development; believes that experimentation could be useful in the context of the ESF in particular, where an overall territorial strategy could complement an approach aimed at specific population groups;

16. Underlines that the process of 'urban regeneration' and 'mainstreaming' could lead to a new 'urban alliance' that brings together all stakeholders involved in the 'city building' process; the alliance would continue to be based on consensus and formally established with new forms of governance in which social and civic networks play an important part, the common objective being to upgrade, regenerate and reinvent the 'existing city', making optimal use of human, social, material, cultural and economic resources developed over the years and channelling them into the construction of cities run on efficient, innovative, intelligent, more sustainable and socially integrated lines;

17. Reiterates its call on the Commission to create an 'Erasmus for local and regional elected representatives' exchange programme in order to encourage the transfer of good practice in strategic local and urban development;

Sub-delegation of responsibilities

18. Stresses that local elected authorities have direct political accountability in terms of strategic decision-making and investing public resources; with that in mind, takes the view that the Member States should guarantee these authorities sufficient budgetary resources; considers, therefore, that in order to reach the goals of the Cohesion Policy and EU 2020 Strategy there must be obligatory involvement of local elected bodies in the strategic decision-making process, close involvement in drawing up operational programmes and broad use of the option of subdelegated responsibilities in the implementation and evaluation of the Cohesion Policy, without prejudice to the financial responsibility of the managing authorities and Member States; stresses that the priority of the local authorities is the welfare and quality of life of their citizens who, together with all stakeholders, must be involved in local development strategies;

19. Recommends that in the next programming period one of the following options be used in implementation of the urban dimension at national level: independent operational programmes managed by particular urban areas, joint operational programmes covering the urban areas of particular Member States, global grants or ring-fencing of urban measures and resources within specific regional operational programmes; recognises the importance of drawing up specific operational programmes in future for certain urban areas seeking to realise their development potential;

20. Cautions that, as the scale and predominance of urbanisation differs greatly across the EU, particularly where a region is predominantly rural and weakly urbanised, the share of resources attributed to urban actions, as with the general content and priorities of Operational Programmes, must be left to the discretion of programme designers operating on behalf of the region in question;

Integrated strategic planning

21. Advocates integrated strategic planning principles, as they can help local authorities move on from thinking in terms of 'individual projects' to more strategic intersectoral thinking in order to use their endogenous development potential; stresses the added value and innovative nature – particularly for disadvantaged neighbourhoods – of this 'bottom-up' approach, which by ensuring the participation of all local stakeholders would make it possible to respond better to the real needs and resources of the territory; at the same time, regrets the vague common definition which results only in formal application in some cases; urges the Commission to call on the Member States to ensure support for the development of local administrative capacities for the purposes of integrated strategic planning;

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22. Considers that urban areas have an essential role to play in the implementation of macro-regional strategies and the establishment of functional geographical entities;

23. Invites the Commission to prepare a study comparing the practice to date of individual Member States regarding integrated strategic planning and, on the basis of the outcome of the study, to draw up specific EU guidelines for integrated urban development planning practice that also clarify the relations between these plans and other planning documents, as well as promoting efficient, legally regulated partnerships, including cross-border urban partnerships; calls on the Commission to make integrated urban planning legally binding if EU funds are used for co-financing projects; urges the local authorities of the Member States to initiate new public-private partnerships and innovative urban infrastructural development strategies so as to attract investment and stimulate business activity; calls for improved coordination between local and regional administrations, so as to facilitate new partnerships between urban and rural areas on the one hand and between small, medium and large cities on the other, with a view to ensuring balanced regional development; at the same time calls on the Commission to step up technical assistance towards improved integrated development planning, participatory policy-making and strategic urban development;

24. Welcomes the Commission's idea on the future Common Strategic Framework as outlined in the Conclusions of the 5th Cohesion Report, which has the potential to boost synergies between the funds, particularly with a view to rethinking links between urban areas and rural and peri-urban areas; stresses the European added value of the horizontal and integrated approach to the cohesion policy and, to that end, encourages further synergies with energy, environment and transport policies, which would be particularly helpful to urban and peri-urban areas, where major challenges exist in this connection;

25. Reiterates its belief that only if sufficient resources are available for specific urban actions will it be efficient to draw up integrated urban development plans, and therefore recommends that available resources be concentrated on specific actions; proposes the setting of a minimum level of aid intensity per programming period for deprived neighbourhoods of urban areas;

Comprehensive financial planning

26. Stresses that unavoidable austerity measures at all levels of government in the European Union put unprecedented stress on all types of public spending, including strategic investment in economic development; is of the opinion that in the interests of improved efficiency of investment, better coordination of all available public resources (European, national, regional, local, private) and more strategic allocation thereof is needed;

27. Advocates in this context comprehensive financial planning at local level as an indivisible component of integrated development planning, and calls on each user of public resources, in line with the concept of result orientation, to sign up strictly to the 'money for projects, instead of projects for money' principle;

28. Underlines the European added value of cross-financing between the ERDF and the ESF in terms of flexibility for social inclusion projects and integrated urban development plans/strategies; calls on the Commission to create more flexible conditions for such cross-financing so as to encourage its use and so that these rules do not create obstacles when designing and implementing these plans/strategies; draws attention to the complementary nature of these funds; notes that, particularly in urban areas suffering from social exclusion or environmental pollution, ESF funding could be used to support joint local projects by cities, the third sector and the private sector for the prevention of exclusion; points out that the pooling of existing European funds could substantially increase available financing;

29. Believes that the dynamism of urban areas can be stimulated by effective synergies between the various European funding instruments, particularly as regards research and innovation;

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30. Stresses the promising role of new financial engineering instruments based on the principles of 'projects for money' and 'money for projects' put in place during the current programming period; stresses the need to create scalable financial engineering instruments that can be viable and feasible for much smaller urban areas; calls on the Commission to evaluate the experience with these tools and adapt them where necessary in order to improve their competitive position on the financial market in comparison with common commercial products with a view to making them more user-friendly, practical, attractive and, hence, effective; believes that the interest rates of EIB financial tools should be made lower in comparison with commercial loans to this end; calls on the Member States, in view of the positive results obtained from the use of existing financial engineering instruments, to ensure at all times that the most effective use is made of the potential benefits of these financial instruments;

31. Believes that the 'Jessica' initiative in particular can achieve its greatest effectiveness when implemented at the level of cities, and observes with regret, therefore, that some Member States tend to centralise its implementation;

32. Calls on the Commission to ensure that financial flows between the European, national and sub-national level are organised in the most efficient and flexible way in the future; expresses its concern about the current low level of pre-financing of projects, and believes that in the future it should be ensured by means of regulations that Member States are more clearly obliged to use pre-financing for payments to public beneficiaries such as urban authorities;

33. Calls on the Commission to aim at the best possible harmonisation of rules for particular EU funds and programmes under which urban and local development projects are eligible for co-financing, in order to minimise red tape and potential errors in implementation;

34. Invites the Committee of the Regions to elaborate on ideas about how to better shape the urban dimension of future cohesion policy;

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35. Instructs its President to forward this resolution to the Council, the Commission and the Committee of the Regions.

Objective 3: future agenda for cross-border, transnational and interregional cooperation

P7_TA(2011)0285

European Parliament resolution of 23 June 2011 on Objective 3: a challenge for territorial cooperation – the future agenda for cross-border, transnational and interregional cooperation (2010/2155(INI))

(2012/C 390 E/03)

The European Parliament,

— having regard to the Treaty on the Functioning of the European Union, and in particular Title XVIII thereof,

— having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 ⁽¹⁾,

⁽¹⁾ OJ L 210, 31.7.2006, p. 25.

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- having regard to Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC) ⁽¹⁾,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion ⁽²⁾,
- having regard to its resolution of 7 October 2010 on EU cohesion and regional policy after 2013 ⁽³⁾,
- having regard to its resolution of 6 July 2010 on the European Union Strategy for the Baltic Sea and the role of macro-regions in the future cohesion policy ⁽⁴⁾,
- having regard to its resolution of 20 May 2010 on the implementation of the synergies of research and innovation earmarked funds in Regulation (EC) No 1080/2006 on the European Regional Development Fund and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union ⁽⁵⁾,
- having regard to its resolution of 24 March 2009 on the Green Paper on Territorial Cohesion and the state of the debate on the future reform of cohesion policy ⁽⁶⁾,
- having regard to its resolution of 19 February 2009 on the review of the European Neighbourhood and Partnership Instrument ⁽⁷⁾,
- having regard to its resolution of 21 February 2008 on the follow-up of the Territorial Agenda and the Leipzig Charter: Towards a European Action Programme for Spatial Development and Territorial Cohesion ⁽⁸⁾,
- having regard to its resolution of 1 December 2005 on the role of 'Euroregions' in the development of regional policy ⁽⁹⁾,
- having regard to its resolution of 28 September 2005 on the role of territorial cohesion in regional development ⁽¹⁰⁾,
- having regard to the Commission Communication of 8 December 2010 entitled 'European Union Strategy for Danube Region' (COM(2010)0715) and the indicative action plan that accompanied the strategy (SEC(2010)1489),
- having regard to the Commission Communication of 9 November 2010 entitled 'Conclusions of the fifth report on economic, social and territorial cohesion: the future of cohesion policy' (COM(2010)0642),
- having regard to the Commission Communication of 19 October 2010 entitled 'The EU Budget Review' (COM(2010)0700) and the technical annexes thereto (SEC(2010)7000),
- having regard to the Commission Communication of 6 October 2010 entitled 'Regional Policy contributing to smart growth in Europe 2020'(COM(2010)0553),
- having regard to the Commission Communication of 31 March 2010 entitled 'Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013' (COM(2010)0110),

⁽¹⁾ OJ L 210, 31.7.2006, p. 19.

⁽²⁾ OJ L 291, 21.10.2006, p. 11.

⁽³⁾ Texts adopted, P7_TA(2010)0356.

⁽⁴⁾ Texts adopted, P7_TA(2010)0254.

⁽⁵⁾ OJ C 161 E, 31.5.2011, p. 104.

⁽⁶⁾ OJ C 117 E, 6.5.2010, p. 65.

⁽⁷⁾ OJ C 76 E, 25.3.2010, p. 83.

⁽⁸⁾ OJ C 184 E, 6.8.2009, p. 95.

⁽⁹⁾ OJ C 285 E, 22.11.2006, p. 71.

⁽¹⁰⁾ OJ C 227 E, 21.9.2006, p. 88.

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- having regard to the Commission Communication of 10 June 2009 entitled ‘European Union Strategy for the Baltic Sea Region’(COM(2009)0248) and the indicative action plan that accompanied the strategy (SEC(2009)0712/2),
 - having regard to its resolution of 9 March 2011 on the European Strategy for the Atlantic Region, which mentioned the publication of a Commission communication scheduled for 2011 ⁽¹⁾,
 - having regard to the Communication from the Commission of 6 October 2008 entitled ‘Global Europe: Green Paper on Territorial Cohesion: Turning territorial diversity into strength’ (COM(2008)0616),
 - having regard to the own-initiative opinion of 27 January 2011 of the Committee of the Regions on ‘New perspectives for the revision of the EGTC Regulation’,
 - having regard to the independent report, drawn up at the Commission’s request, entitled ‘INTERREG III Community Initiative (2000-2006): Ex-Post Evaluation’ (No 2008.CE.16.0.AT.016),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A7-0110/2011),
- A. whereas the European Union currently comprises 27 Member States and 271 regions,
 - B. whereas around 37,5 % of Europe’s population lives in border regions,
 - C. whereas informal cooperation arrangements, the Euroregions, the Eurodistricts, the EGTCs, Council of Europe initiatives, the successive Treaties and the EU’s secondary legislation have all contributed to establishing stronger and more sustainable links between territories,
 - D. whereas, although the foundations for territorial cooperation have been laid, many challenges still remain, the nature of which depends on the history and degree of maturity of cooperation arrangements,
 - E. whereas, having ‘abolished’ borders in the Treaties, what matters is lessening their impact on our people’s daily lives,
 - F. whereas regional policy aims to promote the harmonious development of regions by strengthening economic, social and territorial cohesion in the European Union,
 - G. whereas the ‘Territorial Cooperation’ objective, one of the components of cohesion policy, contributes to ‘ever closer union among the peoples of Europe’ by reducing the barriers between territories and regions,
 - H. whereas, at the EU’s external borders, the territorial cooperation objective is one aspect of the pre-accession process and of the implementation of neighbourhood policy, and whereas, consequently, coordination of the relevant Community arrangements must be improved,
 - I. whereas territorial cooperation, i.e. cooperation between the inhabitants of different regions, is an ongoing learning process which creates a feeling of community and of having a shared future,
 - J. whereas citizens must be placed at the centre of the priorities of territorial cooperation, and therefore a place-based approach should be advocated,

⁽¹⁾ Texts Adopted, P7_TA(2011)0089.

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- K. whereas closer territorial cooperation is dependent on progress made with European integration and coordination in all fields that contributes to European integration and territorial cohesion, and whereas territorial cooperation in itself is a testbed for European integration,
- L. whereas only few investments take place in trans-European transport networks (TEN) in border regions, although it is precisely at the cross-border interfaces that modernisation is urgently required, and where it sees an instance of classic European added value in the removal of cross-border infrastructure barriers,
- M. whereas the basic regulation governing the Structural Funds and the entry into force of the Lisbon Treaty have considerably increased the importance accorded to territorial cooperation,
- N. whereas the ex-post evaluation of the INTERREG III programmes for the 2000-2006 programming period offers conclusive proof of the added value of this objective for the European project,

Strengthening the 'territorial cooperation' objective

1. Points out that territorial cooperation aims to help territories and regions to work together in tackling their common challenges, to reduce the physical, cultural, administrative and regulatory barriers to such cooperation and to lessen the 'border effect';
2. Is convinced of the European added value of territorial cooperation and the key role it plays in deepening the internal market and fostering closer European integration in several sectoral policies, and calls for territorial cooperation to remain one of the pillars of cohesion policy;
3. Stresses that the objective of territorial cooperation, based on the principle of economic, social and territorial cohesion, concerns all the EU's regions in that it helps to promote the harmonious development of the Union as a whole;
4. Believes that territorial cooperation has proved its effectiveness and that its potential as a source of competitiveness has so far been insufficiently tapped as a result of the inadequate resources allocated to it; calls for the budget for the 'territorial cooperation' objective to increase from 2,5 % in the current programming period to at least 7 % of the overall cohesion policy budget for the next programming period;
5. Advocates retaining the current structure of Objective 3, which is divided into three components (cross-border (component A), transnational (component B) and interregional (component C)), and the current emphasis on the cross-border component, which receives at least 70 % of the territorial cooperation budget; notes that there should be a fair and equitable distribution of funds under the programme for all regions;
6. Considers that, if a distinction should continue to be made between the cross-border component (component A), which meets the local needs of cross-border population catchment areas, and the transnational component (component B), including the so-called macroregional scale, which facilitates cooperation over wider strategic areas, better coordination between the two components is needed;
7. Calls furthermore – with a view to ensuring the coherence and continuity of territorial cooperation measures and given the strategic nature of the projects in question – for greater flexibility in exploiting the scope offered by Article 21 of the ERDF Regulation with regard to the location of cross-border and transnational cooperation activities, incorporating maritime regions; to that end, calls for a certain flexibility in the application of the geographical limit of 150 km set for cross-border cooperation programmes for coastal and maritime regions;

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8. Considers, nonetheless, that the integration of such regions with and their opening up to geographical areas outside the EU is not and cannot be simply a function of their geographical remoteness, as the wealth of historical, linguistic and cultural bonds linking them to various parts of the world gives them a key role to play in the deepening of such relations, to the benefit of the EU's global presence;
9. Underlines the crucial role of territorial cooperation in delivering the EU2020 objectives; calls for forward thinking to ascertain the strategic needs of each border region and area of cooperation in connection with this strategy, and, subsequently, for European territorial cooperation to be integrated in, and tailored to, all levels of strategic planning: European, national, regional and local; urges the Commission to clarify, without delay, its proposals on the thematic concentration of funds, with reference to an EU 2020 'thematic menu';
10. Calls for funds to be allocated for each programme of territorial cooperation on the basis of harmonised criteria so as to provide a strategic, integrated response to the needs and specificities of each territory or area involved; invites in this respect the Commission and the Member States to consider other relevant, strategic and measurable criteria that could reflect the needs of territories without undermining the most important criterion: demography;
11. Stresses once again the importance of interregional cooperation (component C), but deplores the lack of funds allocated to it; suggests, therefore, a reconsideration of the EU cofinancing rate limit of this component, devoting attention also to its capacity to act as an incentive, for participants from the regions covered by the 'competitiveness and employment' objective in order to raise the number of projects in this component C, and calls for the thematic areas of cooperation to be widened to encompass governance and management of operational programmes as well as territorial development;
12. Encourages also regions to make better use of the scope for interregional cooperation offered within their operational programmes by the basic regulation⁽¹⁾; advocates, therefore, that the 'interregional' component of Objective 3 should also cover the coordination and running of such projects, the pooling of know-how and the exchange of good practices;
13. Stresses, for the future territorial cooperation operational programmes, the importance of the support of INTERACT and the capacity for successful assistance schemes, which could draw inspiration from the RC LACE project; calls for more effective coordination between INTERACT, URBACT, ESPON and component C, with a view to better implementing Objective 3;
14. Supports ESPON in its activities but suggests that opportunities for active involvement in its research into territorial development matters should be made more accessible to local and regional authorities while easier practical deployment of the resulting findings should be assured;
15. Welcomes the success of the URBACT sustainable urban development programme and calls for its renewal and expansion into a significant and widely accessible initiative to offer opportunities for shared learning and transferability with regard to local urban challenges;
16. Invites the Commission to look into ways of involving local and regional councillors in these Europe-wide networks for the exchange of experiences and good practices, as a first step to implement the Erasmus project for local and regional elected representatives;
17. Reiterates that involving sub-national actors in the achievement of the EU objectives is a precondition to effectively implement territorial cohesion;

⁽¹⁾ Article 37(6)(b).

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Mainstreaming territorial cooperation

18. Believes that the mainstreaming of the 'territorial cooperation' objective with the 'convergence' and 'competitiveness and employment' objectives is needed; calls for the programming to be better coordinated than it has been before; suggests that regional operational programmes should have the option to take an interest and participate in the cross-border, transnational and interregional projects that concern them by defining a territorial approach to the allocation of funding, for the benefit of priority projects, like the connection to the trans-European networks in border regions, identified in advance and in consultation with their partners in the programmes, in accordance with the principles of multi-level governance and partnership, which will allow better exploitation of the potential of territorial cooperation thanks to the relations developed among private and public actors across borders;

19. Encourages the Member States and regions to set up multi-regional operational programmes to address common territorial problems; such as the presence of a mountain range or a river basin which characterises the territory;

20. Encourages the Commission and Member States to promote the coordination of policies in cross-border regions and the labour market, so as to ensure that issues of distortion of competition do not arise within the framework of economic and territorial integration;

21. Considers that cross-border cooperation programmes are also important in order to be effective and achieve results with regard to strategies that concern poverty reduction and integration of disadvantaged groups into European mainstream society; calls for this issue to be considered when designing the regulatory framework and for it to be ensured that in disadvantaged regions appropriate measures are available for participation in European regional development programmes;

Adopting a territorial approach in implementing other EU policies

22. Notes that approaches along the lines of the Baltic Sea Strategy can enhance cross-border cooperation; considers that macro-strategies should take full account of other regional cooperation programmes in order to generate synergies; points out that the concept of macro-regions, a Council initiative, came into being as an experimental, logical way of coordinating common projects covering a very large territory, characterised by common territorial problems, with a view to making use of the advantages of an integrated, multisectoral and territorial approach based on common strategic actions receiving support from existing funds;

23. Points out that such strategies as exist or may exist in the future should provide a basis for more strategic and 'joined up' approaches to be realised via the relevant territorial cooperation instruments but are not generating new funds in the EU budget, and do not provide for the establishment of new institutions or the application of new legislation;

24. Asks the Commission to conduct an in-depth study of the results of the first macro-regional strategies implemented; believes that the process has met with a level of interest that should be built on, with lessons being learnt for the implementation of future new macro-regional strategies;

25. Points out that the Territorial Cooperation Objective can accommodate cooperation on a macro-regional scale, especially within its transnational strand;

26. Advocates the use of transnational programmes to support these territorial strategies by coordinating the work of devising, framing and steering macro-regional strategies, albeit without this leading to unnecessary duplication of the EU's budget structures by creating specific budget lines for different macro-regions;

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27. Stresses at the same time that the aims of macro-regional strategies complement the aims of micro-regional cross-border cooperation and may encompass them, but cannot replace them; stresses for this reason that the cross-border component of territorial cooperation must be preserved as a distinct and legitimate element in its own right;

28. Is convinced that the transnational component of Objective 3 can help to improve cooperation in the context of macro-regional strategies by involving regional and local authorities and civil society more closely in the implementation of practical initiatives;

29. Believes that any transnational strategy must take due account of the scope of coordination with the trans-European transport network guidelines and the strategies pursued under the integrated maritime policy;

30. Points out that territorial cooperation concerns both the EU's internal and external borders, including matters relating to current and future macro-regional strategies; stresses the difficulties encountered by third countries in obtaining cofinancing under the arrangements for cooperation provided for in the ERDF Regulation; asks the Commission to consider how to create more effective synergies between initiatives under the ERDF, the Instrument for Pre-Accession Assistance (IPA), the European Neighbourhood and Partnership Instrument (ENPI) and the European Development Fund (EDF), and calls on it to submit a proposal for a new Neighbourhood Policy as soon as possible; calls for a simplification and harmonisation of the rules governing access to the different sources of financing, in order to ensure compatibility and facilitate their use by beneficiaries;

31. Calls on the Commission, in view of the special nature of the European Neighbourhood and Partnership Instrument, to transfer responsibility for managing it to the Commission's DG Regional Development, albeit taking into account external relations aspects; notes that, in its present form, ENPI does not provide an adequate basis for taking account of the specific features of cross-border cooperation; believes that consideration should be given to separating it from the administration of external relations at least in those cases in which third countries participating in external border cooperation also fund the cooperation;

32. Calls for implementation of the Wider Neighbourhood Action Plan for the EU's outermost regions, announced in Commission Communication COM(2004)0343; stresses, therefore, the need for coherent multisectoral action in areas of EU policy concerning the outermost regions and, in particular, for internal and external components to be coordinated more effectively by means of a catchment area strategy;

33. Recalls that a White Paper on territorial cohesion as a follow-up to the Green Paper would represent a timely instrument to clarify how to implement territorial cohesion through multi-level governance in the future regional policy and provide material for the debate on the next legislative package;

34. States that the conditions for cross-border cooperation in the ENPI are not sufficient for its appropriate development; advocates, therefore, more effective coordination between the various Commission directorates-general concerned; is convinced of the ultimate necessity to reintegrate the ENPI cross-border cooperation programmes into the Territorial Cooperation Objective of cohesion policy;

Facilitating the establishment of European Groupings of Territorial Cooperation (EGTCs)

35. Considers that EGTCs represent a unique, highly valuable territorial governance instrument which meets a need for structured cooperation with reference to financing, the legal status of projects and multi-level governance; recalls that the instrument of EGTC must be promoted as a tool to set up systems of cross-border governance, ensuring the ownership of the different policies at regional and local level; also stresses their key role in contributing to the successful implementation of a multi-level governance model;

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36. Highlights the fact that EGTCs can contribute not only to territorial cohesion but also to social cohesion: points out that this instrument has the best capacity to bring the different cultural and linguistic communities closer to each other, promote peaceful coexistence in a diverse Europe and make European added value visible to the citizen;

37. Recommends that a first assessment of the EGTCs in place be carried out, with a view to learning from these initial experiences;

38. Believes, however, that their establishment must be facilitated and calls on the Commission to propose amendments to Regulation (EC) No 1082/2006 of the European Parliament and of the Council on EGTCs without delay, taking due account of the problems identified by the local and regional authorities and the groupings already in place and on the basis of work undertaken by the Committee of the Regions, with a view to:

- clarifying the status of EGTC under the legal systems of the Member States in order to achieve an appropriate legal alignment in this respect,
- allowing EGTCs to be established by stakeholders based in a Member State and in a third country,
- redrafting Article 4(3) to ensure stricter compliance with the three-month deadline for the processing of applications to set up an EGTC,
- simplifying the laws governing staffing,
- ensuring that the tax rules for EGTCs are no less favourable than other legal arrangements governing the implementation of cooperation projects or programmes;

39. Calls for the allocation of global grants to EGTCs with projects that reflect the objectives and strategies of the relevant cooperation programmes, on the basis of common cross-border development strategies, in order to enable them to directly manage Structural Fund appropriations, and programmes, as well as for the multinational and multilateral nature of EGTCs to be better reflected in regulations governing the other European funds, with a view to improving their access to other sources of financing;

40. Welcomes the launch by the Committee of the Regions of the European EGTC Platform, which aims to facilitate the exchange of experiences, the pooling of best practices and the provision of technical support for EGTCs;

41. Takes the view that cross-border EGTCs offer an excellent opportunity to build Europe at territorial level with the involvement of EU citizens; calls on cross-border EGTCs to launch and run when appropriate a 'cross-border civil society forum' and to support cross-border citizens' initiatives;

Simplifying implementation

42. Believes that the implementation of territorial cooperation programmes remains overly complicated and considers that Objective 3 needs a separate regulation to reflect the inherently international character of its activities; believes that at present too many different administrative authorities have to be involved in implementing programmes and therefore calls for significant simplification in this respect;

43. Invites the Commission to propose specific measures which simplify rules on auditing and control, with 'one management authority per programme' as a guiding principle, authorise more systematic standard-rate costing and the funding of small projects by means of fixed amounts, lay down more detailed EU rules on eligibility for funding, make for greater flexibility in the implementation of automatic decommitments, increase technical assistance with a view to ensuring that the management bodies concentrate more on the launching and strategic support of projects and delivery of results, rather than merely on management and whether applications comply with administrative rules;

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44. Calls on the Member States to simplify their national provisions, which very often add administrative burden not required by the Community rules;

45. Calls on the Commission to clarify, as soon as possible, the provisions governing the principle of conditionality intended for territorial cooperation; considers that, if this conditionality is to create the conditions for better and more effective use of funds, it must not further complicate implementation, to the detriment of programme managers and beneficiaries;

46. Stresses, furthermore, that arrangements for involving private stakeholders must be broadened and simplified; recommends setting up financial engineering systems, along the lines of the JEREMIE and JESSICA initiatives, to facilitate cross-border projects which are vectors of economic development, the participation of private stakeholders and the establishment of public-private partnerships;

Raising the profile of territorial cooperation

47. Deplores the low profile of territorial cooperation, in the eyes of both national and local authorities and the general public, and therefore calls for more effective communication on completed projects;

48. Asks the Commission to come up with ways to raise the profile of EGTCs and their activities among territorial cooperation stakeholders and the general public;

49. Considers that the close cultural and linguistic links between border regions in different Member States, a legacy of history, must be exploited in order to boost cross-border cooperation;

50. Considers that, by helping to fulfil the Europe 2020 strategy's objective of intelligent and inclusive growth, increased cooperation on education and culture would raise the level of participation of citizens and NGOs as well as contribute to the raising of the profile of territorial cooperation and breaking down the 'mental borders' that still set citizens apart from one another;

51. Calls for better coordination between managing authorities and already existing cross-border institutions like Euroregions during the implementation of cross-border programmes so as to guarantee for projects a high level of quality, transparency and closeness to the citizen;

52. Asks for more effective coordination of communication between all stakeholders involved in the process of implementing territorial cooperation initiatives, suggests that all programmes in the same component should be recognisable by their use of a single identifiable logo (e.g. reinstatement of the well-recognised 'INTERREG' tag) in tandem with each programme's logo (perhaps of a standardised visual size), and invites the Commission, by the start of the next programming period, to come up with a large-scale media and awareness-raising campaign for border regions on the benefits and achievements of territorial cooperation;

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53. Instructs its President to forward this resolution to the Council, the Commission and the Member States.

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Increased effectiveness between ERDF and other structural funds

P7_TA(2011)0286

European Parliament resolution of 23 June 2011 on the state of play and future synergies for increased effectiveness between the ERDF and other structural funds (2010/2160(INI))

(2012/C 390 E/04)

The European Parliament,

- having regard to Article 174, first paragraph, and Article 175, first paragraph, of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund ⁽¹⁾, and in particular Article 9(4) thereof,
- having regard to Council Decision 2006/702/EC of 6 October 2006 on Community strategic guidelines on cohesion ⁽²⁾,
- having regard to its resolution of 21 October 2008 on governance and partnership at national and regional levels and a basis for projects in the sphere of regional policy ⁽³⁾,
- having regard to its resolution of 11 March 2009 on Cohesion Policy: Investing in the real economy ⁽⁴⁾,
- having regard to its resolution of 24 March 2009 on complementarities and coordination of cohesion policy with rural development measures ⁽⁵⁾,
- having regard to its resolution of 24 March 2009 on the Green Paper on Territorial Cohesion and the state of debate on the future reform of cohesion policy ⁽⁶⁾,
- having regard to its resolution of 20 May 2010 on the implementation of the synergies of research and innovation earmarked funds in Regulation (EC) No 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union ⁽⁷⁾,
- having regard to its resolution of 20 May 2010 on the contribution of the Cohesion policy to the achievement of Lisbon and the EU 2020 objectives ⁽⁸⁾,
- having regard to its resolution of 20 May 2010 on delivering a single market to consumers and citizens ⁽⁹⁾,
- having regard to its resolution of 7 October 2010 on EU cohesion and regional policy after 2013 ⁽¹⁰⁾,

⁽¹⁾ OJ L 210, 31.7.2006, p. 25.

⁽²⁾ OJ L 291, 21.10.2006, p. 11.

⁽³⁾ OJ C 15 E, 21.1.2010, p. 10.

⁽⁴⁾ OJ C 87 E, 1.4.2010, p. 113.

⁽⁵⁾ OJ C 117 E, 6.5.2010, p. 46.

⁽⁶⁾ OJ C 117 E, 6.5.2010, p. 65.

⁽⁷⁾ OJ C 161 E, 31.5.2011, p. 104.

⁽⁸⁾ OJ C 161 E, 31.5.2011, p. 120.

⁽⁹⁾ OJ C 161 E, 31.5.2011, p. 84.

⁽¹⁰⁾ Texts Adopted, P7_TA(2010)0356.

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- having regard to its resolution of 14 December 2010 on good governance with regard to the EU regional policy ⁽¹⁾,
 - having regard to the Commission's 20th annual report on implementation of the structural funds (2008), of 21 December 2009 (COM(2009)0617/2),
 - having regard to the communication from the Commission of 3 March 2010 on 'EUROPE 2020 – A strategy for smart, sustainable and inclusive growth' (COM(2010)2020),
 - having regard to the communication from the Commission of 31 March 2010 on 'Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013' (COM(2010)0110),
 - having regard to the communication from the Commission of 6 October 2010 on 'Regional Policy contributing to smart growth in Europe 2020' (COM(2010)0553),
 - having regard to the communication from the Commission of 19 October 2010 on 'The EU Budget Review' (COM(2010)0700),
 - having regard to the Commission's fifth report on economic, social and territorial cohesion: the future of cohesion policy (the 'Fifth Cohesion Report'), of November 2010,
 - having regard to the communication from the Commission of 9 November 2010 on the conclusions of the fifth report on economic, social and territorial cohesion (COM(2010)0642),
 - having regard to the letter addressed to the President of the Commission by the Commissioners for Regional Policy, for Maritime Affairs and Fisheries, for Employment, Social Affairs and Inclusion, and for Agriculture and Rural Development,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinions of the Committee on Budgets and the Committee on Employment and Social Affairs (A7-0141/2011),
- A. whereas Article 174 TFEU provides that the Union, in order to promote its overall harmonious development, shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion,
- B. whereas recital 40 of Council Regulation (EC) No 1083/2006 states that programming should ensure coordination of the funds between themselves and with the other existing financial instruments, the EIB and the European Investment Fund (EIF), and that such coordination should also cover the preparation of complex financial schemes and public-private partnerships,
- C. whereas the Commission, in the Europe 2020 strategy, pledged to mobilise the EU financial instruments – namely the rural development and the structural funds, R&D programmes, Trans-European Networks (TENs), the Competitiveness and Innovation Framework Programme (CIP) and the EIB, among others – as part of a consistent funding strategy, pulling together EU and national public and private funding, in the context of the flagship initiative entitled 'Resource efficient Europe', thus reflecting the need for coherence between policies and instruments,
- D. whereas the Fifth Cohesion Report clearly acknowledges that pursuing regional development effectively requires close coordination of public policies at all levels,

⁽¹⁾ Texts Adopted, P7_TA(2010)0468.

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- E. whereas the Council, in its conclusions of 14 June 2010 on the Commission's Strategic Report 2010 on the implementation of cohesion policy programmes, stressed 'the need to further improve the co-ordination of Cohesion policy and other EU and national policies, where necessary in order to increase the effectiveness in delivering common objectives in a common coordinated way', as well as 'the real added value generated by one strategic approach and by common implementation rules for the ERDF, the Cohesion Fund and the ESF, within the general framework of the cohesion policy',
- F. whereas, in the letter they addressed to Commission President Barroso, the Commissioners for Regional Policy, for Maritime Affairs and Fisheries, for Employment, Social Affairs and Inclusion, and for Agriculture and Rural Development acknowledged 'the need to strengthen the integration of the different EU policies to attain the sustainable and inclusive economic development the Union must achieve', proposing the 'drawing-up of a common EU-level strategic framework for the ERDF, the ESF, the Cohesion Fund, the EAFRD, and the EFF, for the period after 2013',
- G. whereas the reform of structural policy for the 2007-2013 programming period led to the separation of rural development from the general framework of the structural funds,
- H. whereas the rationalisation of spending calls for greater effectiveness and efficiency of policies at EU level as well as at national, regional and local levels, and whereas closer coordination and complementarity are essential elements in the modernisation of cohesion policy in the future,
- I. whereas, without a supporting policy framework, actual synergies depend to a great extent on the beneficiaries' organisational and strategic capacity to combine support from different EU instruments,
- J. whereas a local-development-based approach can contribute significantly to the efficiency and effectiveness of cohesion policy, and whereas cohesion policy remains the key instrument in tackling the challenges particular to any territory, while focus on the urban dimension of cohesion policy reflecting wider functional areas has to be accompanied by balanced conditions for synergic development of urban, suburban and rural areas,
- K. whereas there is an acute need, and also pressure, for consolidation of public budgets, and this requires more innovative actions to enhance the impact of any available funding, and whereas effective coordination of policies and instruments will make for savings of time and resources and for real efficiency and effectiveness gains,
- L. whereas coordination and synergies have to be sought both horizontally (with consistency across different policies) and vertically (with cooperation and coordination between the various levels of governance),
- M. whereas a fragmented approach may lead to policy gaps, overlapping or even conflicting policies, contradictory public actions and duplication of resources, with consequences both for the regional effectiveness of public policies and for their national impact, and whereas the concept of an integrated approach appears to be insufficiently emphasised in the Commission's latest policy documents,
- N. whereas a more integrated, consistent, effective and efficient cohesion policy requires a greater effort to adapt EU policies to the specific needs and assets of the Union's various territories and regions,

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- O. whereas the Strategic Guidelines – in the context of the general guideline of improving access to finance – require better coordination between funds,

- P. whereas the Strategic Guidelines explicitly call for the encouragement of synergies between structural, employment and rural development policies, stressing that, in this context, Member States should ensure synergy and consistency between actions to be financed on a given territory and in a given field of activity by the ERDF, the Cohesion Fund, the ESF, the European Fisheries Fund (EFF) and the European Agricultural Fund for Regional Development (EAFRD); and whereas they also provide that the main guiding principles in relation to the demarcation line and mechanisms for coordination between actions supported by the various funds should be defined in national strategic reference frameworks/national strategy plans,

- Q. whereas, in its conclusions of 21 February 2011 on the Fifth Report on economic, social and territorial cohesion, the Council asked the Commission to consider the possibility of setting up multi-fund programmes,

- R. whereas some regions of the European Union border on third countries which benefit from the European Development Fund (EDF), and whereas it should be possible for the funding synergies of some projects to be specifically highlighted, thereby enabling the development potential of European regions in this situation to increase,

- S. whereas the mid-term review acknowledges that budgetary flexibility is limited and that obstacles exist to reprioritisation even within programmes, while also noting that inconsistencies between programmes and heavy administrative burdens hamper effectiveness,

- T. whereas, in the current post-crisis situation, it is more important than before to understand the processes in the Member States' economies and the results achieved through the use of EU resources,

- U. whereas it is important to ensure the visibility and 'European added value' of the EU contribution,

The time and place for greater coordination and synergies

1. Calls for a single strategic framework to be proposed, in time for the next financing period after 2013, to ensure a common approach and to capitalise on synergies between all actions which serve on the ground to further cohesion policy objectives as defined by the Treaties and are funded by the ERDF, the Cohesion Fund, the ESF, the EAFRD and the EFF;

2. Points out that the goal of cohesion policy should be sustainable, smart and inclusive economic growth evenly spread both territorially and socially, reduction of development disparities between regions, job creation, improved quality of life, worker training for new jobs, including in the field of sustainable economy, social and territorial cohesion and the implementation of the European social model, which constitutes a factor of cohesion and competitiveness of the European economy;

3. Affirms that cohesion policy should be used for the achievement of sustainable growth across the EU and a fair and even distribution of welfare by fostering competition and aiming at decreasing socio-economic disparities among the EU regions;

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4. Considers cohesion policy to be one of the pillars of an EU economic policy favouring a long-term investment strategy and social inclusion; considers cohesion policy to be a guarantee of support for the least-developed regions and disadvantaged groups, leading to balanced and harmonious development for the European Union; notes that the European added value resides in the fact that all are able to benefit from the EU's economic successes; advocates accordingly that cohesion policy be maintained on an independent basis with substantial funding;
5. Welcomes the proposal set out in the Commission Communication on the Budget Review for the adoption by the Commission of a Common Strategic Framework in order to strengthen the integration of EU policies for the delivery of the Europe 2020 strategy; calls in this context for action to foster synergies between funding methods for the EU 2020 strategy's flagship initiatives; points out, however, that increased synergies between actions funded by the above-mentioned five funds within a Common Strategic Framework are pivotal not only for the achievement of Europe 2020 objectives but also and primarily for the achievement of cohesion policy objectives as set by the Treaty;
6. Welcomes the Fifth Cohesion Report which, although mostly focused on highlighting the contribution that regions and cohesion policy can make to meeting the Europe 2020 objectives, contains nonetheless a number of conclusions which prove the crucial role of increased synergies among the structural funds, including the Cohesion Fund;
7. Believes that expenditure in the field of cohesion policy must be rationalised by reducing fragmentation of funding instruments and channels and fostering greater complementarity between the various funding instruments; welcomes the Commission proposal for better prioritisation and a thematic concentration of EU and national resources on a number of priorities in order to achieve reinforced coordination between the funds, with scope for enhancing the strategic nature of this policy; emphasises, however, that Member States, regional and local authorities still need sufficient flexibility to adapt priorities to their specific development needs;
8. Welcomes the Commission's proposal on partnership contracts for development and investment aimed at improving coordination between community funds and national financing for objectives and programmes; underlines the need to involve local and regional authorities in drawing up and implementing these contracts; calls for these contracts to be coordinated with national reforms of sectoral policies with territorial impact (e.g. transport and R&D infrastructure);
9. Stresses that many economic development initiatives within the framework of cohesion policy do not simply create opportunities which it would be desirable to take up, but actually depend for their success on both human and physical factors being addressed (infrastructure improvements, for instance, do not lead automatically to higher growth if they are not combined with investment in education, enterprise, and innovation); believes, therefore, that increased synergies between the ERDF, the ESF and the Cohesion Fund will maximise the development effect of these funds;
10. Draws attention to the role that the European Regional Development Fund plays in the effective use of the European Social Fund, given that the ERDF is responsible for the creation of conditions such as proper infrastructure and adequate accessibility, without which employment-related investments cannot be efficient;
11. Stresses that the economic crisis has still further increased the urgent need for measures in the sectors covered by the European Social Fund, promoting in particular employment, career reorientation, social inclusion and poverty reduction;
12. Stresses that the ESF, as a support instrument for ongoing training, the acquisition of qualifications and career reorientation, should be considered an essential resource – which is not in fact being exploited to the full – for the promotion of comprehensive and efficient growth and knowledge-based competitiveness for Europe;

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13. Stresses that a focused and coordinated policy design would secure the prioritising of those investments with the greatest impact on competitiveness and economic development in the regions;
14. Is of the opinion that the rural development actions under the EAFRD and the sustainable development actions for fisheries areas under the EFF should be integrated in a single framework with the other structural funds, namely the ERDF, the Cohesion Fund and the ESF; calls on the Commission, therefore, to assess to what extent a comprehensive approach to the development of rural and fisheries communities, in line with the territorial cohesion objective, might be guaranteed through a shifting of local development actions under the two funds in question to the 'cohesion umbrella', or, at the very least, through clearer synergies among all the funds; believes that such an approach would take into account the context of key policies with territorial impact, and would enable those actively involved in development processes at regional and local level to run an effectively place-based policy well suited to the territorial needs of rural and fisheries areas or small islands;
15. Stresses that coordination should be further enhanced not only between cohesion policy instruments as such (the ERDF, the ESF and the Cohesion Fund) but also between actions financed by these instruments and activities carried out under TENs, the Seventh Framework Programme and the CIP;
16. Considers that synergies might be relevant for the objective of territorial cooperation between the ERDF and pre-accession and neighbourhood instruments in the context of cross-border projects; calls on the Commission to examine in which cases coordination could also be sought with other instruments of the external aspects of EU policies such as the EDF;
17. Believes that this mutual reinforcement and coordination of EU policies can undoubtedly ensure the best possible results from the EU budget; calls for the development of financial engineering initiatives such as the instruments financed by the EIB, and for greater recourse to these instruments;
18. Highlights the fact, however, that many Member States face difficulties in coordinating the various funds and have apparently expressed anxiety about the lack of synergy, and even in some cases about overlap, between funds; emphasises, in this respect, that the funds' complex management rules require too high a level of institutional capacity in order to overcome barriers and satisfactorily coordinate their implementation; highlights the importance of co-financing and the need to simplify the rules to make it possible to strengthen synergies between the structural funds;
19. Underlines that simplification, which is crucial to a successful cohesion policy, is to be carried out at both national and regional level, thus improving outcomes; invites the Commission to propose a simpler architecture for the policy in future, based on greater flexibility, proportionality and visibility in the use of the funds, in order to facilitate their full and swift absorption;
20. Recalls that one of the main reasons why the ERDF and the other structural funds have struggled to effectively channel money towards projects with a greater possibility of generating economic development and employment creation has been an excessive emphasis on absorption capacity rather than on results;
21. Advocates a more results-oriented cohesion policy which is less focused on the regularity of expenditure and procedures but which establishes an effective balance between the quality of the interventions and financial and administrative control; recommends that proper evaluation mechanisms be introduced to improve the institutional and administrative capacities of the bodies in charge of programme management, which will contribute to the quality of spending and to reducing the level of errors;
22. Believes that the architecture of the future cohesion policy should be simpler, more flexible and capable of facilitating the greatest possible take-up and effectiveness of funds;

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23. Stresses that European added value can and must be achieved through greater synergy among cohesion policy funding instruments and better coordination between these and other funding instruments;

One goal: cohesion; one set of instruments to achieve it

24. Considers that common rules on the management, eligibility, auditing and reporting of projects financed by the ERDF, the ESF, the Cohesion Fund, the EAFRD and the EFF (especially concerning measures to support the economic diversification of rural and fisheries areas) would not only play a key role in enhancing and facilitating more effective implementation of cohesion policy programmes but would also crucially assist simplification efforts; considers, moreover, that this would simplify both the use of funds by beneficiaries and the management of funds by national authorities, reducing the risk of error while providing differentiation, where needed, to reflect the specificities of policies, instruments and beneficiaries, and also facilitating participation in cohesion policy programmes by smaller stakeholders, as well as easier absorption of available funding, provided this simplification is backed up by sufficient funding for technical assistance;

25. Insists that the European Social Fund should remain in the framework of the regulation on general provisions on the cohesion policy funds; stresses, therefore, the need to maintain and reinforce the model of a single general regulation covering management, eligibility, audit, control and reporting rules, combined with short and focused fund-specific regulations reflecting the particular policy goals of each fund; emphasises, furthermore, that coordination must take place at all levels of policy making, from strategic planning through delivery and payments to closure, audit, control and evaluation;

26. Calls on the Commission to examine the most effective ways of increasing synergies on the ground; suggests, in this respect, that consideration be given to the possibility of allowing the Member States to choose to have a single operational programme per region or a multi-regional operational programme in the framework of macro-regional strategies encompassing different funds (ERDF, ESF, Cohesion Fund, EAFRD and EFF) with a single managing authority, paying particular attention to the regions' contributions to a decentralised approach and to giving the regions more autonomy and flexibility with regard to participation in their own strategies and upgrading regional and local levels of administration; suggests that the national management authorities in the Member States draw up future operational programmes geared as closely as possible to local and regional objectives;

27. Calls on the Commission to consider multi-fund programmes for Member States and regions that want to use them; considers that this would contribute to working in a more integrated and flexible manner and would increase the effectiveness of the different funds (ERDF, ESF, Cohesion Fund, EAFRD, EFF and the Seventh Framework Programme for Research);

28. Calls on the Commission to put forward proposals for reviewing the provisions on cross-financing and reducing the barriers to their application, in the light of reliable and comprehensive data on their use and impact, in order to ensure greater simplification and legal certainty in their application by comparison with the situation currently observed;

29. Calls for clarification of the territorial scope and harmonisation of the eligibility rules between the ERDF and the EAFRD in rural and suburban areas with the aim of avoiding pointless overlapping between them; insists on the need for close cooperation in the selection and monitoring of projects financed by these two funds in any one particular area;

30. Underlines the value added by cross-financing between the ERDF and the ESF in terms of flexibility for social inclusion projects and integrated development strategies; calls on the Commission to develop a one-stop shop scheme to provide practical guidance, information and advice for those concerned, so as to ensure that the public is kept properly up to date with regard both to cross-financing and to synergies between funds in general; urges that this move towards simplification be brought to the attention of the public, the purpose being to reduce to the necessary minimum the amount of information requested;

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31. Believes that the development of human resources and better dissemination of information are preconditions for the successful absorption of funds and for the accurate realisation of different projects;
32. Stresses, at the same time, the importance of increasing administrative capacity in the Member States, at regional and local level as well as among stakeholders, in order to overcome barriers to effective synergies between structural funds and other funds and to support effective policy design and implementation; insists on the essential role the Commission has to play in this regard;
33. Calls on the Commission to enhance both technical assistance and training for national, regional and local administrations in order to increase the capacities and knowledge of rules on implementation-related problems;
34. Calls on the Member States to give priority to investment in institutional capacity and to simplify their national provisions in order to reduce the administrative burden and increase their absorption capacity;
35. Recalls, in this connection, the important contribution that respect for the subsidiarity principle and the multilevel governance principle makes to fostering coordination between the various decision-making bodies and strengthening synergies between the various funding instruments;
36. Considers the active participation of the social partners by means of uninterrupted social and territorial dialogue to be of vital importance in using the funds more effectively;
37. Acknowledges the uneven impact of the economic crisis on the EU's territory and population; believes that the new strategy for the use of funds will be more effective if it involves regional and local levels of governance, which are capable of applying the strategic objectives to local conditions, inter alia through a structured dialogue with all stakeholders, organisations which promote gender rights, social partners and non-governmental organisations but also financial and banking institutions; stresses the need to leave sufficient margin for regional and local requirements in formulating political objectives;
38. Calls on the Commission to draw up a European guide to multilevel governance and encourage the Member States to implement it in line with specific local and regional objectives and to extend the cohesion policy governance mechanisms (i.e. programming, funding and implementation in partnership between national, regional and local levels) to those funds covered by the planned Common Strategic Framework, in order to increase the efficiency and effectiveness of public spending;
39. Calls on the Commission, when establishing the new Common Strategic Framework and bringing forward proposals for regulations, to include provisions enabling local and regional partnerships (cities, towns, functional regions, groups of local authorities) to incorporate the various EU funding streams into a consistent and integrated framework in their respective territories;

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40. Instructs its President to forward this resolution to the Council, the Commission and the Member States.
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2012 draft budget trilogue

P7_TA(2011)0296

European Parliament resolution of 23 June 2011 on the mandate for the trilogue on the 2012 Draft Budget (2011/2019(BUD))

(2012/C 390 E/05)

The European Parliament,

- having regard to the draft budget for the financial year 2012, which the Commission adopted on 20 April 2011 (SEC(2011)0498),
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (IIA) ⁽¹⁾,
 - having regard to article 314 of the Treaty on the Functioning of the European Union,
 - having regard to its resolution of 24 March 2011 on the general guidelines for the preparation of the 2012 budget ⁽²⁾,
 - having regard to the Council conclusions of 15 February 2011 on the budget guidelines for 2012,
 - having regard to Title II, Chapter 7 of its Rules of Procedure,
 - having regard to the letter of the Committee on Fisheries,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on Employment and Social Affairs, the Committee on Industry, Research and Energy, the Committee on Regional Development, the Committee on Agriculture and Rural Development, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women's Rights and Gender Equality (A7-0230/2011),
- A. whereas the 2012 budgetary procedure is the second procedure carried out on the basis of the Treaty of Lisbon, and important lessons can be drawn from last year's experience,
- B. whereas the trilogue which will be held in July should enable the representatives of the two arms of the budgetary authority to discuss the priorities they have identified with regard to the annual budget 2012 and possibly find common ground that could be taken into account in their respective readings,
- C. whereas the Polish and Hungarian presidencies have made public commitments to entering into an open, constructive and political dialogue with the EP on budgetary matters,
- D. whereas the Council as a whole is therefore expected to act as a trustworthy political partner throughout the procedure, avoiding making arbitrary or purely arithmetical cuts across the budget lines,

⁽¹⁾ OJ C 139, 14.6.2006, p. 1.

⁽²⁾ Texts adopted, P7_TA(2011)0114.

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Draft Budget 2012 – general assessment

1. Recalls that in its resolution of 24 March 2011 the EP put the Europe 2020 strategy for a smart, sustainable and inclusive growth at the centre of the 2012 EU budgetary strategy in order to help Europe recover from the economic and social crisis and come out stronger;

2. Recalls that the promotion of a smart, sustainable and inclusive economy, which creates jobs and high-quality employment by delivering on the Europe 2020 strategy's seven flagship initiatives is a jointly endorsed goal of the 27 Member States and the EU institutions; recalls that the implementation of this strategy will require a huge amount of future-oriented investment up to 2020, estimated at no less than EUR 1 800 billion by the Commission in its communication entitled 'The EU Budget Review' (COM(2010)0700); underlines, therefore, that necessary investments - at both EU and Member State level - must be made now and delayed no longer, to improve education levels, foster social inclusion, in particular through the reduction of poverty, and the development of a knowledge-based society rooted in the overall EU scientific and technological capacity; in this context, insists on the need to support research, development, innovation and SMEs and the development of resource-efficient technologies;

3. Is deeply concerned, against this background, that the current crisis has resulted in a drop in public investment in some of these areas because of the adjustments that Member States have made to their national budgets; calls for this trend to be reversed and firmly believes that investments need to be guaranteed at EU and national level if the EU as a whole is to deliver on the EU 2020 strategy; is of the opinion that the EU budget has a role to play as a leverage tool for Member States' recovery policies by triggering and supporting national investment to reinforce growth and employment; underlines in that respect that aligning the EU budget with the goals of the EU 2020 strategy is of utmost importance; reminds in this regard that support for youth training, mobility and employment, SMEs, research and development should be a key priority of the EU budget; emphasises that this is fully in line with the dynamics of the European Semester, which, as a new mechanism for enhanced European economic governance, aims at increasing consistency, synergies and complementarities between the EU and the national budgets in delivering on the jointly agreed Europe 2020 goals;

4. Recalls that EU 2020 strategy and the European Semester need a strong parliamentary dimension, and shows its firm conviction that stronger parliamentary involvement would significantly improve the democratic nature and transparency of such an exercise;

5. Observes that the EU draft budget (DB) for 2012, as proposed by the Commission, amounts to EUR 147 435 million in commitment appropriations (CA) (EUR 146 676 million without the European Globalisation Fund (EGF) and the Emergency Aid Reserve (EAR) and EUR 132 738 million in payment appropriations (PA); notes that these amounts represent respectively 1,12 % and 1,01 % of the EU's forecast gross national income (GNI) for 2012 and emphasises that this proportion remains noticeably stable between 2011 and 2012, with GNI growth estimated by the Commission at no less than + 4,7 % in 2012 (in current prices);

6. Acknowledges that if the EU budget is to contribute to the collective effort of Member States in times of austerity this effort should be commensurate with its size, specific features and real economic impact; believes that account should be taken of ongoing national budgetary consolidation efforts which are taking place in many Member States owing to past fiscal indiscipline but recalls that under Treaty provisions the EU budget cannot run a deficit and that it represents only 2 % of total public spending in the EU;

7. Observes that the EU 27 annual inflation rate for 2011 is estimated at 2,7 %, meaning that the proposed nominal 2012 increases of 3,7 % in CA and 4,9 % in PA are, compared to the Budget 2011, in real terms 1 % and 2,2 %; underlines the fact that several Member States are planning increases in their

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national budgets greater than the one proposed by the European Commission for the EU budget; notes also some Member States' efforts to reduce budget deficits and slow the growth of sovereign debt, bringing it to a more sustainable level;

8. Highlights the fact that the proposed figures in the 2012 EU annual budget are consistent with the profile of EU expenditure set in the Multiannual Financial Framework (MFF) 2007-2013, provided that an agreement of the budgetary authority can be found for a revision of the MFF, accommodating the additional financing needs of ITER; emphasises that any increase (or decrease) compared to Budget 2011 must therefore be assessed bearing in mind its impact on the delivery of the multiannual programmes; stresses that this is a question of institutional credibility and coherence of the EU project when EU responsibilities and commitments keep on growing; believes, from this point of view that endowing targeted policy areas and new competencies established at EU level with meaningful and visible financial capacity is a priority;

9. Observes that according to the DB 2012 there is an overall margin of EUR 1 603 million in CA under the 2012 ceiling agreed in the MFF; is determined to make use, should it prove necessary, of this available margin as well as – if necessary – of other flexibility mechanisms foreseen by the current IIA to support and strengthen certain targeted political objectives, which are not adequately addressed in the current MFF; expects Council's full cooperation as regards the use of these mechanisms;

10. Recalls that a first round of discussions on budgetary priorities has already started in Parliament in the form of the extensive consultation of its specialised committees by its general rapporteur for the Budget 2012; emphasises that the process must now be fine-tuned in each committee for its respective field of competence so as to identify the positive and negative priorities for the Budget 2012;

11. Notes the Commission's estimate that all in all 43,5 % of the DB 2012 (in CA) contributes to the objectives of the EU 2020 strategy; finds this estimate positive but not sufficient; acknowledges that the priorities set by the Commission seem consistent with those defined by Parliament in its resolution on general guidelines for the 2012 Budget, but calls for a more ambitious approach to the funding of the Europe 2020 strategy; is, however, determined to further analyse these figures in full association with all its specialised committees;

12. Takes the view that, besides the delivery of the EU 2020 strategy, appropriations in the EU 2012 Budget should be set at an appropriate level to ensure the continuation of EU policies and the achievement of EU objectives; underlines in particular the need to allow the EU to shoulder its global responsibility, especially in the wake of the Arab Spring and the unrest in the Middle East;

13. Observes that the difficult economic situation across the EU has led the Commission to make a first endeavour to identify negative priorities and savings in some policy areas as compared with what was initially foreseen in the financial programming, particularly in those characterised by poor performance and low implementation rates in the recent past as requested by the EP in its Resolution of 24 March 2011; asks however the Commission to provide additional information supporting its assessment to enable EP to clearly determine political and budgetary positive and negative priorities as well as the possibility of further savings and reallocations, whereas it is essential that the implementation of EU programmes and actions, including the financing of actions aiming at tackling the effects of the crisis and promoting growth, continue at EU level;

14. Strongly warns against any attempt by the Council, to make horizontal cuts in the budget, deciding on the overall level of appropriations a priori, without duly taking into account an accurate assessment of the actual needs for the achievement of the Union's agreed objectives and political commitments; requests, if cuts are made, for the Council to instead publicly explain and clearly identify which of the EU's political priorities or projects could be delayed or dropped altogether;

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15. Notes the proposed increase in PA of 4,9 % compared to 2011; is convinced that the Commission is proposing such figures on the basis of a careful and critical analysis of forecasts provided by Member States, which themselves co-manage 80 % of the EU budget; notes that the bulk of this increase is linked to legal needs arising in relation to the 7th Research Programme and the Structural and Cohesion Funds; is convinced that the proposed level of payments represents the bare minimum required to honour EU legal commitments made in previous years and that it is the EU's duty to comply with the legal obligations deriving from these commitments and ensure that programmes unfold their full potential and run at full speed; strongly urges the Council, therefore, to refrain from cutting the proposed level of payments; expresses its intention to keep the level of payments at the level proposed by the Commission in the Draft Budget, particularly in view of Council's early 2011 reluctance to honour its formal commitment of December 2010 to providing fresh appropriations in case of need;

16. Observes, moreover, that the overall margin in PA under the ceiling of the MFF remains high at EUR 8 815 million; highlights the fact that any decrease below the figure proposed by the Commission would in turn worsen the situation in relation to the urgent need to reduce the unprecedented level of outstanding commitments (RALs) and to ensure the correct implementation of EU policies and programmes;

17. In this context recalls that the draft amending budget 3/2011 shows a budgetary surplus of 4.54 bn Euro in payments in 2010, EUR 1,28 bn of which stems from fines and interest on late payments; is disappointed by the Commission's proposal to lower the Member States' contributions by this entire amount; stresses that, while having no impact on the overall deficit level of Member States, this part of the surplus can make a clear difference to the EU's annual budget, and can, at the same time, enable the pressure on Member States' national budgets to be reduced should it be necessary to enter additional payments in the EU budget for needs not foreseen when the annual budget was established; is of the opinion, for these reasons, that the revenue stemming from fines and interest on late payments should not be deducted from the GNI-based own resources but should be entered in the EU budget in a 'reserve for appropriations' intended to cover any extra payment needs which may arise in the course of the year;

Heading 1a

18. Takes note of the Commission's proposal in the DB 2012 to increase CA by 12,6 % (to EUR 15 223 million) and PA by 8,1 % (to EUR 12 566 million) as compared to Budget 2011, since Heading 1a is the key heading of the MFF 2007-2013 in terms of reaching the objectives of the Europe 2020 strategy, thanks to its direct or indirect contribution to the financing of all its five headline targets and the seven flagship initiatives;

19. Regrets, however, that most of the increases foreseen under this heading for 2012 do not go beyond the mere yearly breakdown of multiannual global amounts agreed to by both Parliament and Council when these programmes and actions were adopted; underlines therefore that the Commission does not generally propose to boost – beyond what was originally planned – the support for investments urgently needed to implement the seven flagship initiatives, and notes that it is regrettably inclined to postpone the necessary big leap in terms of common financial effort to the post-2013 MFF; is convinced that this attitude will seriously endanger the achievement of the headline goals by 2020;

20. Underlines that, with the DB 2012 and the updated financial programming for 2013, the total amount of funds committed by 2013 for key programmes for the achievement of the EU 2020 strategy, such as the 7th EC Framework Research Program (EC FP7), anti-pollution measures, Marco Polo II, PROGRESS, Galileo and GMES, would be less than the reference amount agreed by Parliament and Council when these programmes were adopted; notes that, on the contrary, these reference amounts

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would be slightly exceeded in the case of the following key Europe 2020 programmes: the Competitiveness and Innovation Framework programme (CIP), Trans-European Transport Network, Trans-European Energy network, Erasmus Mundus and Lifelong Learning; intends to take full advantage, where appropriate, of the 5 % legislative flexibility allowed under Point 37 of the IIA, in order to further boost key and pressing investments;

21. Notes, moreover, that an important part of the nominal increase in Heading 1a in the DB 2012 compared to Budget 2011 is linked to the additional funds of EUR 750 million (in CA) required by ITER in 2012, of which EUR 650 million are truly additional and EUR 100 million redeployed from all budget lines of EC FP7; strongly reaffirms its opposition to any form of redeployment from EC FP7 since this would endanger its successful implementation and significantly reduce its contributions to the achievement of the headline goals and the implementation of the flagship initiatives of the Europe 2020 strategy;

22. Recalls that, in order to finance ITER, it will be necessary for the budget authority to agree on the parallel Commission's proposal (COM (2011)0226) amending the MFF 2007-13, which suggests financing the missing EUR 1 300 million for ITER in 2012 and 2013 by using available and unused 2011 margins under Heading 2 and 5 of the MFF 2007-13 for a total amount of EUR 840 million and redeploying in 2012 and 2013 EUR 460 million from EC FP7; expresses its willingness to enter into negotiation with Council to amend the Commission's proposal by having recourse to the different means provided for in the current 17 May 2006 IIA;

23. Notes with concern, in addition to the proposed EUR 100 million redeployment for ITER, the extra cuts of EUR 64 million made to EC FP7 as compared to the financial programming; demands that the Commission proposes to use all the savings (amounting in total to EUR 190 million) to be made in 2012 thanks to re-assessment of staffing needs and the reduced financial contributions to some Joint Undertakings for the benefit of operational expenditure under the EC FP7;

24. Points out in this regard to the need to improve the funding conditions for the sustainable energy priorities, energy storage technologies and other priorities on renewables under the newly introduced Strategic Energy Technology Plan (SET Plan), including energy efficiency, which are vital for meeting the economic, energy and climate challenges; believes that clear goals for sustainable energy policy and energy efficiency can deliver cost-efficient solutions from which the European economy as a whole could benefit; notes also that additional innovative ways of leveraging investments and fostering research and innovation, such as the Risk Sharing Finance Facility (RSFF), could be explored in the frame of the 2012 budgetary procedure;

25. Regrets that with the limited increase foreseen for the PROGRESS programme in the DB 2012 as compared to Budget 2011, the Commission will not be able to reinstate the amount of EUR 20 million for the period 2011-2013 to which it had committed itself in 2010 in order to compensate partially for the redeployment of PROGRESS in favour of the Microfinance Facility; recalls the contribution of the PROGRESS programme to the two EU 2020 strategy flagship initiatives 'European Platform against Poverty' and 'Youth on the Move'; points out that Member States, local and regional authorities and national and regional bodies receive PROGRESS programme funding to implement gender budgeting measures;

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26. Welcomes the increase (+ EUR 5,7 million) in the overall level of commitment appropriations for the Competitiveness and Innovation Framework programme compared to what was initially foreseen; hopes that this increase will contribute to improving the access of SMEs to this programme and to developing specific programmes and innovative financial mechanisms; recalls, in this context, the key role played by SMEs in boosting the EU economy and supports, in particular, the CIP-EIP programme as an indispensable tool of recovery from the crisis; stresses the need to improve SMEs' access to capital markets and different EU financing opportunities by making funding procedures easier, quicker and less bureaucratic;

27. Reiterates the importance of the Single Market for the competitiveness of EU enterprises and for the growth and stability of European economies, and reminds the Commission and the Member States that sufficient resources need to be ensured to improve the implementation of the single market rules;

28. Stresses the European added value of investments in cross-border transport, particularly the TEN-T programme, which improve trans-border and intermodal connections, thus promoting economic development and employment; recalling the traditional under-funding of TEN-T, urges that increased resources be made available for this purpose, including through recourse to alternative sources of financing such as Public Private Partnerships (PPP), earmarking of revenues and other forms of financial instrument; underlines that Cohesion and Regional Funds should be closely linked to TEN-T projects;

29. Takes the view that, given its high European added value, support for the Lifelong Learning programme should be continued and increased in 2012, because of its strong contribution to the flagship initiatives 'Youth on the Move' and 'Innovation Union'; stresses in particular that, given the growing number of people in adult education in Europe, Grundtvig, which currently represents only 4 % of the allocations in the Lifelong Learning Programme, should be reinforced;

30. Is concerned about the proposed reduction in appropriations for the Union Statistical Programme and the very limited – below the rate of inflation – increase in staff expenditure in the 'Statistics' policy area; emphasises that there is a strong need to continuously make sure that the resources of Eurostat match the expanding workload and the enhanced quality demands in the key area of economic and financial statistics;

31. Recalls that the bulk of the new EU competences introduced by the Treaty of Lisbon, in the areas of energy, tourism and space, falls within the remit of Heading 1a; expresses its disappointment that no extra funding for these new policies is proposed by the Commission in the third year after the entry into force of the Lisbon Treaty; underlines that neither Galileo nor GMES – the two main EU space programmes – is to benefit from extra funding by the end of the current MFF and that the Galileo funding is decreasing between 2011 and 2012; reiterates the need to introduce some specific, visible measures in support of tourism, given the economic relevance of this sector, which represents the third socio-economic activity in Europe in terms of employment and GDP creation, and regrets that the Commission is not proposing a new legal basis to replace the three preparatory actions in this field which cannot be extended in 2012; asks that appropriate resources be allocated for the tourism sector in 2012 and 2013 as well as in the future multiannual financial framework;

32. Notes that the crisis has clearly highlighted the importance for the strength of government finances of having effective and fraud-proof tax collection systems; stresses that the fight against tax fraud and evasion must be highly prioritised and that the appropriations for Fiscalis must enable the programme to respond to this ambition;

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33. Welcomes the Commission's decision to include in the DB for the second consecutive year payment appropriations (EUR 50 million) for the European Globalisation Adjustment Fund (EGF); underlines the fact that this not only gives higher visibility to the fund but also avoids transfers from other budget lines pursuing different aims and covering different needs; eagerly awaits the presentation of the mid-term review of the EGF Regulation by the Commission as a means of identifying ways to speed up the procedure for mobilising the fund and of simplifying its management rules;

Heading 1b

34. Stresses the decisive contribution of cohesion policy to growth and employment, as well as to economic, social and territorial cohesion between EU regions and Member States; stresses that cohesion policy plays an instrumental role in enabling all EU regions to participate in the achievement of Europe 2020 objectives and in supporting regional investments aimed at implementing all flagship initiatives; takes the view accordingly that, while its redistributive nature and its aim to reduce regional disparities should be preserved, cohesion policy must remain EU-wide investment policy and accessible to all EU regions and citizens;

35. Notes that total expenditure for Heading 1b is estimated at EUR 52 739 million in commitments appropriations, representing an increase of 3,4 % compared to 2011, which is fully in line with the allocations set out in the MFF 2007-13, account being taken of the latest 2010 adjustment in favour of some Member States; notes that the margin left available (EUR 22,1 million) under the ceiling stems mostly from the technical assistance allocation and represents only 0,04 % of the total allocation under this heading;

36. Welcomes the 8,4 % increase in PA to EUR 45 134 million proposed for 2012 as compared to 2011, and believes that this increase will allow for programme implementation to catch up quickly following the very slow start-up of programmes at the beginning of the 2007-13 period; emphasises that this increase should also make it possible to address additional payment needs stemming from the recent legislative changes, the approval of all management and control systems and the closure of the 2000-2006 programmes;

37. Stresses therefore that this level of payments is a bare minimum and complies fully with realistic budgeting, taking due account of the general payment profile over the period, the Member States' available forecast in respect of payment claims to be sent to the Commission, and the need to fill the gap between commitments and payments; underlines the fact that these cash flows will also help accelerate the recovery of the European economy and contribute to the Europe 2020 strategy in the regions; will therefore strictly oppose any possible decrease in the level of payments compared to the one proposed by the Commission in its Draft Budget;

38. Asks the Commission to collect demographic data of the beneficiaries of the cohesion policy, the European Social Fund notably, in order to monitor the real impact of the funds provided for human capital development and job market insertion, keeping in mind the particularly worrying problem of youth unemployment;

39. Asks the Commission to keep on working closely with those Member States with a low absorption rate in order to further improve absorption on the ground; calls, therefore, for the further promotion of mutual learning, exchange of best practices and improvement of administrative capacities in Member States as well as in candidate countries through paying attention to the proper functioning of the Instrument for Pre-Accession Assistance supporting the countries preparations for the implementation of Community programmes;

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40. Urges the Commission also to continue its reflection on how to simplify the complex system of rules and requirements imposed by the EU and/or national legislation and reduce the bureaucratic burden, in order to place a significantly stronger focus on achieving specific objectives, in addition to legality and regularity, without departing from the key principles of transparency, accountability and sound financial management;

Heading 2

41. Notes that the DB 2012 proposes to increase commitment appropriations by 2,6 % to EUR 60 158 million and payment appropriations by 2,8 % to EUR 57 948 million as compared with Budget 2011; underlines that these increases remain below the increase proposed by the Commission for the budget as a whole;

42. Observes that these increases are above all the consequence of continuous phasing-in of direct payments to new Member States and additional needs for rural development; underlines the fact that market interventions remain almost stable compared with Budget 2011, while price volatility and the instability of certain markets continue to affect the agricultural sector; asks the Commission to develop proposals for a more long-term approach for all agricultural sectors, as well as concrete proposals for dealing with price volatility in their markets;

43. Notes that the traditional agricultural amending letter to be presented in Autumn 2011 will adjust the current estimates to a more precise assessment of the real needs; against this background, draws attention to the final level of assigned revenue to be available in 2012 (conformity clearance correction, irregularities and milk super levy), which will eventually set the level of fresh appropriations to be adopted in the Budget 2012; estimates that the current margin left (EUR 6 516 million) should be sufficient to cover the needs under this heading in the absence of unforeseen circumstances;

44. Stresses that over the last few years the budgetary authority could, thanks to specific circumstances, make use of the unallocated funds (margin) available under the ceiling of this heading to reach global agreement on the annual budgets, by having recourse to point 23 of the IIA;

45. Endorses the continued support for programmes concerning school fruit, as well as for the Aid for Deprived Persons programme; deplores, conversely, the reduced budgetary allocation to the school milk scheme and is concerned about the cuts made to veterinary and phyto-sanitary measures;

46. Calls for a further reduction of export refunds and regrets the continued subsidising of the tobacco production in the EU, which is contrary to the objectives of the EU health policy;

47. Stresses that part of the spending under Heading 2 is instrumental in realising the Europe 2020 goals; emphasises that the priority goals of this strategy – growth and employment – are also accomplished through the rural development programmes; regards food security and sustainability as two of the main challenges for the CAP; recalls that direct aids should better take into account environmental and social objectives and calls for a more sustainable CAP, which should contribute further to meeting the environmental challenges the EU faces, including water pollution, without compromising the competitiveness of EU farmers;

48. Welcomes, in this context, the increase for the LIFE+ programme (+ 4,3 % and + 1,9 % in commitments and payments respectively) which gives priority solely to environment and climate action projects; reminds again that environmental problems and their solutions do not recognise national borders, thus dealing with it at EU level is self-evident; points out nevertheless that the LIFE+ appropriations remain at a quite limited level;

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49. Emphasises that energy efficiency, the fight against climate change and the promotion of renewable energy are transversal priorities that can be financed under several headings of the EU budget, and that Parliament will pay specific attention to their funding, by budget line and overall; urges the Commission to further mainstream such priorities, as well as water protection and the preservation of biodiversity in other policies, including EU financial support to developing countries; takes the view that the proper implementation of the existing legislation on these topics is crucial and therefore asks the Commission to carefully analyse whether more resources are required in order to examine seriously the implementation of EU environmental legislation, and to report back to Parliament;

50. Points out that, owing to its political importance, the financing and existing actions of the Common Fisheries Policy should be preserved and maintained at the proposed DB levels, not least given its upcoming reform; takes the view that the funding of the integrated maritime policy, which should reach an adequate amount in 2012, should not be detrimental to that of other fisheries actions and programmes under Heading 2; further considers it crucial to keep on monitoring the size of the European fishing fleet, giving appropriate support to Member States in this regard and, in particular, combating Illegal, Unreported and Unregulated fishing (IUU); considers effective fisheries' management of crucial importance in order to preserve fish stocks and prevent overfishing;

Heading 3a

51. Notes that the overall increase in funding proposed in the DB 2012 compared to Budget 2011 for actions encompassed under this heading (+ 17,7 % in commitments appropriations, + 6,8 % in payment appropriations) is in line with the growing ambitions of the EU in the area of freedom, security and justice, as outlined in both the the Treaty of Lisbon and the Stockholm Programme (2010-2014), which the European Council itself adopted in December 2009;

52. Notes that these increases are mostly linked to three of the four Solidarity and Management of Immigration programmes: External Borders Fund (+ 38 %), European Return Fund (+ 43 %) and European Fund for the Integration of Third-Country Nationals (+ 24 %); emphasises, however, that the increases foreseen under this heading for 2012 are simply the result of the yearly breakdown of multiannual global amounts agreed upon by both Parliament and Council when these programmes and actions were adopted;

53. Deeply regrets the fact that the Commission is sending a message of rejection to refugees by substantially increasing appropriations for the External Border Fund and the European Return Fund, while keeping those for the European Refugee Fund at the same level as in 2011; believes that the EU should adopt a more welcoming stance towards refugees, especially in light of the Libyan war and the ongoing severe repression of demonstrators in several Arab countries;

54. Very much wonders, therefore, whether the DB presented by the Commission constitutes an appropriate and updated answer to the current challenges facing the EU, not least in the context of the ongoing events in the Southern Mediterranean; recalls its strong call for an appropriate and balanced answer to these challenges, with a view to the management of legal migration and slowing down of illegal migration; acknowledging the obligation of EU Member States to conform to established EU law, emphasises the need for sufficient funding and support tools to handle emergency situations in a spirit of full respect of internal protection rules and human rights and solidarity amongst all Member States; highlights in particular the role and support of the European Refugee Fund, including emergency measures in the event of mass influxes of refugees, and greatly regrets that the Commission did not propose any increase for this fund beyond what was initially foreseen in the financial programming;

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55. Takes note of the repeated calls by the European Council to strengthen the operational capacity and role of FRONTEX, in a period of increasing migration pressures; asks the Commission to present the full budgetary implications for 2012 of the ongoing revision of FRONTEX and to provide a clearer picture of the Member States' financial participation in its functioning;

56. Notes that, after a presentation of the next technical steps, the 2011 appropriations for SIS II placed in the reserve have been released by the budgetary authority; highlights the fact that the budgetary authority will continue to closely monitor future developments concerning SIS II and reserves the right to take action, should it prove necessary;

Heading 3b

57. Recalls that Heading 3b, though the smallest heading of the MFF in terms of financial allocation, covers issues of key concern to the citizens of Europe, such as youth, educational and cultural programmes, public health, consumer protection, the civil protection instrument and communication policy;

58. Deeply regrets that overall appropriations under this heading are down for a third consecutive year, with CA being reduced by 0,1 % (to EUR 6 835 million) and PA by 0,3 % (to EUR 6 457 million) as compared to the 2011 Budget (excluding the EU Solidarity Fund), leaving a margin of EUR 15,5 million;

59. Takes the view that programmes and actions under this heading play an important role in achieving headline targets and flagships initiatives of the Europe 2020 strategy; reiterates that education, training and culture carry economic value since they contribute notably to economic growth and quality job creation and support the development of active citizenship;

60. Underlines the fact that the very small margin available will allow limited room for manoeuvre when proposing new actions or taking decisions on stepping up the funding of priorities directly relevant to citizens;

61. Takes due note of the Commission's proposal to increase by EUR 8 million, as compared to the initial financial programming, the 2012 allocations for Youth in Action (EUR 134,6 million foreseen in 2012), a programme which constitutes one of the main tools of the 'Youth on the Move' flagship initiative and provides support for non-formal learning experiences and the development of active citizenship for young people;

62. Regrets that similar efforts are not being proposed for programmes such as MEDIA and Culture 2007, although they contribute greatly to the richness and diversity of European culture and give support to actions which would not be funded by Member States alone;

63. Deplores that the Commission has not proposed in its Draft Budget 2012 any specific measure in favour of sport, although this is now a fully-fledged competence of the Union deriving from the Treaty of Lisbon; considers indeed that some funding – though of limited magnitude – shall continue to be available in Budget 2012;

64. Welcomes the increase for the Public Health programme as public health has become a key-driver for competitiveness in ageing European societies; acknowledges the Commission's efforts to find financing solutions for continuing important educational campaigns such as the HELP campaign for a life without tobacco;

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65. Deplores the decrease in the Civil Protection Financial Instrument's funding as compared to the financial programming (EUR – 1,8 million), and asks the Commission to provide further explanations for this decrease, given that civil protection is now a new competence of the EU;

66. Recalls that, in order to ensure transparency and full involvement of the European Parliament and its Members, European Public Spaces need to have their own separate line; regrets the Commission proposal to empty this line and to merge the EPS allocations with the Commission Representations' line; recalls that the European Public Spaces are run jointly by the Commission and the Parliament and therefore their budget should be separated from the Commission Representations' budget as reflected in the 2010 and 2011 budgets; underlines that Parliament will not accept any attempt to change the will of the budgetary authorities in this matter;

Heading 4

67. Notes that the commitment and payment appropriations requested in the DB 2012 have increased by 2,9 % and 0,8 %, as compared to the 2011 Budget, to EUR 90 093 and EUR 7 293,7 million respectively (account being taken of the Emergency Aid reserve); points out that these increases remain below the increase proposed by the Commission for the Budget as a whole;

68. Recalls that until now the Commission has failed to return funds (240 Million) used for the Food Facility to heading 4 and especially the Instrument for Stability as demanded by the Committee on Budgets in paragraph 28 of its report A7-0038/2009 adopted on 12. October 2009;

69. Is firmly convinced that a particular and concrete effort must be made to make optimal, coordinated use of all European instruments available (not only financial envelopes within the EU budget, but also instruments managed by the EIB, EBRD etc.) and Member State actions; emphasises that flexibility in the programming and implementation of the EU instruments must be further improved to allow an adequate and effective response to political and humanitarian crises in third countries without, however, jeopardising long-term political commitments and priorities; calls, to this end, for the Commission, the European External Action Service and the European Investment Bank to coordinate their efforts with a view to ensuring that the objectives of EU external action are as targeted and effective as possible;

70. Believes it to be the EU's duty to respond adequately and comprehensively to recent political developments in Mediterranean neighbouring countries and to provide support and assistance to movements fighting for democratic values and the establishment of the rule of law; reiterates that reinforcement of financial assistance to these countries must not be detrimental to priorities and instruments for the benefit of neighbouring Eastern European countries;

71. Is very concerned from this point of view that the proposed margin of EUR 246,7 million for Heading 4, while far above that foreseen by the January 2011 update of the financial programming (EUR 132,2 million), may be insufficient to address the new needs under Heading 4, since it seems to be based on cuts to some major EU programmes; is determined to further check and analyse the impact of these cuts;

72. Recalls that Parliament and Council have still not agreed on the legal basis for Banana Accompanying Measures and Cooperation with Industrialised and other High-Income Countries (ICI +) and that this agreement will have an impact on Budget 2012 appropriations; regrets the Commission's proposal to cut funding for the cooperation with developing countries in Asia and Latin America; calls for a swift adoption of the ICI+ legislation and for an endorsement of adequate funding for Asia and Latin America;

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73. Asks the Commission, therefore, not to limit its upcoming amending letter to the budgetary consequences of its review of the European Neighbourhood Policy but also to address, if necessary together with the use of all the means provided for by the IIA, all other outstanding issues and needs, including the financing of Palestine and UNRWA, which is decreased by EUR 100 million as compared to 2011 Budget, in order to maximise the impact of EU assistance in the world;

74. Deplores the reduction of the programmed increase in the funding for the Instrument for Pre-accession Assistance from EUR 139 million to only EUR 79 million, as compared to Budget 2011;

75. Notes the proposed increase in the funding of environment and sustainable management of natural resources (ENRTP) under the Development Cooperation Instrument (DCI) by EUR 51,8 million as compared to financial programming in order to address the fast-start climate change action; strongly opposes the other decreases, amounting to EUR 78 million overall, made to DCI geographical programmes, which would run counter to the EU effort to contribute to the achievement of the Millennium Development Goals and respect the EU commitment, at the highest level, to reaching the 0,7 % of GNI target by 2015 for development cooperation;

76. Recalls that it will firmly reject any systematic, quasi-automatic and sometimes unconsidered cuts by the other branch of the budgetary authority in administrative expenditure under Heading 4 for the sole sake of decreasing appropriations, since this would deprive the EU of its means to properly and efficiently implement its programmes;

Heading 5

77. Notes that total administrative expenditure for all institutions is estimated at EUR 8 281 million, representing an increase of 1,3 % as compared to 2011, leaving a margin of EUR 472,5 million;

78. Notes the letter from the Commissioner for Financial Programming and Budget of 3 February 2011 committing to an increase in Heading 5 expenditure below 1 % and no new staff as compared to 2011 and calling upon all institutions to follow the same approach as regards the evolution of their budgets;

79. Observes that the Commission, the Council, the Court of Auditors, the Ombudsman and the Data Protection Supervisor have followed suit; underlines that the European Parliament has succeeded to reduce its own estimates by around 50 mio EUR compared to the first proposal of preliminary draft estimates; stresses that it will scrutinise in depth the other institutions' estimates, inter alia against the additional needs and activities related to the entry into force of the Lisbon Treaty;

80. Acknowledges the Commission's great effort to freeze its own administrative expenditure in nominal terms; notes that this was rendered possible through the offsetting of the increases linked to statutory and contractual obligations against other drastic cuts in other administrative expenditure; is nevertheless concerned about the possible consequences;

81. Stresses that any further cut to 2012 administrative appropriations within Section III, including to the administrative support expenditure lines (former BA-lines), might have an adverse impact on the implementation of programmes, in particular in view of the new EU tasks following the entry into force of the Lisbon Treaty; insists that the savings resulting from reduced administrative support expenditure remain within the corresponding programmes' financial envelopes for enhanced delivery on the ground; emphasises, furthermore, that while EU competences keep on increasing, this trend is not sustainable in the long term and will have an adverse impact on the swift, regular and effective implementation of EU actions and programmes;

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82. Acknowledges the Commission's efforts not to request any additional posts and its commitment to meet all its needs, including those relating to new priorities and to the entry into force of the TFEU, merely by means of internal redeployment of existing human resources; asks for further information in particular where the 230 additional posts needed to ensure the appropriate monitoring of Member States' economic and financial situation within DG ECFIN are to be redeployed from and what the impact of 70 fewer posts for administrative support and programmes management will be, following redeployments within specific Directorates-General; stresses that the human resources issue is made all the more important by the fact that DG ECFIN may have to be further strengthened to cope with vital additional tasks as soon as the economic governance package has been adopted;

83. Underlines that the increase proposed for EPSO (+ 5,4 % in CA and PA) seems to contradict the Commission's efforts to reduce administrative expenditure; requests more information on the proposed increase of EPSO's allocations and on the externalization by EPSO of key services;

84. Notes the 4 % increase in expenditure on pensions (as against + 5,2 % from 2010 to 2011) in view of the wave of retirements of officials; invites the Commission to supply a more in-depth analysis of the long-term budgetary consequences of this trend, while at the same time considering the possible consequences, whether direct and indirect, of any change in the EU pension scheme on the attractiveness, quality and independence of the European civil service; stresses that any such change should follow due social dialogue;

85. Takes the view that the European Schools should be adequately funded in the interests of addressing the specific situation of the children of agents of the EU institutions; will carefully scrutinise the proposed overall 1,7 % increase as compared to 2011, which is below that foreseen in the financial programming, as well as each of the European Schools' budget lines, and make, during its reading, any modification it considers appropriate in this respect;

Pilot projects – preparatory actions

86. Stresses that pilot projects (PPs) and preparatory actions (PAs) are key tools for the formulation of political priorities and for paving the way for new initiatives that might turn into EU activities and programmes likely to improve the lives of EU citizens; intends, therefore, to support by all possible means its proposals regarding pilot projects and preparatory actions for the 2012 Budget, while stressing the need carefully to study the Commission's preliminary assessment expected in July 2011 for the definition of a global and balanced final package on this issue;

87. Intends to this end to forward to the Commission, as provided for in Annex II, part D of the IIA, a first provisional list of potential pilot projects and preparatory actions for the 2012 Budget; expects the Commission to provide a well-reasoned analysis of Parliament's indicative proposals; stresses that this first provisional list does not preclude the formal tabling and adoption of amendments concerning pilot projects and preparatory actions during Parliament's reading of the budget;

88. Takes note of one new pilot project and five preparatory actions – two of them new – proposed by the Commission under different headings; states its firm intention of analysing the content and objectives of the newly proposed initiatives in the course of the upcoming negotiations;

Agencies

89. Notes the overall level of EUR 720,8 million (i.e. 0,49 % of the total EU budget) devoted to EU decentralised agencies in DB 2012, an increase in the total EU contribution as compared to the 2011

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Budget of EUR 34,6 million, or + 4,9 %; is aware that this increase mainly stems from the one new ⁽¹⁾ and seven phasing-in agencies ⁽²⁾, with a view to providing them with adequate funding; underlines the importance of additional funding for those 10 agencies ⁽³⁾, the tasks of which have been extended, so as not to hinder their performance; notes that the increase in the EU contribution to the agencies at cruising speed is in line with, or even below, inflation correction (2 %), with no additional staff;

90. Stresses that EU agencies' budget allocations are far from consisting in administrative expenditure alone, but instead contribute to achieving the Europe 2020 goals and EU objectives in general, as decided by the legislative authority; endorses therefore, in times of austerity, the Commission's restrictive approach to determining EU decentralised agencies' subsidies from the EU budget, but disapproves again of the use of assigned revenue to reduce the EU Budget contribution to fee-dependent agencies, which is used by the Commission to increase margins artificially, is in this context concerned that the Commission repeatedly ignores the political will of the European Parliament;

91. Stresses that the European Supervisory Authorities have a crucial role to play in safeguarding market stability and that they need to be adequately funded in order for regulatory reforms to be effective; reiterates that one single supervisory authority would be more cost-efficient; welcomes the budget increases proposed for all three authorities as important steps in their build-up procedures, while calling for additional resources for the joint committee; emphasises that any additional tasks entrusted to these authorities must be swiftly accompanied by the corresponding allocation of supplementary resources; underlines, inter alia, that the new responsibilities planned for the European Securities and Markets Authority (ESMA) in the areas of short-selling and derivatives must be promptly reflected in the 2012 budget procedure as soon as the legal bases are in place;

92. Notes that, among the 213 new establishment plan posts for agencies (out of a total of 4 854), 80 will be allocated to new or starting-up agencies, and the rest to agencies whose tasks are being extended; reiterates its call for a specific approach to the recruitment of specialised scientific staff with professional experience, especially when these posts are financed exclusively from fees and are thus budget-neutral for the EU budget;

93. Disapproves the Commission's approach to change the presentation of the two-self-financed agencies OHIM and CPVO in the DB 2012, i.e. deleting the respective budget lines and deciding not to publish the establishment plans; takes note, nevertheless, that the two respective agencies are not bound to any decisions by the Budget Authority regarding the subsidy levels or the staffing; intends, however, to provide these information in the budget as a matter of transparency; reiterates again that a solution needs to be found for the excessive surpluses gained by the OHIM fee regulation;

⁽¹⁾ Agency for the operational management of large-scale IT systems in the area of freedom, security and justice

⁽²⁾ The Office of the Body of European Regulators for Electronic Communications (BEREC – Office), European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Securities and Markets Authority (ESMA), European Agency for the Cooperation of Energy Regulators (ACER), European Asylum Support Office (EASO) and Gender Institute

⁽³⁾ European Chemicals Agency (ECHA) – Biocides activities, European Chemicals Agency (ECHA) – Prior Informed Consent (PIC) activities, European GNSS Supervisory Agency (GSA), European Aviation Safety Agency (EASA), European Maritime Safety Agency (EMSA), European Network and Information Security Agency (ENISA), European Medicines Agency (EMA), European Environment Agency (EEA), Fundamental Rights Agency (FRA), European Police College (CEPOL) and Eurojust.

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94. Considers the following issues to be of specific interest for the trilogue due to take place on 11 July 2011:

- 2012 EU budgetary allocations in support of the EU2020 strategy,
- overall level of payments in the 2012 Budget and outstanding RAL,
- proposal for a revision of the current MFF 2007-13 to address additional financing needs of the ITER project,
- financial sustainability and manageability of heading 4 in 2012, particularly in view of forthcoming amending letter to address the democratic transition in Southern Mediterranean,
- outstanding issues related to Budget 2011;

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95. Instructs its President to forward this resolution to the Commission and the Council.

The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future

P7_TA(2011)0297

European Parliament resolution of 23 June 2011 on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future (2011/2051(INI))

(2012/C 390 E/06)

The European Parliament,

- having regard to the Communication from the Commission, 'The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future' (COM(2010)0672),
- having regard to Article 43(2) of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EC) No 1290/2005 on the financing of the common agricultural policy ⁽¹⁾,
- having regard to Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ⁽²⁾,
- having regard to Council Decisions 2006/144/EC ⁽³⁾ and 2009/61/EC on Community strategic guidelines for rural development ⁽⁴⁾,
- having regard to Regulation (EC) No 1234/2007 establishing a common organisation of agricultural markets ⁽⁵⁾,

⁽¹⁾ OJ L 209, 11.8.2005, p. 1.

⁽²⁾ OJ L 277, 21.10.2005, p. 1.

⁽³⁾ OJ L 55, 25.2.2006, p. 20.

⁽⁴⁾ OJ L 30, 31.1.2009, p. 112.

⁽⁵⁾ OJ L 299, 16.11.2007, p. 1.

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- having regard to Regulation (EC) No 73/2009 establishing common rules for direct support schemes for farmers ⁽¹⁾,
 - having regard to its resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013 ⁽²⁾,
 - having regard to its resolution of 16 June 2010 on EU 2020 ⁽³⁾,
 - having regard to the Council Presidency Conclusions of 17 March 2011 on ‘the CAP towards 2020’,
 - having regard to the Opinion of the European Economic and Social Committee of 18 March 2010 on ‘the reform of the common agricultural policy in 2013’,
 - having regard to the Opinion of the Committee of the Regions, ‘The CAP until 2020 – food, natural resources and rural areas – the future challenges’,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on Development, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0202/2011),
- A. whereas a sustainable, productive and competitive European agricultural sector makes a vital contribution to meeting the objectives set by the Treaties for the CAP and the objectives of the EU 2020 Strategy, whereas it can also help to meet new political challenges such as security of supply of food, energy and industrial raw materials, climate change, the environment and biodiversity, health and demographic change, and whereas the forthcoming CAP reform will be the first in which the European Parliament will co-legislate with the Council, in accordance with the Lisbon Treaty,
- B. whereas food security remains the central challenge for agriculture not only in the EU but globally, in particular in developing countries, as the world population is predicted to grow from 7 to more than 9 billion by 2050, requiring a 70 % increase in global agricultural production according to the FAO; whereas more food will need to be produced against a background of higher production costs, severe volatility in agricultural markets and mounting pressure on natural resources, meaning that farmers will have to produce more using less land, less water and reduced energy inputs,
- C. whereas food has a strategic importance and whereas the most favourable way of ensuring food security is by maintaining a stable, competitive agricultural sector; whereas a strong CAP is central to this and to the preservation, environmental sustainability and economic development of the EU’s rural areas in the face of the threat of land abandonment, rural depopulation and economic decline,
- D. whereas the CAP reform of 2003 and the Health Check of the Common Agricultural Policy of 2008 have sought to contribute to a new architecture for the CAP that is more effective and transparent, characterised by greater market orientation; whereas this process must be continued and the administration of CAP instruments and procedures must be significantly simplified in practice in order to reduce the burden on farmers and administrations,

⁽¹⁾ OJ L 30, 31.1.2009, p. 16.

⁽²⁾ Texts adopted, P7_TA(2010)0286.

⁽³⁾ Texts adopted, P7_TA(2010)0223.

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- E. whereas in its resolution of 8 July 2010 on the future of the CAP after 2013 the European Parliament laid the foundations for a sustainable agricultural policy which would allow European producers to be competitive in local, regional, national and international markets, and whereas it supported the concept of a multifunctional, broad-based agriculture spread throughout Europe, particularly in areas with natural handicaps and extremely peripheral areas, and also took into account the difficulties faced by small farms,
- F. whereas the CAP must be equipped with the necessary instruments to cope with serious market and supply crises and extreme price volatility in the agricultural sector; whereas it must be ensured that these instruments are not only up to date and effective but also flexible, so that they can be implemented quickly when necessary,
- G. whereas the incorporation of renewed and ambitious objectives into the CAP, particularly relating to consumer protection, environmental protection, animal welfare and regional cohesion, is to be welcomed and these high standards should be defended at international level so as to ensure the viability and competitiveness of European farmers, who face higher production costs; whereas long-term productivity and food security, especially in view of climatic disturbances, depends on due care for natural resources, particularly soil, water use and biodiversity,
- H. whereas the agricultural sector has a crucial role to play in the fight against climate change, in particular by reducing its own greenhouse gas emissions, by developing carbon sequestration and through the production of biomass and sustainable energy, thereby creating an additional revenue stream for farmers' incomes,
- I. whereas the CAP should also support specific management of farmland which is rich in biodiversity (such as high nature value farmland) and agro-ecosystems within Natura 2000 areas and, in this context, a transition to lower-input models (including organic farming), permanently unploughed pastures or agricultural wetlands,
- J. whereas the share of CAP expenditure in the EU budget has steadily decreased from nearly 75 % in 1985 to a projected 39,3 % in 2013, whereas the CAP, despite being one of the longest-standing policies of the EU and the only one which has been communitised, accounts for less than 0,5 % of the EU's GDP, while public expenditure accounts for some 50 % of GDP, and whereas, following the successive enlargements of the European Union, the area of agricultural land has increased by 40 % and there are twice as many farmers as in 2004,
- K. whereas according to the latest Eurobarometer poll, 90 % of EU citizens surveyed consider agriculture and rural areas to be important for Europe's future, 83 % of EU citizens surveyed are in favour of financial support to farmers and, on average, they believe that agricultural policy should continue to be decided upon at European level,
- L. whereas the European Parliament has often expressed its opposition to a renationalisation of the CAP and an increase in cofinancing, which could detract from fair competition on the EU internal market, and therefore, looking ahead to the forthcoming reform, once again rejects any attempt to renationalise the CAP by means of the cofinancing of direct payments or a transfer of funds to the second pillar,
- M. whereas a two-pillar CAP should be retained, with each pillar's structure and objectives being clearly defined and designed in a way that allows each to complement the other,

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- N. whereas small farmers in the EU make a vital contribution to the CAP's objectives and whereas the obstacles they face must be duly taken into account in the reform process,
- O. whereas, in the new Member States applying the single area payment scheme, a large proportion of farmers, especially in the stockbreeding sector, are not entitled to direct payments because they do not own agricultural land,
- P. whereas farmers are receiving a steadily decreasing share of the value added generated by the food supply chain and whereas a properly functioning food supply chain and measures to improve the bargaining position of producers are necessary prerequisites to ensure that farmers obtain a fair return for their produce,
- Q. whereas the per capita real income of farmers has fallen dramatically in the past two years and whereas, as a result of constant decline, it has now fallen below the level it had attained nearly 15 years ago, whereas agricultural incomes are notably lower (by an estimated 40 % per working unit) than in the rest of the economy, and income per inhabitant in rural areas is considerably lower (by about 50 %) than in urban areas and whereas Eurostat data shows that employment in the agricultural sector fell by 25 % between 2000 and 2009,
- R. whereas the world economy is becoming increasingly integrated and trade systems are being liberalised more by multilateral and bilateral negotiations and whereas agreements at multilateral and bilateral level must ensure that third-country production methods for export to the EU provide European consumers with the same guarantees in terms of health, food safety, animal welfare, sustainability and minimum social standards as those provided by EU methods,
- S. whereas rural development, in the face of growing disparities, loss of social capital and cohesion, demographic imbalances and out-migration, is a vital component of the CAP and whereas future rural development policies need to work towards a better territorial balance and offer less bureaucratic and more participatory governance of rural development programmes, which should include measures to increase the competitiveness of the farming sector and effectively support the strengthening and diversification of the rural economy, protect the environment, promote education and innovation, boost quality of life in rural areas, especially in less-favoured areas, and counteract the abandonment of farming by young people,
- T. whereas, on the one hand, only 6 % of European farmers are aged under 35 and, on the other, 4,5 million farmers will retire in the next 10 years; whereas generational renewal should therefore be seen as one of the priority challenges for the future CAP,
- U. whereas the CAP must take into account the need to mitigate the specific constraints and structural problems facing the agricultural and forestry sectors in the outermost regions of the EU as a result of their insularity and remoteness and the fact that the rural economy is heavily dependent on a small number of agricultural products,
- V. whereas quality policy is an integral part of the future CAP, which means that developing and strengthening this policy, particularly in the case of geographical indications, will be decisive for the sustainable growth and competitiveness of European agriculture,

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1. Broadly welcomes the Commission Communication 'The CAP towards 2020: meeting the food, natural resources and territorial challenges of the future'; recognises the need for further reform of the CAP in line with the changing nature of the farming industry in the EU27 and the new international context of globalisation; calls for the continuation of a strong and sustainable CAP with a budget commensurate with the ambitious objectives to be pursued in an effort to meet the new challenges; firmly rejects any moves towards a renationalisation of the CAP;
2. Calls for the CAP to remain structured around two pillars; points out that pillar 1 should remain fully financed by the EU budget and yearly based, while multiannual programming, a contractual approach and cofinancing should continue to apply under pillar 2; insists that the two-pillar structure should serve the purpose of clarity, each pillar complementing the other without overlapping; the first pillar should deliver objectives which require 'across-the-board' action whereas the second pillar should be outcome-oriented and flexible enough to easily accommodate national, regional and/or local specificities; considers, therefore, that, whilst the current two-pillar architecture should be retained, changes to it are essential in order to target more effectively all the measures needed under each of the two pillars and their respective financing arrangements;
3. Points out that food security remains the *raison d'être* of agriculture, not only in the EU but also throughout the world, and in particular in the developing countries, since the world faces the challenge of feeding 9 billion people by 2050 while reducing the use of scarce resources, notably water, energy and land; calls for a sustainable, productive and competitive European agricultural policy that makes a significant contribution to meeting the objectives set by the Treaties for the CAP and the EU 2020 Strategy priorities of smart, inclusive and sustainable growth; believes that agriculture is well placed to make a major contribution to tackling climate change, creating new jobs through green growth and supplying renewable energy whilst at the same time continuing to provide safe, high-quality food products and food security for European consumers;
4. Considers it essential to establish a clear set of rules for the longer term so that European farmers can plan the investment needed to modernise agricultural practices and develop innovative methods that will lead towards more agronomically sound and sustainable agricultural systems, a process vital to guaranteeing their competitiveness on local, regional and international markets;
5. Believes that, in the interests of simplification, clarity and a common approach, funding for each pillar of the CAP must be agreed from the start of the reform;
6. Calls for the EU agricultural budget in the next financing period to be maintained at least at the same level as the 2013 agricultural budget; recognises that adequate financial resources will be necessary in order to meet the challenges of food security, environmental protection, climate change and territorial balance in an enlarged EU, as well as to allow the CAP to contribute to the success of the EU 2020 Strategy;
7. Is convinced that this new agricultural policy, geared to sustainable food production systems, must primarily be based on greater overall complementarity between the first pillar, which covers direct payments, and the second pillar, which deals with measures to support rural development; takes the view that under the new CAP public funds must be recognised as a legitimate form of payment for public goods provided to society whose costs are not offset by market prices and that public money should be used to incentivise farmers to deliver European-wide extra environmental services; believes that this targeted approach will deliver EU-wide objectives while offering the necessary flexibility to accommodate EU agricultural diversity; believes that such a system would make every element of the payments deliver clear public benefits in a transparent manner for the taxpayer, farmers and society as a whole;

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8. Calls for sustainability, competitiveness and fairness to be guiding principles underpinning a CAP which preserves the special character of the individual sectors and production locations, with the task of providing the people with safe and healthy food in sufficient quantities and at appropriate prices, and providing raw materials for a strong European processing and agri-foodstuffs industry, as well as for renewable energy production; emphasises that the EU's standards in terms of food safety, environmental protection, animal welfare and respect for minimum social standards are the highest in the world; calls for a CAP that guarantees the high standards of European agriculture in international competition (external quality protection);

9. Recognises that many of these new challenges and objectives are embodied in legally binding international commitments and treaties which the EU has agreed upon and signed, such as the Kyoto Protocol/Cancun Agreements and the Ramsar and Nagoya Conventions;

10. Stresses that simplification is fundamental and must be a driving objective of the future CAP, with the costs of administering the policy at Member State level being reduced, and that clear common legal bases are needed, which must be notified promptly and lend themselves to uniform interpretation;

11. Stresses that the development of food quality policy, including in terms of geographical indication (PDO/PGI/TSG), must be a priority aspect of the CAP and be deepened and strengthened so that the EU can maintain its leadership position in this area; takes the view that, in the case of these high-quality products, the use of original management, protection and promotion instruments should be allowed, enabling them to develop in a harmonious fashion and to continue to make their major contribution to the sustainable growth and competitiveness of European agriculture;

12. Calls on the Commission to intensify its efforts in the field of research and development for the purposes of innovation and promotion; urges therefore that future EU research and development programmes devote constant attention to agricultural and nutritional research;

Direct payments

13. Notes that decoupled direct payments, conditional upon cross-compliance requirements, can help to support and stabilise farm incomes, allowing farmers to supply, in addition to food production, vitally important public goods for the whole of society, such as ecosystem services, employment, landscape management and rural economic vitality throughout Europe; considers that direct payments should reward farmers for providing these public goods, as the market does not supply public goods alone and does not yet recompense farmers for providing them, at a time when farmers often face high production costs in order to produce high-quality food and low farmgate prices for their produce;

14. Calls for a strong, well funded first pillar to remain in existence that is capable of meeting the new challenges to European agriculture;

15. Calls for a fair distribution of CAP funding for the first and second pillars both among Member States and among farmers within a Member State, in which a pragmatic approach should be the fundamental principle for objective criteria; rejects major disparities in the distribution of these funds among Member States; takes the view that this will entail the gradual replacement, following a transitional period, of the system based on outdated historical reference values with support payments which are fair and thus allocated more effectively among countries, among different agriculture sectors and farmers; points out that this also calls for more effective support payments which are better targeted and offer greater incentives in order to help agriculture make a shift towards more sustainable farming systems; in line with the Commission Communication, rejects a uniform flat-rate direct payment for the whole of the EU which would not reflect European diversity; considers that preserving the diversity of farming and production locations in the EU is a central objective and therefore advocates taking account of the specific production conditions in the Member States as far as possible through a more targeted system of direct payments;

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16. Advocates therefore a single farm payment system which effects a certain redistribution in the interests of fair distribution of direct payment funds in the EU as a whole; proposes that each Member State should receive a minimum percentage of the EU average direct payments and that a ceiling should be set; advocates the earliest possible implementation with a limited transitional period;
17. In the case of direct farm payments, advocates moving away from historical and individual reference values used for distribution among Member States and calls for a transition to an area-based regional or national premium for decoupled payments in the next financing period; recognises, however, that the situations in the individual Member States are very disparate, requiring special measures per region;
18. Considers that Member States which currently apply the simplified Single Area Payment Scheme (SAPS) should switch, after a limited transitional period, to the single farm payment system with entitlements; calls for support, including financial and technical support, in making the conversion;
19. Welcomes the recognition of the role of small farmers in European agriculture and rural development; is in favour of establishing a specific, simplified aid scheme for small farmers, who help to stabilise rural development; calls on the Commission, in the interests of transparency and legal security, to establish flexible and objective criteria for the status of small farmers to be defined by each Member State; calls for Member States to decide, in accordance with subsidiarity, which farmers qualify for this scheme;
20. Calls for a further simplification of the direct payment system, especially for simplified transfer rules for payment entitlements in the event of non-activation, for the rules governing the national reserve, depending on the transition to the regional/national single area payment, for merging of minimum payment entitlements and for an effective and unbureaucratic monitoring system for both pillars; considers that administrative systems which can be proven to be operating well should be looked upon favourably in the light of the scale of monitoring prescribed;
21. Notes that measures to target generational renewal in the agricultural sector are needed, given that only 6 % of European farmers are younger than 35 and, at the same time, 4,5 million will retire in the next ten years; recognises that young farmers face obstacles to starting up, such as high investment costs and lack of access to land and credit; emphasises the fact that the measures for young farmers contained in the second pillar have proved to be insufficient to stop a rapid ageing of the agricultural sector and calls for proposals to reverse this unsustainable trend, which should include changes to the rules governing the national reserve to gear them more to young farmers;
22. Stresses that the CAP should be gender-neutral and that both spouses should be assigned the same rights when working in the business; highlights the fact that about 42 % of the 26,7 million people working regularly in agriculture in the European Union are women, but that only one holding in five (around 29 %) is managed by a woman;
23. Considers that decoupling has essentially proved its worth, allowing greater autonomy in decision-making on the part of farmers, ensuring that farmers respond to market signals and placing the vast bulk of the CAP in the WTO green box; endorses the Commission's suggestion that in future as well coupled premiums should continue to be paid in certain areas in which there is no alternative to the established, cost-intensive forms of production and products; acknowledges, therefore, that production-based premiums might be defensible within a narrowly defined framework even after 2013;

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24. Calls therefore for Member States to have the option of allowing part of the direct payments to remain wholly or partially coupled within WTO limits in order to finance measures to mitigate the impact of decoupling in specific areas and sectors that are economically, environmentally and socially sensitive; believes furthermore that these payments could promote area-based environmental measures and territorial cohesion and promote, support and boost key sectors, including quality improvement, the production of agricultural raw materials, certain specific types of production or certain types of farming;

25. Observes that, for historical reasons, farms in the European Union have very diverse structures in terms of size, employment arrangements, labour productivity and legal form; is aware that direct payments are being allocated in a way which has called their legitimacy into question; takes note of the Commission's proposal to introduce an upper ceiling for direct payments and welcomes this attempt to address the issue of the CAP's legitimacy and public acceptance; asks the Commission to consider the introduction of similar mechanisms that contribute to these, such as a system of degressivity of direct payments in the light of the size of agricultural holdings that takes into account the objective criteria of employment and sustainable practices;

26. Calls on the Commission to submit practical proposals for helping the livestock farming sectors in the medium and long term to cope with the rising prices of inputs; considers that this could entail incentives for using grassland systems and protein crops in arable rotation, which would deliver greater economic advantages for farmers, respond to the new challenges and lessen dependence on protein crop imports and could have a favourable impact on the cost of animal feed; calls upon the Commission to propose an element of flexibility for Member States along the lines of the current Article 68, to avoid excluding livestock farms focussed on quality and sustainability from the new support system and to take into account their specific character;

27. Considers that direct payments should be reserved only for active farmers; realises that, under the system of decoupled direct payments, each farmer who uses farmland for production and maintains GAEC should receive direct payments; calls on the Commission therefore to devise a definition of 'active farmer' which the Member States can administer without additional administrative effort or expenditure, while it should be ensured that traditional farming activities (full-time and various degrees of part-time), regardless of legal status, are classified as active farming and that the range of land tenure and various forms of land management arrangements as well as management of common land are taken into account; considers it necessary to specify that the definition of an active farmer should exclude cases in which the administrative costs of making a payment are higher than the actual amount of the payment itself;

28. Advocates compensation for natural disadvantages in the second pillar and rejects a complementary payment in the first pillar on account of the additional administrative work involved;

Resource protection and environmental policy component

29. Considers that improved natural resource protection and management is a central element in sustainable farming, which justifies, within the framework of the new challenges and objectives of the EU 2020 Strategy, additional incentives to encourage farmers to adopt environmentally sound practices that go beyond the baseline requirements of Cross-Compliance (CC) and would complement the already existing agri-environmental programmes;

30. Believes that natural resource protection should be more closely linked to the granting of direct payments and calls, therefore, for the introduction, through a greening component, of an EU-wide incentivisation scheme with the objective of ensuring farm sustainability and long-term food security through effective management of scarce resources (water, energy, soil) while reducing production costs in the long term by reducing input use; believes that this scheme should provide maximum support for farmers who are engaged or who wish to engage, step by step, more in agricultural practices designed to achieve more sustainable production systems;

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31. Emphasises that this scheme should go hand-in-hand with a simplification of the CC system for recipients of direct payments, should be applied through simple measures, should balance environmental and economic performance, should be relevant from an agronomic point of view and should not be discriminatory towards farmers already participating to a great extent in agri-environmental programmes;

32. Rejects the implementation of a new additional payment system that leads to extra control and sanction systems for greening; insists that practical hurdles for farmers and administrative complexity for authorities must be avoided; insists, moreover, that, in order to streamline the administrative procedures associated with these measures, all agricultural controls should be, as far as possible, operated concomitantly;

33. Calls therefore on the Commission to submit as soon as possible an impact assessment of the administrative practicalities involved in the implementation of a greening component; emphasises that environmental measures have the potential to boost farmers' production efficiency and insists that any possible costs and income foregone, arising from the implementation of such measures, should be covered;

34. Takes the view that further greening should be pursued across Member States by means of a priority catalogue of area-based and/or farm-level measures that are 100 % EU-financed; considers that any recipient of these particular payments must implement a certain number of greening measures, which should build on existing structures, chosen from a national or a regional list established by the Member State on the basis of a broader EU list, which is applicable to all types of farming; considers that examples of such measures could include:

- support for low carbon emissions and measures to limit or capture GHG emissions
- support for low energy consumption and energy efficiency
- buffer strips, field margins, presence of hedges, etc.
- permanent pastures
- precision farming techniques
- crop rotation and crop diversity
- feed efficiency plans;

35. Believes that the EU has a role to play in meeting the challenges of food security and energy security, and therefore needs to ensure that agriculture plays a full role in meeting both these challenges; believes therefore that it is inappropriate for compulsory set-aside to be included in the list of sustainability measures as proposed by the Commission;

36. Calls for the CAP to include targets for the use of sustainable energy; believes that the agriculture sector could use 40 % renewable fuels by 2020 and be fossil-free by 2030;

37. Notes that next-generation biotechnology is ready now and therefore urges the Commission to develop a cross-sectoral biomass policy for next-generation biotechnology including sustainability criteria for biomass as part of the reform of the CAP to enable the development of a sustainable market for biomass from agriculture, agroindustrial enterprises and forestry by incentivising the collection of available residue for bioenergy production, whilst preventing an increase in emissions and a loss of biodiversity;

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38. Stresses that rational European policies such as cheaper diesel for agricultural use and excise tax exemptions for power and fuel produced for agricultural purposes, particularly for electrically powered irrigation pumps, could help European farmers to produce more and supply both the domestic and export markets in agricultural products; stresses also the importance of innovative irrigation systems to ensure the sustainability of European agriculture, given the devastating effects of climate change such as drought, heat waves and desertification on farmland intended to supply the people with food;

39. Stresses the need to develop efficient irrigation systems so as to ensure efficient agricultural methods in the Member States capable of covering domestic food demand and supplying the export market in agricultural products, bearing in mind that there will in future be a shortage of water and in particular drinking water;

40. Deplores the fact that the EU's biodiversity targets have yet to be met and expects the CAP to contribute to efforts to achieve these and the Nagoya biodiversity targets;

41. Calls for the new CAP to promote the conservation of genetic diversity, comply with Directive 98/58/EC on Animal Welfare and abstain from funding the production of food from cloned animals and their offspring or descendants;

42. Believes that animal-welfare-friendly methods of production also have a positive impact on animal health, food quality and food safety while being more friendly for the environment;

43. Stresses the importance of exploring all possible opportunities for cooperation between the Member States, involving all stakeholders, for the purposes of soil protection;

Cross-compliance and simplification

44. Points out that the CC system makes the granting of direct payments subject to compliance with statutory requirements and the maintenance of farmland in good agricultural and environmental condition, and remains one of the most appropriate means of optimising the provision of baseline ecosystem services by farmers and meeting new environmental challenges by securing the provision of basic public goods; notes, however, that the implementation of CC has encountered a range of problems relating to administration and acceptance by farmers;

45. Considers that direct payments are not justified without conditions and therefore that a CC system that is, as a result of the greening of the CAP, simplified and efficient in practice and at administrative level in terms of controls should apply equally to all recipients of direct payments; emphasises that cross-compliance must be risk-based and proportional and must be respected and sufficiently enforced by the competent national and European authorities;

46. Considers that better resource protection and management should also be a basic element in farming within CC as a result of which greater environmental benefits can be attained; calls for CC controls to become streamlined, effective and efficient and for a targeted approach to the scope of CC; calls for the exchanging and mainstreaming of best practice systems between paying agencies and monitoring bodies, such as the interoperability of databases and best use of appropriate technology, in order to reduce as much as possible the bureaucratic burden to farmers and administration; considers that CC should be restricted to standards related to farming, which lend themselves to systematic, straightforward monitoring and are based on an obligation to achieve results, and that the rules should be harmonised; emphasises the importance of tolerance levels and the application of proportionality within any new penalty system;

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47. Considers that monitoring of CC should be more linked to performance criteria and to encouraging farmers to achieve results; believes furthermore that farmers themselves should be more involved in this monitoring, given their knowhow and practical experience, and considers that this would have the effect of setting an example and motivating less efficient farmers in particular;

48. Rejects the introduction of burdensome and unclear requirements derived from the Water Framework Directive into the cross-compliance system until the state of play of implementation of the Directive in all Member States has been clarified;

49. Recognises the considerable efforts already made in the livestock sector, currently in difficulty, to upgrade buildings and equipment to hygiene and health standards; without prejudice to the basic principles of food safety and traceability, calls for a critical review of certain hygiene, animal health and animal marking standards with a view to ending the disproportionate burdens imposed on small and medium-sized enterprises (SMEs); calls in particular upon the Commission to review EU hygiene standards, particularly local or direct marketing and the shelf life of products, in order to make them proportionate to the risks and avoid placing a disproportionate burden on small production channels such as direct producer-consumer relations and short food supply chains;

Market instruments, safety net and risk management

50. Considers that it is important to be able to take action to counter excessive price volatility and react in good time to crises caused by market instability in the context of the CAP and on world markets; recognises the fundamental role played by market support measures in responding to crises in the agricultural sector in the past, particularly the role of intervention and private storage; stresses that market support measures must be effective and activated promptly when needed to avoid serious problems for producers, processors and consumers and to allow the CAP to deliver its primary strategic objective: food security;

51. Emphasises that the CAP should incorporate a certain number of flexible and effective market instruments which act as a safety net, fixed at appropriate levels and available in the event of serious market disruption; believes that these instruments should not be activated permanently and must not serve as a continuous and unlimited outlet for production; points out that some of these instruments exist already, but can be adapted, whilst others can be created as needed; considers that, in view of the widely differing conditions in the individual sectors, differentiated sectoral solutions are preferable to across-the-board approaches; draws attention to the difficulties that farmers encounter in attempting to forward-plan at times of extreme volatility; considers that, given increased market volatility, market instruments need to be reviewed to enhance their efficiency and flexibility, ensure more rapid deployment, extension to other sectors if necessary and adjustment to current market prices and provide an effective safety net without creating distortions;

52. Takes the view that these instruments should include specific supply-management instruments which, if employed fairly and on a non-discriminatory basis, can provide effective market management and prevent crises relating to overproduction, at zero cost to the Union budget;

53. Calls for a multi-tiered safety net extended to cover all sectors, comprising a combination of tools such as public and private storage, public intervention, market disruption instruments and an emergency clause; calls for private storage and public intervention to be permitted for specific sectors where market disruptions are of limited duration; calls furthermore for a market disruption instrument and an emergency clause to be established for all sectors in common, making it possible for the Commission, under certain circumstances, in the event of crises to take action over a limited period of up to one year, which should be more efficient than hitherto; considers therefore, that a special reserve budget line which could be swiftly activated should be made available in future EU budgets to provide a rapid reaction tool in the event of severe crises in the agricultural markets;

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54. Considers that the use of intervention instruments falls within the scope of the executive competences of the Commission; stresses however that the European Parliament must be promptly informed about envisaged actions; emphasises in this context that the Commission must take due account of positions adopted by Parliament;
55. Calls for the effectiveness of the intervention system to be improved by means of an annual assessment, performed pragmatically and in light of the situation on the markets;
56. Considers that, in view of the anticipated environmental, climate and epidemiological challenges and in view of the considerable price fluctuations on agricultural markets, additional, more effective, risk prevention measures accessible to all farmers in the various Member States are of vital importance, at Union, Member State and individual farm level, to protect incomes;
57. Recalls that market-orientated production, direct payments and competitiveness are at the heart of any insurance against risk, and that it is also incumbent on farmers to take account of and anticipate risk; supports the Member States, in this context, in making national risk insurance instruments available to farmers without renationalisation and distortion of the markets; takes the view, therefore, that the Commission should devise common rules on optional support from Member States for risk management systems, possibly by creating common rules conforming to WTO rules in the common market organisation, in order to eliminate any distortion of competition in the internal market; calls, furthermore, on the Commission to notify all measures to introduce risk management and to submit an appropriate impact assessment with the legislative proposals;
58. Considers that private-sector insurance schemes, as well as multi-hazard insurance schemes (such as climate insurance, insurance against income loss), futures contracts and mutual funds, partly financed by public funds, could be developed and promoted as options in the Member States in view of increasing risks; endorses particularly in this connection joint action by farmers to form consortia and cooperatives; welcomes the development of new innovative tools; stresses, however, that they should be WTO-compliant and not distort intra-EU competition conditions and trade; calls, therefore, for a framework to be provided for those Member States implementing these measures, which should be enshrined in the Single Common Market Organisation;
59. Calls on the Commission to examine the extent to which the role of producer groups or sectoral associations or 'interprofessions' in risk prevention and in promoting quality can be extended to all production sectors; calls for measures of this kind to take particular account of products covered by quality-label schemes;
60. Calls on the Commission to propose, as part of the CAP reform, specific measures to encourage the establishment of new producer organisations, in order to strengthen their market position;
61. Advocates that the 2006 sugar market regime be extended at least to 2020 in its existing form and calls for suitable measures to safeguard sugar production in Europe and to allow the EU sugar sector to improve its competitiveness within a stable framework;
62. Insists on the need to assess the specific situation in the milk and milk products sector, before March 2015, so as to ensure the smooth functioning and stability of the milk market;
63. Believes that the Commission should consider proposing that planting rights in the wine sector be maintained beyond 2015 and should take account of this in its assessment report, to be submitted in 2012, on the 2008 reform of the wine CMO;

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64. Underlines the pivotal role of milk production for European agriculture and for the livelihood and maintenance of rural areas, especially milk-producing grassland regions and naturally disadvantaged regions within the EU, and stresses the need to guarantee a sustainable security of supply of milk products for European consumers; is convinced that a secured supply of milk products is best guaranteed through a stable dairy market, where farmers can gain a fair price for their produce; therefore, calls on the Commission to monitor and allow the sustainable development of the dairy market, through sufficient policy instruments for milk and milk products for the time after 2015 and a framework of fair competition ensuring a stronger position for primary producers and a more balanced distribution of returns along the entire food production chain (farm to retail);

65. Considers that management systems should be reinforced in fruit and vegetables (citrus and all the products concerned), wine and olive oil, and that a more efficient crisis fund in fruits and vegetables, better crisis management in the wine sector and an updated private storage system for olive oil are needed;

International trade

66. Calls for the EU to ensure consistency between the CAP and its development and trade policies; in particular urges the EU to be attentive to the situation in developing countries and not jeopardise food production capacity and long-term food security in those countries and the ability of their populations to feed themselves, while respecting the principle of Policy Coherence for Development (PCD); considers, therefore, that EU trade agreements on agriculture should not hamper markets in the least developed countries;

67. Recalls the commitment given by the WTO members during the 2005 Hong Kong Ministerial Conference to achieving the elimination of all forms of export subsidies in full parallelism with the imposition of discipline on all export measures with equivalent effect, notably export credits, agricultural state trading enterprises and the regulation of food aid;

68. Asks the Commission to provide a detailed impact assessment of all ongoing trade negotiations, in particular the EU-Mercosur Association Agreement, which should not negatively affect the developing countries and hinder the effectiveness of the CAP towards 2020;

69. Notes that food is not merely a commodity but that access to food is fundamental to human existence; calls on the EU through its trade and development policies to promote sustainable farming practices and food security in LDCs and developing countries in a context of increasing demand and increasing food prices;

70. Calls on the Commission to examine what role the concentration of international trade in cereals has played in the growth of price fluctuations;

The food supply chain

71. Calls for global-level solutions to be formulated to tackle speculation in agricultural commodities and extreme price volatility, as they potentially put food security at risk; recognises, however, the importance of a properly functioning futures market in agricultural commodities; takes the view that coordinated international action is the only effective means of curbing excessive speculation; supports, in this connection, the proposal by the French Presidency of the G20 that the group should agree measures to combat the increasing volatility in the prices of agricultural raw materials; advocates a worldwide notification and coordinated action system for agricultural stocks intended to provide food security; observes, therefore,

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that consideration should be given to maintaining stocks of vital agricultural commodities; emphasises that if these objectives are to be achieved, storage capacities must be increased and market monitoring and surveillance instruments developed; stresses in particular the alarming effects that global price volatility has on developing countries;

72. Highlights the fact that – as opposed to the sectors upstream and downstream of primary agricultural production – average incomes of farmers and rural households have continuously decreased over the past decades compared to the rest of the economy, reaching only half of urban households' incomes, while traders and retailers have substantially increased market power and margins in the food chain;

73. Calls for measures to be taken to strengthen primary producers' and producer organisations' management capacity and bargaining power vis-à-vis other economic operators in the food chain (primarily retailers, processors and input companies), while respecting the proper functioning of the internal market; takes the view that the functioning of the food supply chain must urgently be improved through legislative initiatives to achieve greater transparency in food prices and action to address unfair commercial practices, enabling farmers to obtain the added value they deserve; calls on the Commission to strengthen the position of farmers and promote fair competition; believes that the appointment of ombudsmen should be considered with a view to solving disputes between the operators along the food supply chain;

74. Considers, furthermore, that with a view to giving farmers a stronger position in the food chain, instruments that will help farmers to run short production chains that are transparent and efficient, have limited environmental impact, promote quality and provide information to the consumer involve fewer intermediaries and promote fair and transparent price formation should be developed;

75. Calls for the retention of the scheme to provide support for the poorest members of society;

Rural development

76. Recognises the importance of rural development policies as defined and financed in the second pillar, in view of their contribution to improving environmental performance, modernisation, innovation, infrastructure and competitiveness and the need for further development of the rural economy, the agri-foods and non-food sector and a better quality of life in rural areas; also highlights the need for attaining political objectives, including the EU 2020 Strategy objectives of smart, sustainable and inclusive growth, that should also principally benefit farmers and rural communities;

77. Considers that rural development measures must respond to the challenges in the fields of food security, sustainable management of natural resources, climate change, biodiversity loss, depletion of water and soil fertility, and must enhance balanced territorial cohesion and employment; considers that these measures should also encourage self-sufficiency in production of on-farm renewable energy, notably from agricultural waste products; affirms that rural development measures should help to keep increased added value in rural areas, promoting the enhancement of rural infrastructure and the provision of affordable services to local populations and businesses;

78. Considers that, in this context, particular attention should be devoted to assisting young farmers; believes that, given the rapidly ageing rural population in Europe, attractive measures to encourage the establishment of young farmers and other new entrants is essential and that support schemes in the second pillar should be extended, e.g. access to land, grants and favourable loans, particularly in the fields of innovation, modernisation and the development of investment etc., and expects that the implementation of such mechanisms will be made available in all Member States;

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79. Proposes that a substantial percentage of agricultural land should be covered by agri-environmental schemes, which should provide financial and technical incentives for farmers to convert to more sustainable, more resource-efficient, lower-input models of farming;

80. Emphasises that rural development policy must enable all natural and human potential of rural areas to be harnessed also by means of quality agricultural production, for example by means of direct sales, product promotion, supplying local markets and diversification as well as biomass outlets, energy efficiency, etc.;

81. Stresses that appropriate infrastructure for the development and dissemination of agricultural knowledge and innovation systems is needed, including education and training opportunities, farm advisory services and exchange of best practices, so as to modernise agriculture, help innovative farmers to pass on their experience and improve added value chains in rural areas; believes that such programmes should be made available in all Member States;

82. Advocates, therefore, introducing targeted measures, to be decided by the Member States in the second pillar, to attain common rural development objectives of the EU (2020 Strategy); underlines the importance of an overall targeted and outcome-oriented European framework, while recognising that Member States and regional authorities are best placed to decide on the programmes which, locally, can make the greatest contribution to European targets; calls, therefore, for subsidiarity and flexibility to apply when designing rural development programmes and for a strong participative local and subregional partnership approach, applying the LEADER method in the design and implementation of the future European and national rural development programmes; considers that a reduced national contribution applicable to the more targeted measures should be determined on the basis of impact assessments and detailed simulations;

83. Advocates, in the context of rural development, that targeted measures also be provided for the protection of mountain forest;

84. Asks the Commission to establish new financing tools supporting especially farmers entering the agricultural sector in getting access to favourable loans, or a new system, for instance called JERICHO (Joint Rural Investment CHOice), for the Rural Development Fund, based on the experience from the JEREMIE initiative under the Structural Funds;

85. Stresses that Less Favoured Areas (LFAs) are often of high value in terms of the cultivated landscape, biodiversity preservation and provision of environmental benefits, as well as for the dynamism of rural areas; advocates in this context that the compensatory allowance for disadvantaged areas in the second pillar be retained and calls for its effectiveness to be increased; believes that the targeted nature of support to farmers operating in LFAs is of the utmost importance for the continuation of agricultural activities in these areas, thereby reducing the threat of land abandonment; emphasises that the fine tuning of criteria must lie with Member States, and regional and local authorities, within the EU framework;

86. Stresses that rural structures differ widely in the Member States and therefore require different measures; calls therefore for greater flexibility to allow the Member States and regions to adopt voluntary measures, which should be cofinanced by the EU on condition that these measures have been notified to the Commission and approved; points out that the cofinancing rate should continue to take account of the specific needs and circumstances of convergence regions in the post-2013 period;

87. Advocates that, in the case of second-pillar measures which are of particular importance to Member States, the current cofinancing rates should continue to apply after 2013; stresses, however, that any additional national cofinancing should not lead to a renationalisation of the second pillar or increase the gap in Member States' ability to cofinance their priorities;

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88. Recalls that modulation, in all its varieties, both compulsory and voluntary, as a means to fund rural development measures expires in 2012 and highlights the need to secure adequate funding resources for pillar 2 in the next funding period;

89. Calls for abrupt changes in the allocation of appropriations in the second pillar to be avoided, as Member States, local authorities and farms require certainty and continuity to enable them to plan; emphasises that the discussions on the allocation of this funding should be indissociable from the discussions on the allocation of funding under the first pillar; calls therefore on the Commission to establish a pragmatic approach, as the fundamental principle for the redistribution of second-pillar funds; recognises the need for a fair distribution of second-pillar funds between Member States according to objective criteria that must reflect the diversity of needs in European areas; advocates that these changes be achieved after a limited transition period in parallel with the changes made to first-pillar fund distribution;

90. Favours rules on cofinancing in rural development that allow, at regional or local level, for complementarities between public and private funds of the nationally cofinanced share, thus reinforcing the available means to pursue the objectives defined by public policy for rural areas;

91. Calls for a simplification at all levels of programme planning and management in the second pillar in order to boost efficiency; calls further for simplified, effective and efficient systems for the monitoring, evaluation and reporting of cross-compliance measures; believes that checks and monitoring for the first and second pillars should be harmonised and made more coherent, with similar rules and procedures, to reduce the overall burden of checks on farmers; calls for more flexible operation of the five-year commitment period for agri-environmental measures;

92. Calls for cooperatives to be exempted from the provisions of Commission Recommendation 2003/61/EC regarding the non-eligibility of undertakings exceeding specified SME thresholds for access to rural development funding and, in general, aid payments above a certain limit;

93. Takes the view that the outermost regions should continue to benefit from specific treatment under rural development policy in the future, since the geographical difficulties that they face and the small number of agricultural products on which the rural economy in these areas depends justify maintaining a Community cofinancing rate of up to 85 % to cover the cost of their rural development programmes;

94. Welcomes the move towards greater coordination at EU level between rural development programmes and cohesion policy in particular, with a view to avoiding duplication, contradictory objectives and overlapping; recalls, however, that the scale of the projects under EU cohesion policy and rural development programmes is different and therefore advocates that the funds remain distinct and that rural development programmes maintain their focus on rural communities and be preserved as politically autonomous instruments;

95. Takes the view that cohesion policy, together with a new and powerful CAP, will release the economic potential of rural areas and generate secure jobs, guaranteeing the sustainable development of these areas;

96. Stresses the importance of policies designed to encourage cross-border cooperation between Member States and third countries with a view to the adoption of practices to protect the environment and ensure the sustainability of natural resources in cases where farming activities, in particular the use of water, have cross-border implications;

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97. Instructs its President to forward this resolution to the Council and the Commission.

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Voluntary system of labelling in Braille format on the packaging of industrial products

P7_TA(2011)0299

Declaration of the European Parliament of 23 June 2011 on a voluntary system of labelling in Braille format on the packaging of industrial products

(2012/C 390 E/07)

The European Parliament,

- having regard to Articles 21 and 26 of the Charter of Fundamental Rights of the European Union, which set out the rights of persons with disabilities,
 - having regard to Rule 123 of its Rules of Procedure,
- A. whereas the EU Member States have signed the United Nations Convention on the Rights of Persons with Disabilities,
- B. whereas Article 56a of Directive 2004/27/EC on the Community code relating to medicinal products for human use specifies that the name of medicinal products must be expressed in Braille format on their packaging,
1. Stresses that people with visual disabilities have the right to an independent life and full participation in society;
 2. Calls on the European Commission to launch a wide consultation with stakeholders on the cost, efficiency and feasibility of introducing at Community level a voluntary system of labelling in Braille format on the packaging of industrial products which would include, at least, information on the type of product and its expiry date in order to facilitate access for consumers with visual disabilities; given that not all blind people can read Braille, the proposed consultation should also investigate alternative ways of enabling access to information on packaging;
 3. Calls on the Commission, in line with the principles of Corporate Social Responsibility, to provide incentives for European industries and enterprises that will raise their awareness of this issue;
 4. Instructs its President to forward this declaration, together with the names of the signatories⁽¹⁾, to the Commission, the Parliaments of the Member States and the United Nations.

⁽¹⁾ The list of signatories is published in Annex 1 to the Minutes of 23 June 2011 (P7_PV(2011)06-23(ANN1)).

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II

(Information)

INFORMATION FROM EUROPEAN UNION INSTITUTIONS, BODIES, OFFICES
AND AGENCIES

EUROPEAN PARLIAMENT

Amendment of Rule 51: joint committee meetings

P7_TA(2011)0277

**European Parliament decision of 23 June 2011 on the amendment of Rule 51 of Parliament's Rules
of Procedure on procedures with joint committee meetings (2010/2061(REG))**

(2012/C 390 E/08)

The European Parliament,

- having regard to the letter of 11 March 2010 from the chair of the Conference of Committee Chairs and to the letter of 25 March 2010 from the chair of the Committee on the Environment, Public Health and Food Safety,
 - having regard to Rules 211 and 212 of its Rules of Procedure,
 - having regard to the report of the Committee on Constitutional Affairs (A7-0197/2011),
1. Decides to amend its Rules of Procedure as shown below;
 2. Points out that the amendment will enter into force on the first day of the next part-session;
 3. Instructs its President to forward this decision to the Council and the Commission, for information.

PRESENT TEXT

AMENDMENT

Amendment 1
Parliament's Rules of Procedure
Rule 51

Where the conditions set out in Rule 49(1) and Rule 50 are fulfilled, the Conference of Presidents may, **if it is satisfied that the matter is of major importance**, decide that a procedure with joint meetings of committees and a joint vote is to be applied. In that event, the rapporteurs **concerned** shall draw up a single draft report, which shall be examined and voted on by the committees involved at joint meetings held under the joint chairmanship of the committee Chairs concerned. The committees involved may set up **inter-committee** working groups to prepare the **joint** meetings and votes.

1. When a question of competence is referred to it pursuant to Rule 188(2), the Conference of Presidents may decide that **the** procedure with joint meetings of committees and a joint vote is to be applied, **provided that:**

- **by virtue of Annex VII, the matter falls indissociably within the competences of several committees; and**
- **it is satisfied that the question is of major importance.**

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PRESENT TEXT

AMENDMENT

2. In that event, the **respective** rapporteurs shall draw up a single draft report, which shall be examined and voted on by the committees concerned, under the joint chairmanship of the committee Chairs.

At all stages of the procedure, the rights attaching to the status of committee responsible may be exercised by the committees concerned only when they are acting jointly. The committees involved may set up working groups to prepare the meetings and votes.

3. *At the second-reading stage of the ordinary legislative procedure, the Council position shall be considered at a joint meeting of the committees concerned, which, should no agreement be reached between their Chairs, shall be held on the Wednesday of the first week set aside for meetings of parliamentary bodies following the communication of the Council's position to Parliament. Should no agreement be reached on the convening of a further meeting, any such meeting shall be convened by the Chair of the Conference of Committee Chairs. The vote on the recommendation for second reading shall be taken at a joint meeting on the basis of a joint text drafted by the respective rapporteurs of the committees concerned or, in the absence of a joint text, on the basis of the amendments tabled in the committees concerned.*

At the third-reading stage of the ordinary legislative procedure, the Chairs and rapporteurs of the committees concerned shall be ex officio members of the delegation to the Conciliation Committee.

Request for waiver of the parliamentary immunity of Mr Adrian Severin

P7_TA(2011)0278

European Parliament decision of 23 June 2011 on the request for waiver of the immunity of Adrian Severin (2011/2070(IMM))

(2012/C 390 E/09)

The European Parliament,

- having regard to the request for waiver of the immunity of Adrian Severin, forwarded by the National Anti-Corruption Department (Prosecutor's Office of the High Court of Cassation and Justice of Romania) on 5 April 2011 and announced in plenary sitting on 6 April 2011,
- having heard Adrian Severin on 23 May 2011 in accordance with Rule 7(3) of its Rules of Procedure,
- having regard to Article 9 of the Protocol of 8 April 1965 on the Privileges and Immunities of the European Union, and Article 6(2) of the Act of 20 September 1976 concerning the election of the Members of the European Parliament by direct universal suffrage,

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- having regard to the judgments of the Court of Justice of the European Union of 12 May 1964, 10 July 1986, 15 and 21 October 2008 and 19 March 2010 ⁽¹⁾,
 - having regard to the provisions of Article 72(2) of the Romanian Constitution,
 - having regard to the provisions of Article 4 of the Romanian Criminal Code, according to which Romanian criminal law is applicable to crimes committed outside Romanian territory if the perpetrator is a Romanian citizen or if he or she, whilst not possessing Romanian citizenship, is domiciled in Romania,
 - having regard to Rules 6(2) and 7 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs (A7-0242/2011),
- A. whereas Romania's National Anti-Corruption Department has requested the waiver of immunity of Adrian Severin, Member of the European Parliament, in order to enable the Romanian Prosecutor's Office to conduct the necessary investigations and to take legal action against Adrian Severin, to call for a search of his house or offices and to carry out computer checks or any other electronic searches which might be necessary, to initiate criminal proceedings against Mr Severin on the grounds of passive corruption and/or influence peddling or any other legal description that might be given to the alleged offence(s) before the criminal courts having jurisdiction,
- B. whereas the waiver of the immunity of Adrian Severin concerns alleged corruption offences covered by Article 6 of Romanian Law No 78/2000 in conjunction with Article 254 (corruption) and Article 257 (influence peddling) of the Criminal Code and with Article 8¹(b) of Law No 78/2000,
- C. whereas it is not the European Parliament's responsibility to express an opinion on the guilt or otherwise of the Member nor on whether or not the acts attributed to him warrant prosecution,
- D. whereas it is therefore advisable to recommend that parliamentary immunity be waived in the case in question,
1. Decides to waive the immunity of Adrian Severin, excluding any restrictions on his personal freedom;
 2. Instructs its President to forward this decision, and the report of the committee responsible, immediately to the appropriate authorities of Romania and to Adrian Severin.

⁽¹⁾ Case 101/63 *Wagner v Fohrmann and Krier* [1964] 195, Case 149/85 *Wybot/Faure and others* [1986] ECR 2391, Case T-345/05, *Mote v Parliament* [2008] ECR II-2849, Joined Cases C-200/07 and C-201/07 *Marra v De Gregorio and Clemente* [2008] ECR I-7929 and Case T-42/06 *Gollnisch v Parliament* (OJ) C 134, 22.5.2010, p. 29).

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Election of a Vice-President (interpretation of Rule 13(1) of the Rules of Procedure)

P7_TA(2011)0298

European Parliament decision of 23 June 2011 concerning the election of a Vice-President (interpretation of Rule 13(1) of the Rules of Procedure of the European Parliament)

(2012/C 390 E/10)

The European Parliament,

— having regard to the letter of 15 June 2011 from the Chair of the Committee on Constitutional Affairs,

— having regard to Rule 211 of its Rules of Procedure,

1. Decides to append the following interpretation to Rule 13(1):

'If a Vice-President is to be replaced and there is only one candidate, he or she may be elected by acclamation. The President is empowered to decide, at his discretion, whether the election is to take place by acclamation or by a secret ballot. The candidate elected takes the place of his or her predecessor in the order of precedence.'

2. Instructs its President to forward this decision to the Council and the Commission, for information.

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III

(Preparatory acts)

EUROPEAN PARLIAMENT

Appointment of the President of the European Central Bank: Mr Mario Draghi, candidate

P7_TA(2011)0275

European Parliament decision of 23 June 2011 on the Council recommendation on the appointment of the President of the European Central Bank (10057/2011 – C7-0134/2011 – 2011/0804(NLE))

(2012/C 390 E/11)

(Consultation)

The European Parliament,

- having regard to the Council's recommendation of 17 May 2011 (10057/2011) ⁽¹⁾,
 - having regard to the second subparagraph of Article 283(2) of the Treaty on the Functioning of the European Union, pursuant to which the European Council consulted Parliament (C7-0134/2011),
 - having regard to Rule 109 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A7-0229/2011),
- A. whereas by letter of 20 May 2011 the European Council consulted the European Parliament on the appointment of Mario Draghi as President of the European Central Bank for a term of office of eight years with effect from 1 November 2011,
- B. whereas Parliament's Committee on Economic and Monetary Affairs then proceeded to evaluate the credentials of the nominee, in particular in view of the requirements laid down in Article 283(2) of the Treaty on the Functioning of the European Union (TFEU) and in the light of the need for full independence of the European Central Bank pursuant to Article 130 TFEU, and whereas in carrying out that evaluation, the committee received a curriculum vitae from the candidate as well as his replies to the written questionnaire that was sent out to him,
- C. whereas the committee subsequently held a two-and-a-half-hour hearing with the nominee on 14 June 2011, at which he made an opening statement and then responded to questions from the members of the committee,
1. Delivers a favourable opinion on the Council recommendation to appoint Mario Draghi as President of the European Central Bank;
 2. Instructs its President to forward this decision to the European Council, the Council and the governments of the Member States.

⁽¹⁾ OJ L 150, 9.6.2011, p. 8.

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Mobilisation of the European Globalisation Adjustment Fund: General Motors Belgium

P7_TA(2011)0276

European Parliament resolution of 23 June 2011 on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2010/031 BE/General Motors Belgium from Belgium) (COM(2011)0212 – C7-0096/2011 – 2011/2074(BUD))

(2012/C 390 E/12)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2011)0212– C7-0096/2011),
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management ⁽¹⁾ (IIA of 17 May 2006), and in particular point 28 thereof,
 - having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund ⁽²⁾ (EGF Regulation),
 - having regard to the letter of the Committee on Employment and Social Affairs,
 - having regard to the report of the Committee on Budgets (A7-0191/2011),
- A. whereas the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market,
- B. whereas the scope of the EGF was temporarily broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis,
- C. whereas the Union's financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible, in accordance with the Joint Declaration of the European Parliament, the Council and the Commission adopted during the conciliation meeting of 17 July 2008, and having due regard to the IIA of 17 May 2006 in respect of the adoption of decisions to mobilise the EGF,
- D. whereas Belgium has requested assistance in respect of cases concerning 2 834 redundancies (all targeted for assistance) in the primary enterprise General Motors Belgium and four of its suppliers operating in the motor vehicle sector in the NUTS II region of Antwerp in Belgium,
- E. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,

⁽¹⁾ OJ C 139, 14.6.2006, p. 1.

⁽²⁾ OJ L 406, 30.12.2006, p. 1.

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1. Requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF; appreciates in this sense the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF; hopes that further improvements in the procedure will be reached in the framework of the upcoming review of the EGF;
2. Recalls the institutions' commitment to ensuring a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF, providing one-off, time-limited individual support geared to helping workers who have been made redundant as a result of globalisation and the financial and economic crisis; points out the role that the EGF can play in the reintegration of workers made redundant into the labour market; however, calls for an evaluation on the long-term integration of those workers into the labour market as a direct result of the EGF-funded measures;
3. Stresses that, in accordance with Article 6 of the EGF Regulation, it should be ensured that the EGF supports the reintegration of individual redundant workers into employment; reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
4. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds; reiterates its call to the Commission to present a comparative evaluation of those data in its annual reports as well;
5. Welcomes the fact that following repeated requests from Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01; recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, superseding transfers from other budget lines, as done in the past, which could be detrimental to the achievement of the various policies objectives;
6. Considers that the issue of multinational companies, whose restructuring or relocation causes redundancies and, subsequently, the intervention of the EGF, needs to be addressed in the forthcoming revision of the EGF Regulation without compromising redundant workers' access to the EGF;
7. Approves the Decision annexed to this resolution;
8. Instructs its President to sign the decision with the President of the Council and to arrange for its publication in the *Official Journal of the European Union*;
9. Instructs its President to forward this resolution, including its annex, to the Council and the Commission.

ANNEX

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Globalisation Adjustment Fund in accordance with point 28 of the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2010/031 BE/General Motors Belgium from Belgium)

(The text of this annex is not reproduced here since it corresponds to the final act, Decision 2011/470/EU.)

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Fishing opportunities and financial contribution provided for by the EU-Seychelles Fisheries Partnership Agreement ***

P7_TA(2011)0279

European Parliament legislative resolution of 23 June 2011 on the conclusion of the Protocol setting out the fishing opportunities and the financial contribution provided for by the Fisheries Partnership Agreement between the European Community and the Republic of Seychelles (17238/2010 – C7-0031/2011 – 2010/0335(NLE))

(2012/C 390 E/13)

(Consent)

The European Parliament,

- having regard to the draft Council decision (17238/2010),
 - having regard to the draft Protocol on the conclusion of the Protocol setting out the fishing opportunities and the financial contribution provided for by the Fisheries Partnership Agreement between the European Community and the Republic of Seychelles (17237/2010),
 - having regard to the request for consent submitted by the Council in accordance with Article 43 and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0031/2011),
 - having regard to Rules 81 and 90(8) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on Fisheries and the opinions of the Committee on Development and the Committee on Budgets (A7-0192/2011),
1. Consents to the conclusion of the Protocol;
 2. Requests that the Commission send it the conclusions of the meetings and proceedings of the Joint Committee that is provided for in Article 9 of the Fisheries Partnership Agreement between the European Community and the Republic of Seychelles (hereinafter 'the Partnership Agreement') and the multiannual sectoral programme mentioned in Article 3 of the Protocol;
 3. Calls on the Commission to submit an implementation review of the Partnership Agreement to Parliament and the Council in the final year of application of the Protocol, before negotiations are opened on the agreement's renewal;
 4. Asks the Commission for a report on piracy in the Seychelles exclusive economic zone between 2006 and 2010 and its effect on Seychelles and EU fishing operations;
 5. Calls for representatives of its Committee on Fisheries, acting as observers, to attend meetings of the Joint Committee provided for in Article 9 of the Partnership Agreement;
 6. Instructs its President to forward its position to the Council and the Commission, and to the governments and parliaments of the Member States and of the Republic of Seychelles.
-

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Fishing opportunities and financial contribution provided for in the EU-São Tomé and Príncipe Fisheries Partnership Agreement ***

P7_TA(2011)0280

European Parliament legislative resolution of 23 June 2011 on the draft Council decision on the conclusion of the protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community and the Democratic Republic of São Tomé and Príncipe (05371/2011 – C7-0119/2011 – 2010/0355(NLE))

(2012/C 390 E/14)

(Consent)

The European Parliament,

- having regard to the draft Council decision (05371/2011),
 - having regard to the draft protocol setting out the fishing opportunities and financial contribution provided for in the Fisheries Partnership Agreement between the European Community and the Democratic Republic of São Tomé and Príncipe (05370/2011),
 - having regard to the request for consent submitted by the Council in accordance with Article 43 and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0119/2011),
 - having regard to Rules 81 and 90(8) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on Fisheries and the opinions of the Committee on Development and the Committee on Budgets (A7-0194/2011),
1. Consents to conclusion of the protocol;
 2. Calls on the Commission to forward to Parliament the conclusions of the meetings and activities of the Joint Committee provided for in Article 9 of the Fisheries Partnership Agreement between the European Community and the Democratic Republic of São Tomé and Príncipe ("the Partnership Agreement"), as well as the multiannual sectoral programme provided for in Article 3 of the Protocol and the corresponding annual evaluations; calls on the Commission to facilitate the participation of representatives of Parliament as observers in the meetings of the Joint Committee provided for in Article 9 of the Partnership Agreement; calls on the Commission to submit to Parliament and the Council, during the final year of application of the Protocol and before the opening of negotiations for its renewal, a full report on its implementation, without unnecessary restrictions on access to this document;
 3. Calls on the Council and the Commission, in the context of their respective powers, to keep Parliament immediately and fully informed at all stages of the procedures relating to the Protocol and to renew thereof in accordance with Article 13(2) of the Treaty on European Union and Article 218(10) of the Treaty on the Functioning of the European Union;
 4. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Democratic Republic of São Tomé and Príncipe.

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EU-Andorra Protocol on customs security measures ***

P7_TA(2011)0281

European Parliament legislative resolution of 23 June 2011 on the draft Council decision on the conclusion of the Protocol extending to customs security measures the Agreement in the form of an Exchange of Letters between the European Economic Community and the Principality of Andorra (17403/2010 – C7-0036/2011 – 2010/0308(NLE))

(2012/C 390 E/15)

(Consent)

The European Parliament,

- having regard to the draft Council decision (17403/2010),
 - having regard to the draft Protocol extending to customs security measures the Agreement in the form of an Exchange of Letters between the European Economic Community and the Principality of Andorra (17405/2010),
 - having regard to the request for consent submitted by the Council in accordance with Article 207(4), first subparagraph, and Article 218(6), second subparagraph, point (a), of the Treaty on the Functioning of the European Union (C7-0036/2011),
 - having regard to Rules 81 and 90(8) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade and the opinion of the Committee on the Internal Market and Consumer Protection (A7-0198/2011),
1. Consents to conclusion of the Protocol;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Principality of Andorra.

EC-Canada agreement on civil aviation safety ***

P7_TA(2011)0282

European Parliament legislative resolution of 23 June 2011 on the draft Council decision on the conclusion of an Agreement on civil aviation safety between the European Community and Canada (06645/1/2010 – C7-0100/2010 – 2009/0156(NLE))

(2012/C 390 E/16)

(Consent)

The European Parliament,

- having regard to the draft Council decision (06645/1/2010),
- having regard to the draft Agreement between the European Community and Canada on civil aviation safety (15561/2008),

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- having regard to the request for consent submitted by the Council pursuant to Articles 100(2), 207(4), Article 218(6), second subparagraph, point(a), and Article 218(8), first subparagraph of the Treaty on the Functioning of the European Union (C7-0100/2010),
 - having regard to Rules 81 and 90(8) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on Transport and Tourism (A7-0298/2010)
1. Consents to conclusion of the Agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of Canada.

Prevention and correction of macroeconomic imbalances *I**

P7_TA(2011)0287

European Parliament amendments adopted on 23 June 2011 to the proposal for a regulation of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances (COM(2010)0527 – C7-0301/2010 – 2010/0281(COD)) ⁽¹⁾

(2012/C 390 E/17)

(Ordinary legislative procedure: first reading)

[Amendment No 2]

AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0183/2011).

^(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the prevention and correction of macroeconomic imbalances

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(6) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Central Bank ⁽¹⁾,

⁽¹⁾ *OJ C 150, 20.5.2011, p. 1.*

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After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee ⁽¹⁾,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The coordination of the economic policies of the Member States within the Union **should be developed in the context of the broad economic policy guidelines and the employment guidelines**, and should entail compliance with the guiding principles of stable prices, sound and sustainable public finances and monetary conditions and a sustainable balance of payments.
- (1a) **Achieving and maintaining a dynamic Single Market should be considered an element of the proper and smooth functioning of the economic and monetary union.**
- (1b) **The improved economic governance framework should rely on several inter-linked and coherent policies for sustainable growth and namely, a Union strategy for growth and jobs, a European Semester for strengthened coordination of economic and budgetary policies, an effective framework for preventing and correcting excessive government deficits (the Stability and Growth Pact), a robust framework for preventing and correcting macroeconomic imbalances, enhanced financial market regulation and supervision.**
- (2) There is a need to **draw lessons from** the first decade of functioning of the economic and monetary union **and, in particular, a need for improved economic governance in the Union built on a stronger national ownership.**
- (2a) **Strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments. The competent committee of the European Parliament may offer the opportunity to the Member State concerned by Council recommendation or decision in accordance with Article 7(2), Article 8(2) and Article 10(4) of this Regulation to participate in an exchange of views.**
- (2b) **The Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.**
- (3) In particular, surveillance of the economic policies of the Member States should be broadened beyond budgetary surveillance to **include a more detailed and formal framework to** prevent excessive macroeconomic imbalances and help the Member States affected devise corrective plans before divergences become entrenched. This broadening of the economic surveillance framework should go in parallel with deepening of fiscal surveillance.
- (4) To help address such imbalances, a procedure laid down in detail in legislation is necessary.
- (5) It is appropriate to supplement the multilateral surveillance referred to in Article 121(3) and (4) of the Treaty with specific rules for **the detection of macroeconomic imbalances, as well as the, prevention and correction of excessive macroeconomic imbalances within the Union, which should be aligned with the annual multilateral surveillance cycle.**

⁽¹⁾ OJ C

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- (6) This procedure should **put in place** an alert mechanism for early detection of emerging macroeconomic imbalances. It should be based on use of an indicative and transparent scoreboard **comprising indicative thresholds**, combined with economic judgment. **This judgement should take into account inter alia nominal and real convergence inside and outside the euro area.**
- (6a) **The Commission should closely cooperate with the Council and the European Parliament when drawing the scoreboard and the set of macroeconomic and macro-financial indicators for Member States. The indicators and thresholds should be established and adjusted when necessary in order to adapt to the changing nature of macroeconomic imbalances, inter alia due to evolving threats to macroeconomic stability or enhanced availability of relevant statistics. The Commission should present suggestions for comments to the competent committees of the Council and the European Parliament on plans to establish and adjust the indicators and thresholds. The Commission should inform the Council and European Parliament of changes to the indicators and thresholds and explain its reasons for such modifications.**
- (7) **In order to function efficiently as an element of the alert mechanism**, the scoreboard should consist of a limited set of economic, financial **and structural** indicators relevant to detection of macroeconomic imbalances, with corresponding indicative thresholds. **The indicators and thresholds shall be adjusted when necessary, so as to adapt to the changing nature of macroeconomic imbalances** inter alia due to evolving threats to macroeconomic stability or enhanced availability of relevant statistics. **The indicators should not be contemplated as goals for economic policy but as tools to take account of the evolving nature of the macroeconomic imbalances within the European Union.**
- (7a) **In developing the scoreboard due consideration should also be given to catering for heterogeneous economic circumstances, including catching-up effects.**
- (8) The crossing of one or more indicative thresholds need not necessarily imply that macroeconomic imbalances are emerging, as economic policy-making should take into account inter-linkages between macroeconomic variables. **Conclusions should not be drawn from an automatic reading of the scoreboard: economic** judgment should ensure that all pieces of information, whether from the scoreboard or not, are put in perspective and become part of a comprehensive analysis.
- (9) Based on the multilateral surveillance procedure and the alert mechanism, **or in the event of unexpected, significant economic developments that require urgent analysis for the purpose of this Regulation**, the Commission should identify the Member States to be subject to an in-depth review. The in-depth review **should be undertaken without the presumption that an imbalance exists and** should encompass a thorough analysis of sources of imbalances in the Member State under review, **taking due account of country specific economic conditions and circumstances and of a wider set of analytical tools, indicators and qualitative information of country specific nature. When the Commission is drawing up the in-depth review, the Member State will collaborate to ensure that the information available to the Commission is as complete and correct as possible. Furthermore, the Commission shall give due consideration to any other information which, in the opinion of the Member States concerned are relevant, and which the Member State has put forward to the Commission and to the Council. The in-depth review** should be discussed within the Council and the Euro Group for the Member States whose currency is the euro. **The in-depth review shall take into account, where appropriate, Council recommendations or invitations addressed to Member States under review adopted in accordance with Articles 121, 126 and 148 of the Treaty and under Articles 6, 7, 8 and 10 of this Regulation and the policy intentions of the Member State under review, as reflected in National Reform Programs, as well as international best practices as regards indicators and methodologies. When the Commission decides to carry-out an in-depth study in the event of significant and unexpected economic developments that require urgent analysis, it should inform the Member States concerned.**

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- (10) A procedure to monitor and correct adverse macroeconomic imbalances, with preventive and corrective elements, will require enhanced surveillance tools based on those used in the multilateral surveillance procedure. This may include enhanced surveillance missions by the Commission **in liaison with the European Central Bank (ECB) for Member States whose currency is the euro or Member States participating in the ERM II**, to Member States and additional reporting by the Member State in case of severe imbalances, including imbalances that jeopardise the proper functioning of the economic and monetary union. **Social partners and other national stakeholders should, where appropriate, be involved in the dialogue.**
- (11) When assessing imbalances, account should be taken of their severity **■** and of the potential negative economic and financial spillovers **which aggravate the vulnerability of the EU economy and are a threat to smooth functioning of the monetary union. Actions to address macroeconomic imbalances and divergences in competitiveness are required in all Member States, particularly in the euro area. However the nature, importance and urgency of the policy challenges may differ significantly depending on the Member States concerned. Given vulnerabilities and the magnitude of the adjustment required, the need for policy action is particularly pressing in Members States showing persistently large current-account deficits and competitiveness losses. Also in Members States that accumulate large current account surpluses policies should aim to identify and implement the structural reforms that help strengthening their domestic demand and growth potential.**
- (11a) The economic adjustment capacity and the track record of the Member State concerned as regards compliance with earlier recommendations issued under this Regulation and other recommendations issued under Article 121 of the Treaty as part of multilateral surveillance, in particular the broad guidelines for the economic policies of the Member States and of the Union, should also be considered.
- (12) If macroeconomic imbalances are identified, recommendations **when appropriate involving relevant committees**, should be addressed to the Member State concerned to provide guidance on appropriate policy responses. The policy response of the Member State concerned to imbalances should be timely and should use all available policy instruments under the control of public authorities. **Where appropriate, relevant national stakeholders, including social partners should also be involved in accordance with the provisions of the TFEU and national legal and political arrangements. The policy response** should be tailored to the specific environment and circumstances of the Member State concerned and cover the main economic policy areas, potentially including fiscal and wage policies, labour markets, product and services markets and financial sector regulation. **The commitments under the ERM II agreements need to be taken into account.**
- (13) The early warnings and recommendations by the European Systemic Risk Board to Member States or the Union address risks of a macrofinancial nature. These **should** also warrant appropriate follow-up action **by the Commission** in the context of the surveillance of imbalances, **where appropriate. The independence and confidentiality regime of the European Systemic Risk Board should be strictly respected.**
- (14) If severe macroeconomic imbalances are identified, including imbalances that jeopardise the proper functioning of economic and monetary union, an excessive imbalance procedure should be initiated that may include issuing recommendations to the Member State, enhanced surveillance and monitoring requirements and in respect of Member States whose currency is the euro, the possibility of enforcement in accordance with Regulation (EU) No [.../...] ⁽¹⁾ in the event of sustained failure to take corrective action.

(1) OJ L [...], [...], [...].

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- (15) Any Member State placed under the excessive imbalance procedure should establish a corrective action plan setting out details of its policies designed to implement the Council recommendations. The corrective action plan should include a timetable for implementation of the measures envisaged. It should be endorsed by the Council **through a recommendation. The recommendation should be transmitted to the European Parliament.**
- (15a) ***The power to adopt individual decisions declaring non-compliance with the recommendations adopted by the Council in the framework of the corrective action plan should be conferred on the Council. As part of the coordination of the economic policies of the Member States conducted within the Council, as specified in Article 121 (1) of the Treaty, these individual decisions are an integral follow up to the referred recommendations adopted by the Council on the basis of Article 121 (4) of the Treaty in the context of corrective action plan.***
- (16) Since an effective framework for detection and prevention of macroeconomic imbalances cannot be sufficiently achieved by the Member States because of the deep trade and financial inter-linkages between Member States and the spillover effect of national economic policies on the Union and the euro area as a whole and can be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in the same Article, this Regulation does not go beyond what is necessary to achieve those objectives.
- (16a) ***When the Council and the Commission apply this Regulation, they should fully respect the role of national parliaments and social partners and respect differences in national systems, such as the systems for wage formation.***
- (16b) ***If the Council considers that a Member State is no longer affected by an imbalance that is excessive, the excessive imbalance procedure will be closed following the Council's abrogation of the recommendations under Articles 7, 8 and 10 on a recommendation from the Commission. This will be based on a comprehensive Commission analysis showing that the Member State has acted in line with Council recommendations and showing that the underlying causes and associated risks identified in the Recommendation opening the excessive imbalance procedure no longer remain, inter alia taking account of macroeconomic developments, prospects and spillover effects. A public statement should be made to signal the closure of the excessive imbalance procedure,***

HAVE ADOPTED THIS REGULATION:

CHAPTER I

Subject matter and definitions

Article 1

Subject matter

1. This Regulation sets out detailed rules for the detection, **of macroeconomic imbalances, as well as the prevention and correction of excessive macroeconomic imbalances** within the Union.

1a. This Regulation shall be applied in the context of the European semester as set out in Regulation EU No [.../...] on strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies.

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1b. *The application of this Regulation shall fully respect Article 152 TFEU and the recommendations issued under this Regulation shall respect national practices and institutions for wage formation. It shall take into account Article 28 of the Charter of Fundamental Rights of the European Union, and accordingly shall not affect the right to negotiate, conclude and enforce collective agreements and to take collective action in accordance with national law and practices.*

Article 2

Definitions

For the purposes of this Regulation:

- (a) 'imbalances' means **any trend giving rise to** macroeconomic developments which are adversely affecting, or have the potential adversely to affect, the proper functioning of the economy of a Member State or of economic and monetary union, or of the Union as a whole.
- (b) 'excessive imbalances' means severe imbalances, including imbalances that jeopardise **or risks jeopardising** the proper functioning of economic and monetary union.

CHAPTER II

Detection of imbalances

Article 3

Scoreboard

1. The **■** scoreboard **including indicators shall be used** as a tool to facilitate early identification and monitoring of imbalances.

2. The scoreboard shall be made up of **a small number of relevant, practical, simple, measurable and available** macroeconomic and macrofinancial indicators for Member States. **It shall allow for the early identification of macroeconomic imbalances that emerge over both the short-term as well as imbalances that arise due to structural and long-term trends.**

2a. *The scoreboard shall inter alia encompass indicators which are useful in the early identification of:*

- (a) *internal imbalances, including those that can arise from public and private indebtedness, financial and asset market developments including housing, the evolution of private sector credit flow and the evolution of unemployment.*
- (b) *external imbalances, including those that can arise from the evolution of current account and net investment positions of Members States, real effective exchange rates, export market shares and changes in price and cost developments as well as non-price competitiveness, taking into account the different components of productivity,*

2b. *In undertaking its economic reading of the scoreboard in the alert mechanism, the Commission shall pay close attention to developments in the real economy including economic growth, employment and unemployment performance, nominal and real convergence inside and outside the euro area, productivity developments and its relevant drivers such as R&D and foreign/domestic investment, as well as sectoral developments including energy, which affect GDP and current account performance.*

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The scoreboard shall also include indicative thresholds for these indicators to serve as alert levels. The choice of indicators and thresholds shall be conducive towards promoting competitiveness in the EU.

The scoreboard of indicators, and in particular alert thresholds, shall be symmetric, whenever appropriate and shall be differentiated for euro and non-euro area Member States if justified by specific features of the monetary union and relevant economic circumstances. In developing the scoreboard due consideration should also be given to catering for heterogeneous economic circumstances, including catching-up effects.

2c. The work of the European Systemic Risk Board shall be taken into due consideration in the drafting of indicators relevant to financial market stability. The Commission shall invite the European Systemic Risk Board to provide its views regarding draft indicator, relevant to financial market stability.

3. The list of indicators **and the thresholds** to be included **in** the scoreboard **■** shall be made public.

4. The **■** appropriateness of the scoreboard, including the composition of indicators, the thresholds set and the methodology used, **are to be assessed on a regular basis and adjusted or modified when necessary**. Changes in the underlying methodology and composition of the scoreboard and the associated thresholds shall be made public.

4a. The values for the indicators on the scoreboard are to be updated at least on a yearly basis.

Article 4

Alert mechanism

1. *The alert mechanism is designed to facilitate the early identification and monitoring of imbalances. The Commission shall prepare an annual report containing a qualitative economic and financial assessment based on a scoreboard with a set of indicators compared to the indicative thresholds. The report including the values of the indicators of the scoreboard shall be made public.*

2. The **■** Commission report **shall contain** an economic and financial assessment putting the movement of the indicators into perspective, drawing if necessary on **■** other **relevant** economic and financial indicators **when assessing the evolution of imbalances. Conclusions shall not be drawn from a mechanical reading of the scoreboard indicators. The assessment shall take into account the evolution of imbalances in the Union and the euro area.** The report shall also indicate whether the crossing of **■** thresholds in one or more Member States signifies the possible emergence of imbalances. **The assessment of Member States showing large current account deficits may differ from that of Member States that accumulate large current account surpluses.**

3. The report shall identify Member States that the Commission considers **may** be affected by, or **may be** at risk of **being affected by** imbalances.

3a. The report shall be transmitted in a timely manner to the European Parliament, the Council and the Economic and Social Committee.

4. As part of the multilateral surveillance in accordance with Article 121(3) of the Treaty, the Council shall discuss and **carry out an overall assessment** on the Commission report. The Euro Group shall discuss the report as far as it relates **■** to Member States whose currency is the euro.

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Article 5

In-depth review

1. Taking **due** account of the discussions in the Council and the Euro Group, as provided for in Article 3(4), **or in the event of unexpected, significant economic developments that require urgent analysis for the purpose of this Regulation**, the Commission shall prepare an in-depth review for each Member State it considers **may be** affected by, or **may be** at risk of, **being affected by** imbalances. ▯

The in-depth review shall build on detailed analysis of country-specific circumstances, including the different starting positions across Member States; it shall study a broad range of economic variables and involve the use of analytical tools and qualitative information of country specific nature. It shall acknowledge the national specificities regarding industrial relations and social dialogue.

Furthermore, the Commission shall give due consideration to any other information, which in the opinion of the Member State concerned are relevant, and which the Member State has put forward.

The review shall be undertaken in conjunction with surveillance missions to the Member State concerned in accordance with Article 11e.

2. The in-depth review shall **include an evaluation of whether the Member State in question is affected by imbalances, and of whether these imbalances constitute excessive imbalances. It will study the origin of the detected imbalances against the background of prevailing economic circumstances, including the deep trade and financial inter-linkages between Member States and the spillover effects of national economic policies. The review will analyse relevant developments related to the Union strategy for growth and jobs. It shall also consider the relevance of economic developments in the Union and the euro area as a whole.** It shall take into account, in particular:

- (a) **where** appropriate, Council recommendations or invitations **addressed to Member States under review** adopted in accordance with Articles 121 and 126 **and 148** of the Treaty and under Articles 6, 7, 8 and 10 of this Regulation;
- (b) the policy intentions of the Member State under review, as reflected in **National Reform Programs and where appropriate in the** Stability or Convergence Programme ▯;
- (c) any ▯ warnings or recommendations from the European Systemic Risk Board **on systemic risks addressed or being** relevant to the Member State under review. **The confidentiality regime of the European Systemic Risk Board shall be respected.**

2a. The in-depth review shall be made public. The Commission shall inform the Council and the European Parliament about the results of the in-depth review.

Article 6

Preventive action

1. If, on the basis of its in-depth review referred to in Article 5 of this Regulation, the Commission considers that a Member State is experiencing imbalances, it shall inform the Council **and the Euro Group** accordingly **and the European Parliament**. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned, in accordance with the procedure set out in Article 121(2) TFEU.

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2. The Council shall inform the European Parliament of **the recommendation**. The Council recommendation shall be made public.

2a. The recommendations of the Council and the Commission shall fully respect Article 152 TFEU and take into account Article 28 of the Charter of Fundamental Rights of the European Union.

3. The Council shall review **the recommendation** annually **in the context of the European Semester** and may **adjust it** if appropriate in accordance with paragraph 1.

CHAPTER III

Excessive imbalance procedure

Article 7

Opening of the excessive imbalance procedure

1. If, on the basis of the in-depth review referred to in Article 5, the Commission considers that the Member State concerned is affected by excessive imbalances, it shall inform the Council **and the Euro Group** accordingly **and the European Parliament**.

The Commission shall also inform the relevant European Supervisory Authorities and the European Systemic Risk Board, which is invited to take the steps it deems necessary.

2. The Council, on a recommendation from the Commission, may adopt **recommendation** in accordance with Article 121(4) of the Treaty declaring the existence of an excessive imbalance and recommending the Member State concerned to take corrective action.

The recommendation shall set out the nature **and implications** of the imbalances and specify **a set of policy recommendations** to be **followed** and the deadline within which the Member State concerned must **submit a corrective action plan**. The Council may, as provided for in Article 121(4) of the Treaty, make its **recommendation** public.

Article 8

Corrective action plan

1. Any Member State for which an excessive imbalance procedure is opened shall submit a corrective action plan to the Council and the Commission **based on, and** within a deadline to be defined in the **recommendation** in accordance with Article 7. The corrective action plan shall set out the specific **policy actions** the Member State concerned has implemented or intends to implement and shall include a timetable for implementation thereof. **The corrective action plan shall take into account the economic and social impact of these policy actions and shall be consistent with the Broad Economic Policy Guidelines and the Employment Guidelines.**

2. Within two months after submission of a corrective action plan and on the basis of a Commission report, the Council shall assess the corrective action plan. If considered sufficient, on the basis of a Commission **recommendation**, the Council shall **endorse it through a recommendation that lists the required specific actions and the deadlines for taking them and establish a timetable for surveillance paying due attention to the transmission channels and recognising that there may be long lags between the adoption of the corrective action and the actual resolution of imbalances.**

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2a. *If the actions taken or envisaged in the corrective action plan or their timetable for implementation are considered insufficient, on the basis of a Commission recommendation, the Council shall adopt a recommendation to the Member State to submit a new corrective action plan within two months as a rule. The new corrective action plan shall be examined according to the procedure laid down in this article.*

3. The corrective action plan, the Commission report and the Council **recommendation** referred to in **paragraphs 2 and 2a** shall be made public.

Article 9

Monitoring of corrective action

1. The Commission shall monitor implementation of the **recommendation adopted under article 8(2)**. For this purpose, the Member State shall report to the Council and the Commission at regular intervals in the form of progress reports whose frequency shall be established by the Council in the recommendation referred to in **Article 8(2)**.

2. Member States' progress reports shall be made public by the Council.

3. The Commission may carry out **enhanced** surveillance missions to the Member State concerned to monitor implementation of the corrective action plan, **in liaison with the ECB when those missions concern Member States whose currency is the euro or Member States participating in ERM II. Social partners and other national stakeholders shall therefore, where appropriate, be involved in the dialogue.**

4. **In the event of relevant major change in** economic circumstances, the Council, on a recommendation from the Commission, may amend the recommendations adopted under **Article 8(2)** in accordance with the procedure laid down in the same Article. **Where appropriate, the** Member State concerned shall **be invited to** submit a revised corrective action plan that shall be assessed in accordance with the procedure laid down in Article 8.

Article 10

Assessment of corrective action

1. On the basis of a Commission report, the Council shall **assess** whether the Member State concerned has taken the recommended corrective action **in accordance with the recommendation issued under Article 8(2)**.

2. The Commission's report shall be made public.

3. The Council **shall** **make its assessment** by the deadline set by the Council in its recommendations adopted in accordance with **Article 8(2)**.

4. Where it **considers** that the Member State has not taken the recommended corrective action, the Council, on a recommendation from the Commission, shall adopt **a decision declaring non-compliance and a recommendation setting new deadlines for taking corrective action** **In this case, the European Council shall be informed and the conclusions of the surveillance missions referred in Article 9(3) will be made public.**

The recommendation on declaring non-compliance by the Commission shall be deemed adopted by the Council unless it decides, by qualified majority to reject the recommendation within ten days of the Commission adopting it. The Member State concerned may request that meeting of the Council be convened to take a vote on the decision.

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In accordance with Article 11e the European Parliament may, at its own initiative or at the request of a Member State, invite the President of the Council, the Commission and, where appropriate, the President of the Euro Group to appear before its competent committee to discuss the decision declaring non-compliance

5. Where the Council *considers on the basis of the Commission report* that the Member State has taken the recommended corrective action, the excessive imbalance procedure shall *be considered to be on track and placed in a position of abeyance and monitoring shall continue in accordance with the timetable adopted in the recommendations under Article 8(2)*. The Council shall make public its reasons for placing the procedure in a position of abeyance recognising the corrective policy actions taken by the Member State.

Article 11

Closing of the excessive imbalance procedure

The Council shall abrogate recommendations issued under Articles 7, 8 and 10 on a recommendation from the Commission as soon as it considers that the Member State is no longer affected by excessive imbalances as outlined in the recommendation referred to in Article 7(2) and shall make a public statement reflecting that fact.

Article 11a

Voting within the Council

For the measures referred to in Articles 7 to 11, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

Article 11b

Surveillance missions

1. *The Commission shall ensure a permanent dialogue with the authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular carry out missions for the purpose of the assessment of the actual economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation.*
2. *Enhanced surveillance may be undertaken for Member States which are the subject of a recommendation on the existence of an excessive imbalance position in accordance with Article 7(2) of this Regulation for the purposes of monitoring in situ.*
3. *When the Member State concerned is a Member State whose currency is the euro or participating in ERM II, the Commission may invite representatives of the European Central Bank, if appropriate, to participate in surveillance missions.*
4. *The Commission shall report to the Council on the outcome of the mission referred to in the second paragraph and if appropriate may decide to make its findings public.*
5. *When organising surveillance missions referred to in the second subparagraph, the Commission shall transmit its provisional findings to the Member States concerned for comments.*

Article 11c

Economic Dialogue

1. *In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Euro Group to appear before the committee to discuss.*

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- (a) *information provided by the Council on the broad guidelines of economic policy pursuant to Article 121(2) TFEU;*
 - (b) *general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance;*
 - (c) *any conclusions drawn by the European Council on orientations for economic policies in the context of the European Semester*
 - (d) *the results of multilateral surveillance carried out under this Regulation;*
 - (e) *any conclusions drawn by the European Council on the orientations for and results of multilateral surveillance*
 - (f) *any review of the conduct of multilateral surveillance at the end of the European Semester;*
 - (g) *recommendations taken pursuant to Article 7(2), Article 8(2) and Article 10(4) of this Regulation;*
2. *The competent committee of the European Parliament may offer the opportunity to the Member State concerned by Council recommendation or decision in accordance with Article 7(2), Article 8 (2) and Article 10(4) to participate in an exchange of views.*
3. *The Commission and the Council shall regularly inform the European Parliament of the results of the application of this Regulation.*

Article 11d

Review

1. *Within three years after the entry into force of this Regulation and every five years thereafter, the Commission shall publish a report on the application of this Regulation.*

That report shall evaluate, inter alia:

- (a) *the effectiveness of the regulation*
 - (b) *the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the Treaty*
2. *Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation.*
 3. *The report shall be forwarded to the European Parliament and the Council.*

Article 11e

Report

Every year thereafter, the Commission shall publish annually report on the application of this Regulation including the updating of the scoreboard as set out in Article 4 and shall present it to the Council and the European Parliament in the context of the European Semester.

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CHAPTER IV

Final provisions

Article 12

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the European Parliament
The President

For the Council
The President

Implementation of excessive deficit procedure *

P7_TA(2011)0288

European Parliament amendments adopted on 23 June 2011 to the proposal for a Council regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (COM(2010)0522 – C7-0396/2010 – 2010/0276(CNS)) ⁽¹⁾

(2012/C 390 E/18)

(Special legislative procedure – consultation)

[Amendment No 2]

AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0179/2011).

(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

REGULATION OF THE COUNCIL

amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the second subparagraph of Article 126(14) thereof,

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Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the position of the European Parliament ⁽¹⁾,

Having regard to the opinion of the European Central Bank ⁽²⁾,

Acting in accordance with a special legislative procedure,

Whereas:

- (1) The coordination of the economic policies of the Member States within the Union, as provided by the Treaty **on the Functioning of the European Union (TFEU)**, should entail compliance with the guiding principles of stable prices, sound public finances and monetary conditions and a sustainable balance of payments.
- (2) The Stability and Growth Pact initially consisted of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ⁽³⁾, Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure ⁽⁴⁾ and the Resolution of the European Council of 17 June 1997 on the Stability and Growth Pact ⁽⁵⁾. Regulations (EC) No 1466/97 and (EC) No 1467/97 were amended in 2005 by Regulations (EC) No 1055/2005 and (EC) No 1056/2005 respectively. In addition, the Council Report of 20 March 2005 on 'Improving the implementation of the Stability and Growth Pact' was adopted.
- (3) The Stability and Growth Pact is based on the objective of sound **and sustainable** government finances as a means of strengthening the conditions for price stability and for strong sustainable growth underpinned by financial stability and conducive to employment creation.
- (4) The common framework for economic governance **needs** to be enhanced, including **improved** budgetary surveillance, in line with the high degree of integration **between** Member States economies within the European Union, and particularly in the euro area.
- (4a) Achieving and maintaining a dynamic Single Market should be considered an element of the proper and smooth functioning of the economic and monetary union.**
- (4b) The improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market, fostering international trade and competitiveness, an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact), a robust framework for preventing and correcting macro-economic imbalances, minimum requirements for national budgetary frameworks, enhanced financial market regulation and supervision including macro-prudential supervision by the European Systemic Risk Board.**

⁽¹⁾ OJ C

⁽²⁾ OJ C 150, 20.5.2011, p. 1.

⁽³⁾ OJ L 209, 2.8.1997, p. 1.

⁽⁴⁾ OJ L 209, 2.8.1997, p. 6.

⁽⁵⁾ OJ C 236, 2.8.1997, p. 1.

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- (4c) *Achieving and maintaining a dynamic Single Market should be considered an element of the proper and smooth functioning of the economic and monetary union.*
- (4d) *The Stability and Growth Pact and the complete economic governance framework should complement and support the Union strategy for growth and jobs. Inter-linkages between different strands should not provide for exemptions from the provisions of the Stability and Growth Pact.*
- (4e) *Strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments. The competent committee of the European Parliament may offer the opportunity to the Member State concerned by Council recommendation in accordance with Article 126(7) of the Treaty, a notice in accordance with Article 126(9) of the Treaty or a decision taken pursuant to Article 126(11) of the Treaty to participate in an exchange of views.*
- (4f) *Experience gained and mistakes made during the first decade of functioning of the economic and monetary union show a need for improved economic governance in the Union, which should be built on stronger national ownership of commonly agreed rules and policies and on a more robust surveillance framework at the Union level of national economic policies.*
- (4g) *The Commission should have a stronger role in the enhanced surveillance procedure. This concerns Member-State-specific assessments, monitoring, including missions, recommendations.*
- (4h) *The Commission and the Council should when applying this Regulation appropriately take into account all relevant factors and the economic and budgetary situation of the concerned Member States.*
- (5) *The rules on budgetary discipline should be strengthened in particular by giving a more prominent role to the level and evolution of debt and overall sustainability. **Mechanisms to ensure compliance with these rules and their enforcement should also be strengthened.***
- (5a) *The Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.*
- (6) *Implementing the existing excessive deficit procedure on the basis of both the deficit criterion and the debt criterion requires ■ a numerical benchmark **that takes into account the business cycle** against which to assess whether the ratio of government debt to gross domestic product is sufficiently diminishing and approaching the reference value at a satisfactory pace. **A transition period should be introduced in order to allow Member States subject to an excessive deficit procedure at the date of adoption of this regulation to adapt their policies to the numerical benchmark for debt reduction. This should equally apply to Member States which are subject to an European Union/International Monetary Fund adjustment programme.***

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- (7) **Non-compliance with the numerical benchmark for debt reduction should not be sufficient for the establishment of an excessive deficit, which should take into account the whole range of relevant factors covered by the Commission report under Article 126(3) TFEU. In particular, the assessment of the effect of the cycle and the composition of the stock-flow adjustment on debt developments may be sufficient to exclude the establishment of an excessive deficit on the basis of the debt criterion.**
- (8) In the establishment of the existence of an excessive deficit based on the deficit criterion and the steps leading to it there is a need to take into account the whole range of relevant factors covered by the report under Article 126(3) of the Treaty if the government debt to gross domestic product does not exceed the reference value.
- (8a) **In taking into account systemic pensions reforms among the relevant factors, the central consideration should be whether they enhance the long-term sustainability of the overall pension system, while not increasing risks for the medium-term budgetary position.**
- (9) The Commission report under Article 126(3) of the Treaty should appropriately consider the quality of the national fiscal framework, as it plays a crucial role in supporting fiscal consolidation and sustainable public finances. **This consideration should include the minimum requirements as laid down in Council Directive [on requirements for budgetary frameworks of the Member States] as well as other agreed desirable requirements for fiscal discipline.**
- (10) In order to support the monitoring of compliance with Council recommendations and notices for the correction of situations of excessive deficit, there is a need that these specify annual budgetary targets consistent with the required fiscal improvement in cyclically adjusted terms, net of one-off and temporary measures. **In this context, the 0,5 % of GDP annual benchmark should be understood as annual average basis.**
- (11) The assessment of effective action will benefit from taking compliance with general government expenditure targets as a reference in conjunction with the implementation of planned specific revenue measures.
- (12) In assessing the case for an extension of the deadline for correcting the excessive deficit, special consideration should be given to severe economic downturns **for the euro area or the EU as a whole on condition that this does not endanger fiscal sustainability in the medium term.**
- (13) It is appropriate to step up the application of the financial sanctions envisaged by Article 126(11) of the Treaty so that they constitute a real incentive for compliance with the notices under Article 126(9).
- (14) In order to ensure compliance with the fiscal surveillance framework of the Union for participating Member States, rules-based sanctions should be designed on the basis of Article 136 of the Treaty, ensuring fair, timely and effective mechanisms for compliance with the Stability and Growth pact rules.
- (14a) **Fines collected should be assigned to stability mechanisms to provide financial assistance, created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole.**

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- (15) References contained in Regulation (EC) No 1467/97 should take account of the new Article numbering of the Treaty on the Functioning of the European Union and to the replacement of Council Regulation (EC) No **3605/93** by Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community ⁽¹⁾.
- (16) Regulation (EC) No 1467/97 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1467/97 is amended as follows:

1. Article 1 is replaced by the following:

"Article 1

1. This Regulation sets out the provisions to speed up and clarify the excessive deficit procedure. **The objective of the excessive deficit procedure is** to deter excessive government deficits and, if they occur, to further prompt their correction, where compliance with the budgetary discipline is examined on the basis of the government deficit and government debt criteria.

2. For the purpose of this Regulation 'participating Member States' shall mean those Member States whose currency is the euro."

2. Article 2 is amended as follows:

- (a) in paragraph 1, the first subparagraph is replaced by the following:

"The excess of a government deficit over the reference value shall be considered exceptional, in accordance with the second indent of Article 126 (2) (a) of the Treaty, when resulting from an unusual event outside the control of the Member State concerned and **with** a major impact on the financial position of general government, or when resulting from a severe economic downturn."

- (b) the following paragraph **■** is inserted:

"1a. When it exceeds the reference value, the ratio of the government debt to gross domestic product (GDP) is to be considered sufficiently diminishing and approaching the reference value at a satisfactory pace in accordance with Article 126 (2) (b) of the Treaty if the differential with respect to the reference value has **decreased** over the previous three years at **an average** rate of **■** one-twentieth per year **as a benchmark, based on the changes over the last three years for which the data is available. The requirement under the debt criterion shall also be considered to be fulfilled if the budgetary forecasts as provided by the Commission indicate that the required reduction in the differential will occur over the three-year period encompassing the two years following the final year for which the data is available. For a Member State that is subject to an excessive deficit procedure at [date of adoption of this Regulation - to be inserted] and for a period of three years from the correction of the excessive deficit, the requirement under the debt criterion shall be considered fulfilled if the Member State concerned makes sufficient progress towards compliance as assessed in the Opinion adopted by the Council on its Stability or Convergence Programme.**

⁽¹⁾ OJ L 145, 10.6.2009 p. 1.

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In implementing the debt adjustment benchmark, account should be taken of the influence of the cycle on the pace of debt reduction.;

(c) paragraph 3 is replaced by the following:

"3. The Commission, when preparing a report under Article 126(3) of the Treaty shall take into account all relevant factors as indicated in that Article, ***insofar as they significantly affect the assessment of compliance with the deficit and debt criteria by the concerned Member State.*** The report shall appropriately reflect:

- ***The*** developments in the medium-term economic position in particular potential growth, ***including the different contributions provided by labour, capital accumulation and total factor productivity, cyclical developments and the private sector net savings position;***

- ***The*** developments in the medium term budgetary ***positions*** (in particular, ***the record of adjustment towards the medium-term budgetary objective, the level of the primary balance and developments in primary expenditure, both current and capital,*** the implementation of policies in the context of ***the prevention and correction of excessive macroeconomic imbalances, the implementation of policies in the context of*** common growth strategy of the Union and the overall quality of public finances, in particular ***the effectiveness of national budgetary frameworks***) ***;***

- The report shall also analyse developments in the medium-term ***government*** debt position, ***its dynamics and sustainability*** (in particular, ***the*** risk factors including the maturity structure and currency denomination of the debt, stock-flow ***adjustment and its composition,*** accumulated reserves and other ***financial*** assets; guarantees, notably linked to the financial sector; ***and any implicit*** liabilities ***the*** related to ageing and private debt to the extent that it may represent a contingent implicit liability for the government);

- Furthermore, the Commission shall give due ***and explicit*** consideration to any other factors which, in the opinion of the Member State concerned, are relevant in order to comprehensively assess ***compliance with deficit and debt criteria*** and which the Member State has put forward to the ***Council and the*** Commission. In that context, ***particular*** consideration shall be given to: financial contributions to fostering international solidarity and to achieving ***the*** Union policy goals; ***the debt incurred in the form of bilateral and multilateral support between Member States in the context of safeguarding*** financial stability; ***the debt related to financial stabilisation operations during major financial disturbances.***;

(d) paragraph 4 is replaced by the following:

"4. The Commission and the Council shall make a balanced overall assessment of all the relevant factors, specifically, the extent to which they affect the assessment of compliance with the deficit and/or the debt criteria as aggravating or mitigating factors. When assessing compliance on the basis of the deficit criterion, if the ratio of the government debt to GDP exceeds the reference value, these factors shall be taken into account in the steps leading to the decision on the existence of an excessive deficit provided for in paragraphs 4, 5 and 6 of Article 126 of the Treaty only if the double condition of the overarching principle — that, before these relevant factors are taken into account, the general government deficit remains close to the reference value and its excess over the reference value is temporary — is fully met.

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However, these factors shall be taken into account in the steps leading to the decision on the existence of an excessive deficit when assessing compliance on the basis of the debt criterion."

(da) paragraph 5 is replaced by the following:

"5. The Commission and the Council, when assessing compliance with the deficit and debt criterion and in the subsequent steps of the excessive deficit procedure, shall give due consideration to the implementation of pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar and the net cost of the publicly managed pillar. In particular, consideration shall be given to the features of the overall pension system created by the reform, namely whether it promotes long-term sustainability while not increasing risks for the medium-term budgetary position."

(db) paragraph 6 is replaced by the following:

"6. If the Council, on the basis of the proposal of the Commission, has decided, on the basis of Article 126(6) TFEU, that an excessive deficit exists in a Member State, the Council and the Commission shall take into account the relevant factors referred to in paragraph 3, as they affect the situation of the concerned Member State, also in the subsequent procedural steps of Article 126 TFEU, including as specified in Articles 3(5) and 5(2) of this Regulation, in particular in establishing a deadline for the correction of the excessive deficit and eventually extending it. However, those relevant factors shall not be taken into account for the decision of the Council under Article 126(12) TFEU on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 126 TFEU;"

(e) paragraph 7 is replaced by the following:

*"7. In the case of Member States where the excess of the deficit **over the reference value** reflects the implementation of a pension reform introducing a multi-pillar system that includes a mandatory, fully funded pillar, the Commission and the Council shall also consider the cost of the reform **when assessing developments of deficit figures in excessive deficit procedure as long as the deficit does not significantly exceed a level that can be considered close to the reference value and the debt ratio does not exceed the reference value on condition that overall fiscal sustainability is maintained.** The net cost shall be taken into account also for the decision of the Council under Article 126(12) TFEU on the abrogation of some or all of its decisions under paragraphs 6 to 9 and 11 of Article 126 TFEU, if the deficit has declined substantially and continuously and has reached a level that comes close to the reference value".*

2a. The following section is inserted:

"Section 1a

ECONOMIC DIALOGUE

Article 2a

1. In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the

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Commission and, where appropriate, the President of the Eurogroup to appear before the committee to discuss Council recommendation based on Article 126(7) TFEU and notice under Article 126(9) TFEU and decisions taken pursuant to Article 126(6) and (11) TFEU.

The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such recommendation, notice and decisions to participate in an exchange of views.

2. The Commission and the Council shall regularly inform the European Parliament of the application of this Regulation."

3. Article 3 is amended as follows:

(a) paragraph 2 is replaced by the following:

"2. Taking fully into account the opinion referred to in paragraph 1, the Commission, if it considers that an excessive deficit exists, shall address an opinion and a proposal to the Council in accordance with Article 126(5) and (6) of the **TFEU and shall inform the European Parliament**.";

(b) In paragraph 3, the reference to 'Article 4(2) and (3) of Regulation (EC) No 3605/93' is replaced by the reference to 'Article 3(2) and (3) of Regulation (EC) No 479/2009'.

(c) paragraph 4 is replaced by the following:

"4. The Council recommendation made in accordance with Article 126(7) TFEU shall establish a deadline of **no longer than** six months ■ for effective action to be taken by the Member State concerned. **When warranted by the seriousness of the situation, the deadline for effective action may be three months.** The Council recommendation shall also establish a deadline for the correction of the excessive deficit, which should be completed in the year following its identification unless there are special circumstances. In **its** recommendation, the Council shall request that the Member State achieves annual budgetary targets which, on the basis of the forecast underpinning the recommendation, are consistent with a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the recommendation.";

(d) the following paragraph ■ is inserted:

"4a. Within the deadline ■ provided for in paragraph 4, the Member State concerned shall report to the Commission and the Council on action taken in response to the Council recommendation under Article 126(7) TFEU. The report shall include the targets for ■ government expenditure **and revenue** and for the discretionary measures on **both the expenditure and** the revenue side consistent with the Council recommendation under Article 126(7) TFEU, as well as information on the measures taken and the nature of those envisaged to achieve the targets. The report shall be made public.";

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(e) paragraph 5 is replaced by the following:

"5. If effective action has been taken in compliance with a recommendation under Article 126(7) of the Treaty and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that recommendation, the Council may decide, on a recommendation from the Commission, to adopt a revised recommendation under Article 126(7) of the Treaty. The revised recommendation, taking into account the relevant factors *referred to* in Article 2(3) of this Regulation, may notably extend the deadline for the correction of the excessive deficit by one year as a rule. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its recommendation. ***In case of a severe economic downturn for the euro area or the EU as a whole, the Council may also decide, on a recommendation from the Commission, to adopt a revised recommendation under Article 126(7) of the Treaty on condition that this does not endanger fiscal sustainability in the medium-term.***"

4. Article 4 is amended as follows:

(a) paragraph 1 is replaced by the following:

"1. ***Any Council decision to make public its recommendations, where it is established that no effective action has been taken in accordance with Article 126(8) TFEU, shall be taken immediately after the expiry of the deadline set in accordance with Article 3(4) of this Regulation.***"

(b) ¶ paragraph 2 is replaced by the following:

"2. The Council, when considering whether effective action has been taken in response to its recommendations made in accordance with Article 126(7) TFEU, shall base its decision on the report submitted by the Member State concerned in accordance with Article 3(4a) of this Regulation and its implementation as well as on any other publicly announced decisions by the Government of the Member State concerned.

Where the Council establishes, in accordance with Article 126(8) TFEU, that the Member State concerned has failed to take effective action, it shall report to the European Council accordingly."

5. Article 5 is amended as follows:

(a) paragraph 1 is replaced by the following:

"1. Any Council decision to give notice to the participating Member State concerned to take measures for the deficit reduction in accordance with Article 126(9) of the Treaty shall be taken within two months of the Council decision establishing that no effective action has been taken in accordance with Article 126(8). In the notice, the Council shall request that the Member State achieve annual budgetary targets which, on the basis of the forecast underpinning the notice, are consistent with a minimum annual improvement of at least 0,5 % of GDP as a benchmark, in its cyclically adjusted balance net of one-off and temporary measures, in order to ensure the correction of the excessive deficit within the deadline set in the notice. The Council shall also indicate measures conducive to the achievement of these targets."

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(b) the following paragraph **■** is inserted:

"1a. Following the Council notice given in accordance with Article 126(9) TFEU, the Member State concerned shall report to the Commission and the Council on action taken in response to the Council notice. The report shall include the targets for the government expenditure **and revenue** and for the discretionary measures on **both the expenditure and** the revenue side as well as information on the actions being taken in response to the specific Council recommendations so as to allow the Council to take, if necessary, the decision in accordance with Article 6 (2) of this Regulation. The report shall be made public.";

(c) paragraph 2 is replaced by the following:

"2. If effective action has been taken in compliance with a notice under Article 126(9) of the Treaty and unexpected adverse economic events with major unfavourable consequences for government finances occur after the adoption of that notice, the Council may decide, on a recommendation from the Commission, to adopt a revised notice under Article 126(9) of the Treaty. The revised notice, taking into account the relevant factors **referred to** in Article 2(3) of this Regulation, may notably extend the deadline for the correction of the excessive deficit by one year as a rule. The Council shall assess the existence of unexpected adverse economic events with major unfavourable consequences for government finances against the economic forecasts in its notice. **In case of a severe economic downturn for the euro area or the EU as a whole, the** Council may also decide, on a recommendation from the Commission, to adopt a revised notice under Article 126(9) of the Treaty, **on condition that this does not endanger fiscal sustainability in the medium-term.**"

6. Article 6 is replaced by the following:

"Article 6

1. The Council, when considering whether effective action has been taken in response to its notice made in accordance with Article 126(9) TFEU, shall base its decision on the report submitted by the Member State concerned in accordance to Article 5(1a) of this Regulation and its implementation as well as on any other publicly announced decisions by the Government of the Member State concerned. **The outcome of the surveillance mission carried out by the Commission in accordance with Article 10a shall be taken into account.**

2. Where the conditions to apply Article 126(11) TFEU are met, the Council shall impose sanctions in accordance with Article 126(11) TFEU. Any such decision shall be taken no later than four months after the Council decision giving notice to the participating Member State concerned to take measures in accordance with Article 126(9) TFEU."

7. **■** Article 7 is replaced by the following:

"Article 7

If a participating Member State fails to act in compliance with the successive decisions of the Council in accordance with Article 126(7) and (9) TFEU, the decision of the Council to impose sanctions in accordance with Article 126(11) TFEU shall be taken as a rule within sixteen months

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of the reporting dates established in Article 3(2) and (3) of Regulation (EC) No 479/2009. In case Article 3(5) or 5(2) of this Regulation is applied, the sixteen-month deadline is amended accordingly. An expedited procedure shall be used in the case of a deliberately planned deficit which the Council decides is excessive.

8. Article 8 is replaced by the following:

"Article 8

Any Council decision to intensify sanctions, in accordance with Article 126(11) of the Treaty, shall be taken no later than two months after the reporting dates pursuant to Regulation (EC) No 479/2009. Any Council decision to abrogate some or all of its decisions in accordance with Article 126(12) of the Treaty shall be taken as soon as possible and in any case no later than two months after the reporting dates pursuant to Regulation (EC) No 479/2009."

9. In the third paragraph of Article 9, the reference to 'Article 6' is replaced by the reference to 'Article 6(2)'."

10. Article 10 is amended as follows:

(a) the introductory phrase of paragraph 1 is replaced by the following:

"1. The Commission and the Council shall regularly monitor the implementation of action taken:";

(b) in paragraph 3, the reference to 'Regulation (EC) No 3605/93' is replaced by a reference to 'Regulation (EC) No 479/2009'.

- 10a. The following article is inserted:**

"Article 10a

1. The Commission shall maintain a permanent dialogue with authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular, carry out missions for the purpose of the assessment of the actual economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation.

2. Enhanced surveillance may be undertaken for Member States which are the subject of recommendations and notices issued following a decision pursuant to Article 126(8) and decisions under Article 126(11) TFEU for the purposes of monitoring in situ. The Member States concerned shall provide all necessary information for the preparation and the conduct of the mission.

3. When the Member State concerned is a Member State whose currency is the euro or participating in ERM II, the Commission may invite representatives of the European Central Bank, if appropriate, to participate in surveillance missions.

4. The Commission shall report to the Council on the outcome of the mission referred to in the second paragraph and if appropriate may decide to make its findings public.

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5. When organising surveillance missions referred to in the second paragraph, the Commission shall transmit its provisional findings to the Member States concerned for comments."

11. Article 11 is replaced by the following:

"Article 11

Whenever the Council decides to apply sanctions to a participating Member State in accordance with Article 126(11) TFEU, a fine shall, as a rule, be required. The Council may decide to supplement this fine by the other measures provided for in Article 126(11) TFEU."

12. Article 12 replaced by the following:

"Article 12

1. The amount of the fine shall comprise a fixed component equal to 0,2 % of GDP, and a variable component. The variable component shall amount to one tenth of the difference between the deficit as a percentage of GDP in the preceding year and either the reference value for government deficit or, if non compliance with budgetary discipline includes the debt criterion, the general government balance as a percentage of GDP that should have been achieved in the same year according to the notice issued under Article 126(9) of the Treaty.

2. Each following year, until the decision on the existence of an excessive deficit is abrogated, the Council shall assess whether the participating Member State concerned has taken effective action in response to the Council notice in accordance with Article 126(9) TFEU. In this annual assessment the Council shall decide, in accordance with Article 126(11) TFEU, to intensify the sanctions, unless the participating Member State concerned has complied with the Council notice. If an additional fine is decided, it shall be calculated in the same way as for the variable component of the fine in paragraph 1.

3. Any single fine referred to in paragraphs 1 and 2 shall not exceed the upper limit of 0,5 % of GDP."

13. Article 13 is repealed and the reference to it in Article 15 is replaced by a reference to 'Article 12'.

14. Article 16 is replaced by the following:

"Article 16

Fines referred to in Article 12 of this Regulation shall constitute other revenue, **as** referred to in Article 311 of the Treaty, and shall be **assigned to the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the fines shall be assigned to that last mechanism."**

- 14a. The following article is inserted:**

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"Article 17a

1. Within three years after the entry into force of this Regulation and every five years thereafter, the Commission shall publish a report on the application of this Regulation.

That report shall evaluate, inter alia:

(a) the effectiveness of the regulation;

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the Treaty.

2. Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation.

3. The report shall be forwarded to the European Parliament and the Council."

15. All references to 'Article 104' are replaced throughout the Regulation by references to 'Article 126 TFEU.

16. In point 2 of the Annex, the references in Column I to 'Article 4 (2) and (3) of Council Regulation (EC) No 3605/93' are replaced by references to 'Article 3(2) and (3) of Council Regulation (EC) No 479/2009'.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,

For the Council
The President

Requirements for budgetary frameworks of Member States *

P7_TA(2011)0289

European Parliament amendments adopted on 23 June 2011 to the proposal for a Council directive on requirements for budgetary frameworks of the Member States (COM(2010)0523 – C7-0397/2010 – 2010/0277(NLE)) ⁽¹⁾

(2012/C 390 E/19)

(Consultation)

[Amendment No 2]

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0184/2011).

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AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol ■.

COUNCIL DIRECTIVE

on requirements for budgetary frameworks of the Member States

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular the third subparagraph of Article 126(14) thereof,

Having regard to the proposal from the European Commission,

Having regard to the position of the European Parliament ⁽¹⁾,

Having regard to the opinion of the European Central Bank ⁽²⁾,

Whereas:

- (1) There is a need to build upon the experience gained during the first decade of functioning of economic and monetary union. Recent economic developments have posed new challenges to the conduct of fiscal policy across the Union and have in particular highlighted the need for ***strengthening national ownership and having*** uniform requirements as regards the rules and procedures forming the budgetary frameworks of the Member States. In particular it is necessary to specify what national authorities must do to comply with the provisions of the Protocol (No 12) on the excessive deficit procedure annexed to the Treaties, and in particular Article 3 thereof.
- (2) Member State governments and government subsectors maintain public accounting systems which include elements such as bookkeeping, internal control, financial reporting, and audit. These should be distinguished from statistical data which relate to the outcomes of government finances based on statistical methodologies, and from forecasts or budgeting actions which relate to future government finances.
- (3) Complete and reliable public accounting practices for all sectors of general government are a precondition for the production of high quality statistics that are comparable across Member States. ***Internal control should make sure that existing rules are enforced throughout the general government sector. Independent audit conducted by public institutions such as Courts of Auditors or private auditing bodies should encourage best international practices.***

⁽¹⁾ OJ C

⁽²⁾ OJ C 150, 20.5.2011, p. 1.

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- (4) The availability of fiscal data is crucial to the proper functioning of the budgetary surveillance framework of the Union. Regular availability of timely and reliable fiscal data is the key to proper and well-timed monitoring, which in turn allows prompt action in the event of **unexpected** budgetary developments. A crucial element in ensuring the quality of fiscal data is transparency, which must entail regular public availability of such data.
- (5) With regard to statistics, Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European Statistics ⁽¹⁾ established a legislative framework for the production of European statistics with a view to the formulation, application, monitoring and assessment of the policies of the Union. That Regulation also laid down the principles governing the development, production and dissemination of European statistics: professional independence, impartiality, objectivity, reliability, statistical confidentiality and cost-effectiveness, giving precise definitions of each of these principles. Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community ⁽²⁾, as amended, strengthened the Commission's powers to verify statistical data used for the excessive deficit procedure.
- (6) The definitions of 'government', 'deficit' and 'investment' are laid down in the Protocol on the excessive deficit procedure by reference to the European System of Integrated Economic Accounts (ESA), replaced by the European system of national and regional accounts in the Community (adopted by Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community ⁽³⁾ and hereinafter referred to as 'ESA 95').
- (6a) *The availability and quality of ESA 95 data is crucial to ensure a proper functioning of the EU fiscal surveillance framework. ESA 95 relies on information provided on an accrual basis. However, these accrual fiscal statistics rely on the previous compilation of cash data, or their equivalent. These can play a relevant role in enhancing timely budgetary monitoring, so to avoid the late detection of significant budgetary errors. The availability of cash data time series on budgetary developments can reveal patterns warranting closer surveillance. The cash-based fiscal data (or equivalent figures from public accounting if cash-based data are not available) to be published should at least include an overall balance, total revenue and total expenditure. In justified cases, for example where there are a large number of local government bodies, timely publication of data can rely on suitable estimation techniques based on a sample of bodies, with a subsequent revision using complete data.***
- (7) Biased and unrealistic macroeconomic and budgetary forecasts may considerably hamper the effectiveness of fiscal planning and consequently impair commitment to budgetary discipline, while transparency and **discussion** of forecasting methodologies may significantly increase the quality of macroeconomic and budgetary forecasts for fiscal planning.

⁽¹⁾ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities, OJ L 87, 31.03.2009, p. 164.

⁽²⁾ OJ L 145, 10.6.2009, p. 1.

⁽³⁾ OJ L 310, 30.11.1996, p. 1.

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- (8) A crucial element in ensuring the use of realistic forecasts for the conduct of budgetary policy is transparency, which must entail public availability **not only** of the **official macroeconomic and budgetary forecast prepared for fiscal planning, but also of the** methodologies, assumptions and **relevant** parameters on which **such** forecasts are based.
- (9) **Sensitivity analysis** and corresponding budgetary projections supplementing the **most likely macro-fiscal** scenario allow analysis of how **main** fiscal variables would evolve under different **growth and interest rates** assumptions and thus greatly reduce the risk of budgetary discipline being jeopardised by forecast errors.
- (10) Commission forecasts **and information regarding the models on which they are based can** provide Member States with a useful benchmark for their **most likely macro-fiscal** scenario, enhancing the validity of the forecasts used for budgetary planning, although the extent to which Member States can be expected to **compare the forecasts used for budgetary planning with** the Commission forecasts will vary according to the timing of forecast preparation and the comparability of the forecast methodologies and assumptions. **Forecasts from other independent bodies can also provide useful benchmarks.**
- (10a) **Significant differences between the chosen macro-fiscal scenario and the Commission forecast should be described with reasoning, in particular if the level or growth of variables in external assumptions departs significantly from the values retained in the Commission's forecasts.**
- (10b) **Given the interdependence between Member States' budgets and the Union's budget, in order to support Member States in preparing their budgetary forecasts, the Commission should provide forecasts for EU expenditure based on the level of expenditure programmed within the multiannual financial framework.**
- (10c) **In order to facilitate the production of the forecasts used for budgetary planning and clarify differences between the Commission's and Member States' forecasts, on a yearly basis each Member State should have the opportunity to discuss with the Commission the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.**
- (11) The quality of official macroeconomic and budgetary forecasts is critically enhanced by **regular, unbiased and comprehensive evaluation based on objective criteria.** Thorough **evaluation** includes scrutiny of the economic assumptions, comparison with forecasts prepared by other institutions, and evaluation of past forecast performance.
- (12) Considering the documented effectiveness of rules-based budgetary frameworks of the Member States in **enhancing national ownership of EU fiscal rules** promoting budgetary discipline, strong **country-specific numerical** fiscal rules that are consistent with the budgetary objectives at the level of the Union must be a cornerstone of the strengthened budgetary surveillance framework of the Union. Strong **numerical** fiscal rules should be equipped with well-specified target definitions together with mechanisms for effective and timely monitoring. **This should be based on reliable and independent analysis carried out by independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member States.** In addition, policy experience has shown that for numerical **fiscal** rules to work effectively, consequences must be attached to non-compliance, where the costs involved may be simply reputational.

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- (12a) *Considering that by virtue of Protocol (No 15) on certain provisions relating to the United Kingdom of Great Britain and Northern Ireland, the reference values mentioned in Protocol (No 12) on the excessive deficit procedure are not directly binding on the United Kingdom, the obligation to have in place numerical fiscal rules that effectively promote compliance with the specific reference values for the excessive deficit, and related obligation for the multi-annual objectives in medium-term budgetary frameworks to be consistent with such rules, should not apply to the United Kingdom.*
- (13) Member States should avoid pro-cyclical fiscal policies and fiscal consolidation efforts should be greater in good times. Well-specified numerical fiscal rules are conducive to these objectives **and should be reflected in the annual budget legislation of the Member States.**
- (14) National fiscal planning can only be consistent with both the preventive and the corrective parts of the Stability and Growth Pact if it adopts a multi-annual perspective and pursues the achievement of the medium-term budgetary objectives in particular. Medium-term budgetary frameworks are strictly instrumental in ensuring that budgetary frameworks of the Member States are consistent with the legislation of the Union. In the spirit of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ⁽¹⁾ and Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure ⁽²⁾, the preventive and corrective parts of the Stability and Growth Pact should not be regarded in isolation.
- (15) Although approval of annual budget legislation is the key step in the budget process in which important budgetary decisions are adopted in the Member States, most fiscal measures have budgetary implications that go well beyond the yearly budgetary cycle. A single-year perspective therefore provides a poor basis for sound budgetary policies. In order to incorporate the multi-annual budgetary perspective of the budgetary surveillance framework of the Union, planning of annual budget legislation should be based on multiannual fiscal planning stemming from the medium-term budgetary framework.
- (15a) *This medium-term budgetary framework should contain, inter alia, projections of each major expenditure and revenue item for the budget year and beyond based on unchanged policies. Each Member State should be able to appropriately define unchanged policies and the definition should be made public together with the involved assumptions, methodologies and relevant parameters.*
- (15b) *This Directive shall not prohibit a Member State's new government to update its medium-term budgetary framework to reflect its new policy priorities provided the Member State highlights the differences with the previous medium-term budgetary framework.*
- (16) Provisions of the budgetary surveillance framework established by the Treaty and in particular the Stability and Growth Pact apply to general government as a whole, which comprises the subsectors central government, state government, local government, and social security funds, as defined in Regulation (EC) No 2223/96.
- (17) A significant number of Member States have experienced a sizeable fiscal decentralisation with the devolution of budgetary powers to subnational governments. The role of such subnational governments in ensuring that the Stability and Growth Pact is adhered to has thereby increased considerably, and particular attention should be paid to ensuring that all general government subsectors are duly covered by the scope of the obligations and procedures laid down in domestic budgetary frameworks, specifically, but not exclusively, in such more decentralised Member States.

⁽¹⁾ OJ L 209, 2.8.1997, p. 1.

⁽²⁾ OJ L 209, 2.8.1997, p. 6.

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- (18) To be effective in promoting budgetary discipline and the sustainability of public finance, budgetary frameworks should comprehensively cover public finances. For this reason, operations of **general government** bodies **and funds which do not form part of the regular budgets at subsector level** that have an immediate or medium-term impact on Member States' budgetary positions should be given particular consideration. **Their combined impact on general government balances and debts should be presented in the framework of the annual budgetary processes and the medium-term budgetary plans.**
- (18a) **Likewise, the existence of contingent liabilities deserves due attention. More specifically, contingent liabilities encompass possible obligations depending on whether some uncertain future event occurs, or present obligations where payment is not probable or the amount cannot be measured reliably. They comprise for instance relevant information on government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including, where appropriate, the likelihood and potential due date of expenditure of contingent liabilities. Market sensitivities should be duly taken into account.**
- (18b) **The Commission should regularly monitor the implementation of this Directive. Best practices should be identified and shared concerning the provisions of the five chapters dealing with the different aspects of national budgetary frameworks.**
- (18c) **In accordance with point 34 of the Interinstitutional Agreement on better law-making ⁽¹⁾, Member States are encouraged to draw up, for themselves and in the interests of the Union, their own tables illustrating, as far as possible, the correlation between this Directive and the transposition measures, and to make them public.**
- (19) Since the objective of this Regulation, namely uniform compliance with budgetary discipline as required by the Treaty, cannot be sufficiently achieved by the Member States and can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective,

HAS ADOPTED THIS DIRECTIVE:

CHAPTER I

Subject matter and definitions

Article 1

Subject matter

This Directive sets out detailed rules concerning the characteristics of the budgetary frameworks of the Member States that are necessary to ensure **compliance with the Treaty obligations of the Member States with regard to the avoidance of excessive government deficits.**

Article 2

Definitions

For the purposes of this Directive, the definitions of 'government', 'deficit' and 'investment' set out in Article 2 of Protocol (No 12) on the excessive deficit procedure annexed to the Treaties shall apply. **The definition of subsectors of general government set out by Regulation (EC) No 2223/96 (ESA 95) shall apply.**

⁽¹⁾ OJ C 321, 31.12.2003, p. 1.

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In addition, the following definition shall apply:

'budgetary framework' means the set of arrangements, procedures, **rules** and institutions that underlie the conduct of budgetary policies of general government, in particular:

- (a) systems of budgetary accounting and statistical reporting;
- (b) rules and procedures governing the preparation of forecasts for budgetary planning;
- (c) **country-specific** numerical fiscal rules, which **contribute to the consistency of Member States' conduct of** fiscal policy **with their respective obligations under the Treaty** expressed in terms of a summary indicator of budgetary performance, such as the government budget deficit, borrowing, debt, or a major component thereof;
- (d) budgetary procedures comprising procedural rules **to underpin** the budget process at all stages;
- (e) medium-term budgetary frameworks as a specific set of national budgetary procedures that extend the horizon for fiscal policy making beyond the annual budgetary calendar, including the setting of policy priorities and of medium-term budgetary objectives;
- (f) arrangements for **independent monitoring and** analysis to enhance the transparency of elements of the budget process ¶;
- (g) mechanisms and rules that regulate fiscal relationships between public authorities across subsectors of general government.

CHAPTER II

Accounting and statistics

Article 3

1. As concerns national systems of public accounting, Member States shall have in place public accounting systems comprehensively and consistently covering all subsectors of general government ¶ and containing the information needed to **generate accrual data with a view to preparing** ESA 95-based data. Those public accounting systems shall be subject to internal control and **independent** audit.

2. Member States shall ensure timely and regular public availability of fiscal data for all subsectors of general government **as defined in Regulation (EC) No 2223/96 (ESA 95)**. In particular Member States shall publish:

- (a) cash-based fiscal data **(or the equivalent figure from public accounting if cash-based data are not available) at the following frequencies:**

— ¶ monthly **for central government, state government and social security subsectors**, before the end of the following month, **and**

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— quarterly, for the local government subsector, before the end of the following quarter;

- (b) a detailed reconciliation table showing the **methodology** of transition between cash based (or the equivalent figures from public accounting if cash-based data are not available) and ESA 95-based data.

CHAPTER III

Forecasts

Article 4

1. Member States shall ensure that fiscal planning is based on realistic macroeconomic and budgetary forecasts using the most up-to-date information. Budgetary planning shall be based on the most likely macro-fiscal scenario or on a more prudent scenario **¶**. The macroeconomic and budgetary forecasts shall be **compared with the most updated** Commission forecasts **and, if appropriate, those of other independent bodies. Significant differences** between the chosen macro-fiscal scenario and the Commission forecast shall be **described with reasoning, in particular if the level or growth of variables in external assumptions departs significantly from the values retained in the Commission's forecasts.**

1a. The Commission shall make public the methodologies, assumptions, and relevant parameters that underpin its macroeconomic and budgetary forecasts.

1b. In order to support Member States in preparing their budgetary forecasts, the Commission shall provide forecasts for EU expenditure based on the level of expenditure programmed within the multi-annual financial framework.

2. **In the framework of a sensitivity analysis, the macroeconomic and budgetary forecasts shall examine paths of main fiscal variables under different growth and interest rates assumptions.** The range of alternative **assumptions** used in macroeconomic and budgetary forecasts shall be guided by past forecast performance **and shall endeavour to take into account relevant risk scenarios.**

3. Member States **shall specify which institution is responsible for producing macroeconomic and budgetary forecasts and** shall make public the official macroeconomic and budgetary forecasts prepared for fiscal planning, including the methodologies, assumptions, and **relevant parameters underpinning those forecasts. At least every year Member States and the Commission shall engage in a technical dialogue on the assumptions underpinning the preparation of macroeconomic and budgetary forecasts.**

4. **¶** The macroeconomic and budgetary forecasts for fiscal planning **shall be subject to regular, unbiased and comprehensive evaluation based on objective criteria,** including ex post evaluation. The result of this **evaluation** shall be made public **and taken into account appropriately in future macroeconomic and budgetary forecasts. If the evaluation detects a significant bias affecting macroeconomic forecasts over a period of at least four consecutive years, the concerned Member State shall take the necessary action and make it public.**

4a. Member States' quarterly debt and deficit levels shall be published by the Commission (Eurostat) every three months.

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CHAPTER IV

Numerical fiscal rules

Article 5

Member States shall have in place **country-specific** numerical fiscal rules that effectively promote compliance **over a multi-annual framework for the general government as a whole** with their respective obligations deriving from the Treaty in the area of budgetary policy. Such rules shall **promote** in particular:

- (a) compliance with the reference values on deficit and debt set in accordance with the Treaty;
- (b) the adoption of a multi-annual fiscal planning horizon, including respect of the **Member State's** medium-term budgetary objectives.

Article 6

1. Without prejudice to the Treaty provisions of the budgetary surveillance framework of the Union, **country-specific** numerical fiscal rules shall contain specifications on the following elements:

- (a) the target definition and scope of the rules;
- (b) effective and timely monitoring of compliance with the rules **based on reliable and independent analysis carried out by independent bodies or bodies endowed with functional autonomy vis-à-vis the fiscal authorities of the Member State**;
- (c) consequences in the event of non-compliance;

2. **If numerical fiscal rules contain** escape clauses, **these shall set out** a limited number of specific circumstances **consistent with the Member State's obligations deriving from the Treaty in the area of budgetary policy and stringent procedures** in which temporary non-compliance with the rule is permitted.

Article 7

The annual budget legislation of the Member States shall reflect **■** their **country-specific** numerical fiscal rules in force.

Article 7a

Articles 5 to 7 shall not apply to the United Kingdom.

CHAPTER V

Medium-term budgetary frameworks

Article 8

1. Member States shall establish **a credible**, effective medium-term budgetary framework providing for the adoption of a fiscal planning horizon of at least three years to ensure that national fiscal planning follows a multiannual fiscal planning perspective.

- 2.** Medium-term budgetary frameworks shall include procedures for establishing the following items:
 - (a) comprehensive and transparent multi-annual budgetary objectives in terms of the general government deficit, debt, and any other summary fiscal indicator **such as expenditure**, ensuring that these are consistent with any **numerical** fiscal rules as provided for in Chapter IV in force;

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- (b) **■** projections of each major expenditure and revenue item **of the** general government **with more specifications on the central government and social security level**, for the budget year and beyond, based on unchanged policies;
- (c) a **description of** medium-term **foreseen policies with an impact on general government finances** broken down by major revenue and expenditure item **■** showing how the adjustment towards the medium-term budgetary **objectives** is achieved compared to projections under unchanged policies;
- (ca) **an assessment as to how in the light of their direct long-term impact on general government finances the above-mentioned foreseen policies are likely to affect the long-term sustainability of the public finances.**
3. Projections adopted within medium-term budgetary frameworks shall be based on realistic macro-economic and budgetary forecasts in accordance with Chapter III.

Article 9

Annual budget legislation shall be consistent with the provisions stemming from the medium-term budgetary framework. Specifically, revenue and expenditure projections and priorities resulting from the medium-term budgetary framework as specified in Article 8(2) shall constitute the basis for the preparation of the annual budget. Any departure from these provisions shall be duly **explained**.

Article 9a

This Directive shall not prohibit a Member State's new government to update its medium-term budgetary framework to reflect its new policy priorities provided the Member State highlights the differences with the previous medium-term budgetary framework.

CHAPTER VI

Transparency of general government finances and comprehensive scope of budgetary frameworks

Article 10

Member States shall ensure that any measures taken to comply with Chapters II, III and IV are consistent across, and comprehensive in coverage of, all subsectors of general government. This shall in particular imply consistency of accounting rules and procedures **■** and the integrity of their underlying data collection and processing systems.

Article 11

1. Member States shall establish appropriate mechanisms of co-ordination across subsectors of general government to provide for **comprehensive and** consistent coverage of all subsectors of general government in fiscal planning, **country-specific numerical fiscal rules**, and in the preparation of budgetary forecasts and setting up multi-annual planning as laid down in the multi-annual budgetary framework in particular.

■

2. In order to promote fiscal accountability, the budgetary responsibilities of public authorities in different subsectors of general government shall be clearly laid down.

Article 13

1. All **general government** bodies **and funds which do not form part of** the regular **budgets at subsector level shall be identified and presented, together with other relevant** information **■** in the **■** framework of the annual **budgetary processes. Their combined impact on general government balances and debts shall be presented in the framework of the annual budgetary processes and the medium-term budgetary plans.**

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2. Member States shall publish detailed information on the impact of tax expenditures on revenues.
3. For all subsectors of general government, Member States shall publish **relevant** information on contingent liabilities with potentially large impacts on public budgets, including government guarantees, non-performing loans, and liabilities stemming from the operation of public corporations, including their extent **■**. **Member States shall also publish information on general government participations in the capital of private and public corporations for economically significant amounts.**

CHAPTER VII

Final provisions

Article 14

1. Member States shall bring into force the provisions necessary to comply with this Directive by 31 December 2013 at the latest. They shall forthwith communicate to the Commission the text of those provisions. **The Council encourages the Member States to draw up, for themselves and in the interests of the Union, their own correlation tables which will, as far as possible, illustrate the correlation ■ between ■ this Directive and the transposition measures and to make them public.**

1a. The Commission shall provide an interim progress report on the implementation of the main provisions of this Directive on the basis of relevant information from Member States, which shall be submitted no later than one year after the date of entry into force of the Directive.

1b. When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions which they adopt in the field covered by this Directive.

Article 14a

1. **Five years after the transposition date referred to in Article 14(1), the Commission shall publish a review of the suitability of the Directive provisions.**

2. **The review shall assess, inter alia, the suitability of:**

(a) statistical requirements for all subsectors of government;

(b) the design and effectiveness of numerical fiscal rules in Member States;

(c) the general level of transparency of public finances in Member States.

3. **The Commission shall conduct no later than the end of 2012 an assessment of the suitability of the International Public Sector Accounting Standards for Member States.**

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Article 15

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 16

This Directive is addressed to the Member States.

Done at,

For the Council
The President

Budgetary surveillance in euro area *I**

P7_TA(2011)0290

European Parliament amendments adopted on 23 June 2011 to the proposal for a regulation of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area (COM(2010)0524 – C7-0298/2010 – 2010/0278(COD)) ⁽¹⁾

(2012/C 390 E/20)

(Ordinary legislative procedure: first reading)

[Amendment No 2]

AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0180/2011).

^(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**on the effective enforcement of budgetary surveillance in the euro area**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 136, in combination with Article 121(6) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Central Bank ⁽¹⁾,

⁽¹⁾ **OJ C 150, 20.5.2011, p. 1.**

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After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee ⁽¹⁾,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Member States whose currency is the euro have a particular interest and responsibility to conduct economic policies that promote the proper functioning of economic and monetary union and to avoid policies that jeopardise it.
- (2) The Treaty *on the Functioning of the European Union (TFEU)* allows the adoption of specific measures in the euro area which go beyond the provisions applicable to all Member States, for the purpose of ensuring the proper functioning of economic and monetary union.
 - (2a) *Experience gained and mistakes made during the first decade of functioning of the economic and monetary union show a need for improved economic governance in the Union, which should be built on stronger national ownership of commonly agreed rules and policies and on a more robust surveillance framework at the Union level of national economic policies.*
 - (2b) *The improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market, fostering international trade and competitiveness, an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact), a robust framework for preventing and correcting macro-economic imbalances, minimum requirements for national budgetary frameworks, enhanced financial market regulation and supervision including macro-prudential supervision by the European Systemic Risk Board.*
 - (2c) *The Stability and Growth Pact and the complete economic governance framework should complement and be compatible with a Union strategy for growth and jobs. Inter linkages between the different strands should not provide for exemptions from the provisions of the Stability and Growth Pact.*
 - (2d) *Strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments.*
 - (2e) *Achieving and maintaining a dynamic Single Market should be considered an element of the proper and smooth functioning of economic and monetary union.*
 - (2f) *The Commission should play a stronger coordination role in the enhanced surveillance procedures, mainly as regards Member-State-specific assessments, monitoring, missions in situ, recommendations and warnings.*

⁽¹⁾ OJ C

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- (2g) *The Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings. In particular, the role of the Council should be limited in decision on sanctions and the reversed qualified majority voting in the Council should be used.*
- (2h) *An economic dialogue with the European Parliament may be established, enabling the Commission to make its analyses public and for the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to discuss. Such a public debate could enable the discussion of the spillovers of the national decisions and enable public peer pressure. The competent committee of the European Parliament may offer the opportunity to the Member State concerned by Council decisions taken pursuant to Articles 3, 4 and 5 of this Regulation to participate in an exchange of views.*
- (3) Additional sanctions are necessary to make the enforcement of budgetary surveillance more effective in the euro area. Those sanctions should enhance the credibility of the fiscal surveillance framework of the Union.
- (4) The rules laid down by this Regulation should ensure fair, timely, graduated and effective mechanisms for compliance with the preventive and the corrective parts of the Stability and Growth Pact, in particular Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies⁽¹⁾ and Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, **where compliance with the budgetary discipline is examined on the basis of the government deficit and government debt criteria**⁽²⁾.
- (5) Sanctions for Member States whose currency is the euro **under this regulation** in the preventive part of the Stability and Growth Pact should provide incentives for **adjusting to and maintaining** the medium-term budgetary objective.
- (5a) *In order to deter misrepresentation, intentionally or by serious negligence, of government deficit and debt data, which is an essential input to economic policy coordination in the European Union, a fine should be imposed on the Member State responsible for such misrepresentation.*
- (6) *In order to supplement the rules on calculation of the fines against manipulation of statistics as well as on the procedure to be followed by the Commission for the investigation of such actions, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of detailed criteria for establishing the amount of the fine and for conducting the investigations to be carried out by the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.*
- (7) In the preventive part of the Stability and Growth Pact, the **adjustment and adherence to the medium-term budgetary objective should be ensured through** an obligation to lodge an interest-bearing deposit temporarily imposed on a Member State whose currency is the euro that is making insufficient progress with budgetary consolidation. This should be the case when **█** a Member State, **even with a deficit below the 3 % of GDP reference value, deviates significantly from the medium-term budgetary objective or the appropriate adjustment path towards it and fails to correct the deviation.**

⁽¹⁾ OJ L 209, 2.8.1997, p. 1.

⁽²⁾ OJ L 209, 2.8.1997, p. 6.

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- (8) The interest-bearing deposit imposed should be released to the Member State concerned **together** with the interest accrued on it once the Council has been satisfied that the situation giving rise to the obligation to lodge that deposit has come to an end.
- (9) In the corrective part of the Stability and Growth Pact, sanctions for Member States whose currency is the euro should take the form of an obligation to lodge a non-interest-bearing deposit linked to a Council decision establishing the existence of an excessive deficit **when an interest bearing deposit has already been imposed on the Member State concerned in the preventive part of the Stability and Growth Pact or in cases of particularly serious non-compliance with the legal budgetary policy obligations laid down in the Stability and Growth Pact**, and the obligation to pay a fine in the event of non-compliance with a Council recommendation to correct an excessive government deficit. ■
- (9a) ***In order to avoid the sanctions under the preventive part of the Stability and Growth Pact foreseen under this Regulation, to be applied retroactively, said sanctions should in any case only apply in respect of the relevant recommendations adopted by the Council under the fourth subparagraph of Article 6(2) of Regulation (EC) No 1466/97 adopted after the entry into force of this Regulation. Likewise, in order to avoid the sanctions under the corrective part of the Stability and Growth pact laid down in this Regulation to be applied retroactively, said measures should in any case only apply in respect of the relevant recommendations and decisions to correct an excessive government deficit adopted by the Council after the entry into force of this Regulation.***
- (10) The size of the interest-bearing deposit, of the non-interest-bearing deposit and of the fine provided for in this Regulation should be set in such a way as to ensure a **fair** graduation of sanctions in the preventive and corrective parts of the Stability and Growth Pact and to provide sufficient incentives for the Member States whose currency is the euro to comply with the fiscal framework of the Union. The fine linked to Article 126(11) of the Treaty as specified in Article 12 of Regulation (EC) No 1467/97 ⁽¹⁾ is composed of a fixed component that equals 0,2 % of GDP and of a variable component. Thus, graduation and equal treatment between Member States are ensured if the interest-bearing deposit, the non-interest-bearing deposit and the fine specified in this Regulation are equal to 0.2 % of GDP, the size of the fixed component of the fine linked to Article 126(11) of the Treaty.
- (10a) ***The Commission should also be able to recommend reducing the size of a sanction or cancelling it on grounds of exceptional economic circumstances.***
- (11) A possibility should be provided for the Council to reduce or to cancel the sanctions imposed on Member States whose currency is the euro on the basis of a Commission **recommendation** following a reasoned request by the Member State concerned. In the corrective part of the Stability and Growth Pact, the Commission should also be able to **recommend** to reduce the size of a sanction or to cancel it on grounds of exceptional economic circumstances.
- (12) The non-interest-bearing deposit should be released upon correction of the excessive deficit while the interest on such deposits and the fines collected should be **assigned to stability mechanisms to provide financial assistance, created by** Member States whose currency is the euro **in order to safeguard the stability of the euro area as a whole.**
- (13) The power to adopt individual decisions implementing the sanction mechanisms set out in this Regulation should be conferred on the Council. As part of the coordination of the economic policies of the Member States conducted within the Council as specified in Article 121(1) TFEU, these individual decisions are an integral follow-up to the measures adopted by the Council in accordance with Articles 121 and 126 TFEU and Regulations (EC) No 1466/97 and (EC) No 1467/97.

⁽¹⁾ OJ L 209, 2.8.1997, p. 6.

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- (14) Since this Regulation contains general rules for the effective enforcement of Regulations (EC) No 1466/97 and (EC) No 1467/97, it should be adopted in accordance with the ordinary legislative procedure referred to in Article 121(6).
- (15) Since the objective to create a uniform sanction mechanism cannot be sufficiently achieved at the level of the Member States, the Union may adopt measures in accordance with the principles of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (15a) In order to ensure a permanent dialogue with the Member States aiming at achieving the objectives of this Regulation, the Commission should carry out surveillance missions.**
- (15b) A broad evaluation of the economic governance system and in particular of the effectiveness and adequacy of its sanctions should be undertaken by the Commission at regular intervals. Such evaluations should be complemented by relevant proposals if necessary.**
- (15c) When implementing this Regulation, the Commission should take into account the current economic situation of the Member States concerned,**

HAVE ADOPTED THIS REGULATION:

CHAPTER I

Subject matter

Article 1

Subject matter and scope

1. This Regulation sets out a system of sanctions for enhancing the enforcement of the preventive and corrective parts of the Stability and Growth Pact in the euro area.
2. This Regulation shall apply to Member States whose currency is the euro.

CHAPTER Ia

Economic dialogue

Article 1a

In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Articles 3, 4 and 5 of this Regulation.

The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views.

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Article 2

Definitions

For the purpose of this Regulation:

- (1) 'the preventive part of the Stability and Growth Pact' means the multilateral surveillance system as organised by Regulation (EC) No 1466/97 of 7 July 1997;
- (2) 'the corrective part of the Stability and Growth Pact' means the procedure for the **avoidance** of Member States' excessive deficit as regulated by Article 126 of the Treaty and Regulation (EC) No 1467/97 of 7 July 1997;
- (3) 'exceptional economic circumstances' means circumstances where an excess of a government deficit over the reference value is considered exceptional within the meaning of the second indent of Article 126(2)(a) of the Treaty and as specified in Regulation (EC) No 1467/97.

CHAPTER II

Sanctions in the preventive part of the Stability and Growth Pact

Article 3

Interest-bearing deposit

1. **If the Council adopts a decision establishing that a Member State failed to take action in response to the Council recommendation referred to in the second subparagraph of Article 6(2) of Regulation (EC) No 1466/97, the Commission shall, within 20 days of adoption of the Council recommendation, recommend to the Council to impose the** lodging of an interest bearing deposit **■**. The decision shall be deemed to be adopted by the Council unless it decides by qualified majority to reject the **recommendation** within ten days of the Commission adopting it. The Council may amend the **Commission recommendation acting by a qualified majority**.

2. The interest-bearing deposit to be **recommended** by the Commission shall amount to 0,2 % of the gross domestic product (GDP) of the Member State concerned in the preceding year.

■

4. By derogation **■** the Commission **may**, following a reasoned request by the Member State concerned addressed to the Commission within **10 days** of adoption of the Council recommendation referred to in paragraph 1, **recommend** to reduce the amount of the interest-bearing deposit or to cancel it.

4a. The deposit shall bear the interest rate reflecting the Commission credit risk and the relevant investment period.

5. If the situation giving rise to the recommendation referred to in paragraph 1 no longer **exists**, the Council, on the basis of a **recommendation** from the Commission, shall decide that the deposit and the interest accrued thereon are returned to the Member State concerned. The Council may amend the Commission **recommendation acting by a qualified majority**.

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CHAPTER III

Sanctions in the corrective part of the Stability and Growth Pact

Article 4

Non-interest-bearing deposit

1. If the Council decides in accordance with Article 126(6) of the Treaty that an excessive deficit exists in a Member State **which has an interest bearing deposit lodged with the Commission in accordance with Article 3(1), or where particularly serious non compliance with the legal budgetary policy obligations laid down in the Stability and Growth Pact have been identified, the Commission shall, within 20 days of adoption of the Council decision, recommend to the Council to impose** the lodging of a non-interest-bearing deposit **█**. The decision shall be deemed adopted by the Council unless it decides by qualified majority to reject the **recommendation** within **10 days** of the Commission adopting it. The Council may amend the **Commission recommendation acting by a qualified majority**.

2. The non-interest-bearing deposit to be **recommended** by the Commission shall amount to 0.2 % of the GDP of the Member State concerned in the preceding year.

█

4. By derogation **█**, the Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within **10 days** of adoption of the Council decision in accordance with Article 126(6) of the Treaty, **recommend** to reduce the amount of the non-interest-bearing deposit or to cancel it.

4a. The deposit shall be lodged with the Commission. If the Member State has an interest-bearing deposit lodged with the Commission in accordance with Article 3, the interest-bearing deposit shall be converted into a non-interest-bearing deposit.

If the size of the previously lodged interest-bearing deposit and of the interest accrued exceeds the size of the required non-interest-bearing deposit, the outstanding difference shall be returned to the Member State.

If the size of the required non-interest-bearing deposit exceeds the size of the previously lodged interest-bearing deposit and the interest accrued thereon, the Member State shall make up the outstanding difference when it lodges the non-interest-bearing deposit.

Article 5

Fine

1. **Within 20 days of the adoption of a Council decision** in accordance with Article 126(8) TFEU that the Member State has not taken effective action **to correct its excessive deficit, the Commission shall recommend to the Council that a fine is imposed**. The decision shall be deemed adopted by the Council unless it decides by qualified majority to reject the **recommendation** within **10 days** of the Commission adopting it. The Council may amend the **recommendation** of the **Commission acting by a qualified majority**.

2. The fine to be **recommended** by the Commission shall amount to 0.2 % of the GDP of the Member State concerned in the preceding year.

█

4. By derogation **█**, the Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within **10 days** of adoption of the Council decision in accordance with Article 126(8) TFEU, **recommend to** reduce the amount of the **finest or to cancel it**.

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4a. If the Member State has a non-interest-bearing deposit lodged with the Commission in accordance with Article 4, the non-interest-bearing deposit shall be converted into the fine.

If the size of the previously lodged non-interest-bearing deposit exceeds the size of the required fine, the outstanding difference shall be returned to the Member State.

If the size of the required fine exceeds the size of the previously lodged non-interest-bearing deposit, or if no non-interest-bearing deposit has been previously lodged, the Member State shall make up the outstanding difference when it pays the fine.

Article 6

Return of the non-interest-bearing deposit

If the Council decides in accordance with Article 126(12) of the Treaty to abrogate some or all of its decisions, any non-interest-bearing deposit lodged by the Member State with the Commission shall be returned to the Member State concerned.

Article 6a

Sanctioning the manipulation of statistics

1. The Council acting on a recommendation by the Commission, may decide to impose a fine on a Member State that intentionally or by serious negligence, misrepresents deficit and debt data relevant for the application of Articles 121 and 126 of the Treaty and the protocol (No 12) annexed to the Treaty.

2. The fines referred to in paragraph 1 shall be effective, dissuasive and proportionate to the nature and the seriousness of the breach, the duration of the breach. The amount of the fine shall not exceed 0.2 % of GDP.

3. In order to establish the existence of infringements referred to in paragraph (1) of this Article, the Commission may conduct all necessary investigations. The Commission may decide to initiate an investigation when it finds that there are serious indications on the possible existence of facts liable to constitute an infringement in the sense of paragraph (1) of this Article. The Commission shall investigate the presumed infringements taking into account any comments submitted by the Member State subject to investigation. In order to carry out its tasks, the Commission may request to the Member State subject to investigation to provide information, as well as conduct on site inspections and accede to the accounts of all government entities at central, state, local and social security levels. If required by the national law of the Member State subject to investigation, authorization by a judicial authority shall be applied for before any on site inspection.

Upon completion of its investigation, and before submitting any proposal to the Council, the Commission shall give to the Member State subject to investigation the opportunity of being heard on the matters being investigated. The Commission shall base its proposal to the Council only on facts on which the Member State concerned has had the opportunity to comment.

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The rights of defence of the Member State subject to investigation shall be fully respected during the investigations.

4. The Commission shall be empowered to adopt delegated acts in accordance with Article -8a concerning (a) detailed criteria establishing the amount of the fine; (b) detailed rules on the procedure for the investigations referred to in paragraph 3, associated measures and reporting on the investigations, as well as detailed rules of procedure aimed at guaranteeing the rights of defence, access to file, legal representation, confidentiality and temporal provisions and the collection of fines.

5. The Court of Justice shall have unlimited jurisdiction to review decisions whereby the Council has fixed a fine in accordance with paragraph 1. It may annul, reduce or increase the fine imposed.

Article 6b

Fines imposed pursuant to Articles 3 to 6a are of an administrative nature.

Article 7

Distribution of the interest and fines

The interest earned by the Commission on deposits lodged in accordance with Article 4 and the fines collected in accordance with **Articles 5 and 6a** shall constitute other revenue, as referred to in Article 311 of the Treaty, and shall be assigned to **the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the interest and the fines shall be assigned to that last mechanism.**

CHAPTER IV

General provisions

Article -8

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The delegation of power referred to in Article 6a shall be conferred on the Commission for a period of three years from the date of entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the three-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of powers referred to in Article 6a may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 6a shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or the Council.

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Article 8

Voting within the Council

For the measures referred to in Articles 3, 4 and 5, only members of the Council representing Member States whose currency is the euro shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the members of the Council mentioned in the previous paragraph shall be defined in accordance with **Article 238(3)(b)** of the Treaty.

Article 8a

Review

1. Within three years after the entry into force of this Regulation and every five years thereafter, the Commission shall publish a report on the application of this Regulation.

That report shall evaluate, inter alia:

(a) the effectiveness of this Regulation, including the possibility to enable the Council and the Commission to act in order to address situations which risk jeopardising the proper functioning of the monetary union;

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU.

2. Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation.

3. The report shall be forwarded to the European Parliament and the Council.

4. Before the end of 2011 the Commission shall present a report on the possibility of introduction of “euro-securities” to the Council and the European Parliament.

Article 9

Entry into force

This Regulation shall enter into force on the [xx] day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at

For the European Parliament
The President

For the Council
The President

Thursday 23 June 2011

Surveillance of budgetary positions and surveillance and coordination of economic policies *I**

P7_TA(2011)0291

European Parliament amendments adopted on 23 June 2011 to the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (COM(2010)0526 – C7-0300/2010 – 2010/0280(COD)) ⁽¹⁾

(2012/C 390 E/21)

(Ordinary legislative procedure: first reading)

[Amendment No 2]

AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0178/2011).

(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**amending Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(6) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Central Bank ⁽¹⁾,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The coordination of the economic policies of the Member States within the Union, as provided by the Treaty **on the Functioning of the European Union (TFEU)**, should entail compliance with the guiding principles of stable prices, sound public finances and monetary conditions and a sustainable balance of payments.

⁽¹⁾ **OJ C 150, 20.5.2011, p. 1.**

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- (2) The Stability and Growth Pact initially consisted of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies ⁽¹⁾, Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure ⁽²⁾ and the Resolution of the European Council of 17 June 1997 on the Stability and Growth Pact ⁽³⁾. Regulations (EC) No 1466/97 and (EC) No 1467/97 were amended in 2005 by Regulations (EC) No 1055/2005 and (EC) No 1056/2005 respectively. In addition Council Report of 20 March 2005 on 'Improving the implementation of the Stability and Growth Pact' was adopted.
- (3) The Stability and Growth Pact is based on the objective of sound government finances as a means of strengthening the conditions for price stability and for strong sustainable growth underpinned by financial stability, **thereby supporting the achievement of the Union's objectives for sustainable growth** and **employment**.
- (4) The preventive part of the Stability and Growth Pact requires that Member States should achieve and maintain a medium-term budgetary objective and submit stability and convergence programme to that effect.
- (4a) The preventive part of the Stability and Growth Pact would benefit from more stringent forms of surveillance in order to ensure Member States' consistency and compliance with the Union's budgetary coordination framework.**
- (5) The content of the stability and convergence programmes as well as the **procedure** for their examination should further be **developed both at national and at the Union level** in the light of the experience gained with the implementation of the Stability and Growth Pact.
- (5a) The budgetary targets in the stability and convergence programmes should explicitly take into account of the measures adopted in line with the Broad Economic Policy Guidelines, the Guidelines for the Employment Policies of the Member States and the Union and, in general, the national reform programmes.**
- (5b) The submission and assessment of Stability and Convergence programmes should be made before key decisions on the national budgets for the following years are taken. A particular deadline for submission of the Stability and Convergence programmes should therefore be established. Taking into account the specificities of the budgetary year of the United Kingdom, special provisions for the date for submission of its convergence programmes should be established.**
- (5c) The Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.**
- (5d) Experience gained and mistakes during the first decade of functioning of the economic and monetary union shows a need for improved economic governance in the Union, which should be built on a stronger national ownership of commonly agreed rules and policies and on a more robust surveillance framework at the Union level of national economic policies.**

⁽¹⁾ OJ L 209, 2.8.1997, p. 1.

⁽²⁾ OJ L 209, 2.8.1997, p. 6.

⁽³⁾ OJ C 236, 2.8.1997, p. 1.

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- (5e) *The improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market, fostering international trade and competitiveness, an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact), a robust framework for preventing and correcting macro-economic imbalances, minimum requirements for national budgetary frameworks, enhanced financial market regulation and supervision including macro-prudential supervision by the European Systemic Risk Board.*
- (5f) *The Stability and Growth Pact and the complete economic governance framework complement and support the Union strategy for growth and jobs. Inter linkages between the different strands should not provide for exemptions from the provisions of the Stability and Growth Pact.*
- (5g) *Strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments. The competent committee of the European Parliament may offer the opportunity to the Member State concerned by the Council recommendation in accordance with Article 6(2) and Article 10(2) to participate in an exchange of views.*
- (5h) *The Stability or Convergence Programmes and the National Reform Programmes should be prepared in a coherent manner and the timing of their submissions should be aligned. These programmes should be submitted to the Council and the Commission. These programmes should be made public.*
- (5i) *Under the European Semester the policy surveillance and coordination cycle starts early in the year with a horizontal review under which the European Council, based on input from the Commission and the Council, identifies the main challenges facing the Union and the euro area and gives strategic guidance on policies. Discussion will also take place in the European Parliament at the beginning of the annual cycle of surveillance in due time before the discussion takes place in the European Council. Member States are expected to take into account the horizontal guidance by the European Council when preparing their Stability or Convergence Programmes and National Reform Programmes.*
- (5j) *In order to enhance national ownership of the Stability and Growth Pact, national budgetary frameworks should be aligned with the objectives of multilateral surveillance in the Union, and, in particular, with the Semester.*
- (5k) *In line with the legal and political arrangements of each Member State, national parliaments should be duly involved in the Semester and in the preparation of Stability Programmes, Convergence Programmes and National Reform Programmes in order to increase the transparency, ownership and accountability of the decisions taken. The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee will be consulted within the framework of the Semester where appropriate. Relevant stakeholders, in particular the social partners, will be involved within the framework of the Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.*

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- (6) Adherence to the medium-term budgetary objective of budgetary positions should allow Member States to have a safety margin with respect to the 3 % of GDP reference value in order to ensure **sustainable public finances** or rapid progress towards sustainability **while leaving** room for budgetary manoeuvre, in particular taking into account the needs of public investment. **The medium-term budgetary objective should be updated regularly on the basis of a commonly agreed methodology reflecting appropriately risks of explicit and implicit liabilities for public finance as embodied in the aims of the Stability and Growth Pact.**
- (7) The obligation to achieve and maintain the medium-term budgetary objective needs to be put into operation, through the specification of principles **for the adjustment path towards the medium-term objective. These principles should, inter alia, ensure that revenue windfalls, namely revenues in excess of what can normally be expected from economic growth, are allocated to debt reduction.**
- (8) The obligation to achieve and maintain the medium-term-objective should equally apply to participating Member States and **to non-participating** Member States **█**.
- (9) **Sufficient progress towards the medium-term budgetary objective should be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures. In this regard, and as long as the medium-term budgetary objective is not achieved,** the growth rate of government expenditure **should** normally not exceed a **reference** medium-term **█** rate of **potential GDP growth, with** increases in excess of that norm **being** matched by discretionary increases in government revenues and discretionary revenue reductions **being** compensated by reductions in expenditure. **The reference medium-term rate of potential GDP growth should be calculated according to a commonly agreed methodology. The Commission shall make public the calculation method of those projections and the resulting reference medium-term rate of potential GDP growth. The potentially very high variability of investment expenditure should be taken into account, especially in the case of small Member States.**
- (9a) **A faster adjustment path towards the medium-term budgetary objectives should be required for Member States faced with a debt level exceeding 60 % of GDP or with pronounced risks in terms of overall debt sustainability.**
- (10) A temporary departure from **the adjustment path towards the medium-term objective** should be allowed **when resulting from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the EU as a whole, on condition that this does not endanger fiscal sustainability in the medium-term,** in order to facilitate economic recovery. **The implementation of major structural reforms should also be taken into account in allowing a temporary departure from the medium-term budgetary objective or the appropriate adjustment towards it, on condition of maintaining a safety margin with respect to the deficit reference value. A special attention should be paid in this context to systemic pension reforms, where the departure should reflect the direct incremental cost of the diversion of contributions from the publicly managed to the fully funded pillar. Measures transferring the assets of the fully funded pillar back to the publicly managed pillar should be considered one-off and temporary in nature and hence excluded from the structural balance used for assessing progress towards the medium-term budgetary objective.**

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- (11) In the event of a significant deviation from **the adjustment path towards the medium-term budgetary objective** a warning should be addressed **by the Commission** to the Member State concerned, **to be followed within one month by an examination of the situation by the Council** and **■ a recommendation for the necessary adjustment measures. The recommendation should set a deadline of no more than five months for addressing the deviation. The Member State concerned should report to the Council on the action taken. If the Member State concerned fails to take appropriate action in the deadline set by the Council, the Council should adopt a decision establishing that no effective action has been taken and report to the European Council. The decision should be deemed adopted by the Council, unless it decides by qualified majority to reject it within ten days from the Commission adoption. At the same time, the Commission may recommend to the Council to adopt revised recommendations. The Commission may invite the ECB for euro area Member States and for ERM II Member States, if appropriate, to participate in a surveillance mission. The Commission will report to the Council on the outcome of the mission and, if appropriate, may decide to make its findings public.**
- (12) In order to ensure compliance with the fiscal surveillance framework of the Union for participating Member States, a specific enforcement mechanism should be established on the basis of Article 136 TFEU for cases **of significant deviation from the adjustment path towards the medium-term budgetary objective.**
- (13) References contained in Regulation (EC) No 1466/97 should take account of the new Article numbering of the TFEU.
- (14) Regulation (EC) No 1466/97 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1466/97 is amended as follows:

-1. Article 1 is replaced by the following:

"Article 1

This Regulation sets out the rules covering the content, the submission, the examination and the monitoring of stability programmes and convergence programmes as part of multilateral surveillance by the Council and the Commission so as to prevent, at an early stage, the occurrence of excessive general government deficits and to promote the surveillance and coordination of economic policies thereby supporting the achievement of the Union's objectives for growth and employment."

1. Article 2 is replaced by the following:

"Article 2

For the purpose of this Regulation:

(a) 'participating Member States' **means** those Member States whose currency is the euro;

(b) '**non-participating Member States**' **means** Member States other than those whose currency is the euro."

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1a. The following section is inserted:

"SECTION 1-A

EUROPEAN SEMESTER FOR ECONOMIC POLICY COORDINATION

Article 2-a

1. In order to ensure closer coordination of economic policies and sustained convergence of the economic performance of the Member States, the Council will conduct multilateral surveillance as an integral part of the European Semester for economic policy coordination in accordance with the objectives and requirements set out in the Treaty on the Function of the European Union (TFEU).

2. The Semester includes:

- (a) the formulation and surveillance of the implementation of the broad guidelines of the economic policies of the Member States and of the Union (Broad Economic Policy Guidelines) in accordance with Article 121(2) TFEU;
- (b) the formulation and examination of the implementation of the employment guidelines that must be taken into account by Member States in accordance with Article 148(2) TFEU (Employment Guidelines);
- (c) the submission and assessment of Member States' Stability or Convergence Programmes in line with the provisions of this Regulation;
- (d) the submission and assessment of Member States' National Reform Programmes supporting the Union's strategy for growth and jobs and established in line with the guidelines set out in point i) and ii) above and with the general guidance to Member States issued by the Commission and the European Council at the beginning of the annual cycle of surveillance;
- (e) the surveillance to prevent and correct macroeconomic imbalances under Regulation (EU) No .../2011 of the European Parliament and of the Council of ...⁽⁺⁾ on the prevention and correction of macroeconomic imbalances⁽¹⁾

3. In the course of the Semester, in order to provide timely and integrated policy advice on macro-fiscal and macro-structural policy intentions, the Council shall, following the assessment of these Programmes on the basis of recommendations by the Commission, address guidance to the Member States making full use of the legal instruments provided under Articles 121 and 148 TFEU, and under this Regulation and Regulation (EU) No .../2011⁽⁺⁺⁾ [on the prevention and correction of macroeconomic imbalances].

Member States will take due account of the guidance addressed to them in the development of their economic, employment, budgetary policies before taking key decisions on the national budgets for the following years. Progress should be monitored by the Commission.

Failure by a Member State to act upon the guidance received may result in:

- (a) further recommendations to take specific measures;

⁽⁺⁾ Number and date of the regulation.

⁽⁺⁺⁾ Number of the regulation.

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- (b) *a warning by the Commission under Article 121(4) TFEU;*
- (c) *measures under this Regulation, Regulation (EC) No 1467/97 and Regulation (EU) No .../2011⁽⁺⁾ [on the prevention and correction of macroeconomic imbalances].*

Implementation of the measures will be subject to reinforced monitoring by the Commission and may include surveillance missions under Article -11 of this Regulation.

4. The European Parliament will be duly involved in the Semester in order to increase transparency, ownership and accountability of the decisions taken, in particular by means of the economic dialogue carried out pursuant to Article 2ab of this Regulation. The Economic and Financial Committee, the Economic Policy Committee, the Employment Committee and the Social Protection Committee will be consulted within the framework of the Semester where appropriate. Relevant stakeholders, in particular the social partners, will be involved within the framework of the Semester, on the main policy issues where appropriate, in accordance with the provisions of the TFEU and national legal and political arrangements.

The President of the Council and the Commission in accordance with Article 121 TFEU, and where appropriate the President of the Eurogroup, shall report annually to the European Parliament and the European Council on the results of the multilateral surveillance. These reports should be a component of the Economic Dialogue referred to in Article 2-ab of this Regulation.

⁽¹⁾ OJ L".

1b. The following section is inserted:

"SECTION 1-Aa

ECONOMIC DIALOGUE

Article 2-ab

In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and, to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss:

- (a) *information provided to it by the Council on the broad guidelines of economic policy pursuant to Article 121(2) TFEU;*
- (b) *general guidance to Member States issued by the Commission at the beginning of the annual cycle of surveillance;*
- (c) *any conclusions drawn by the European Council on orientations for economic policies in the context of the European Semester;*
- (d) *the results of multilateral surveillance carried out under this Regulation;*
- (e) *any conclusions drawn by the European Council on the orientations for and results of multilateral surveillance;*
- (f) *any review of the conduct of multilateral surveillance at the end of the European Semester;*
- (g) *Council recommendations addressed to Member States in accordance on Article 121(4) TFEU in the event of significant deviation as defined in Article 6(2) and Article 10(2) of this Regulation;*

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2. *The competent committee of the European Parliament may offer the opportunity to the Member State concerned by the Council recommendation in accordance with Article 6(2) and Article 10(2) to participate in an exchange of views.*

3. *The Commission and the Council shall regularly inform the European Parliament of the application of this Regulation."*

1c. Article 2a is replaced by the following:

"Each Member State shall have a differentiated medium-term objective for its budgetary position. These country-specific medium-term budgetary objectives may diverge from the requirement of a close to balance or in surplus position, while providing a safety margin with respect to the 3 % of GDP government deficit ratio. The medium-term budgetary objectives shall ensure the sustainability of public finances or a rapid progress towards such sustainability while allowing room for budgetary manoeuvre, considering in particular the needs public investment.

Taking these factors into account, for Member States that have adopted the euro and for ERM II Member States the country-specific medium-term budgetary objectives shall be specified within a defined range between -1 % of GDP and balance or surplus, in cyclically adjusted terms, net of one-off and temporary measures.

The medium-term budgetary objective shall be revised every three years. A Member State's medium-term budgetary objective may be further revised in the event of the implementation of a structural reform with a major impact on the sustainability of public finances.

The respect of the medium-term budgetary objective shall be included in the national medium-term budgetary frameworks in accordance with Article 6(1) of Council Directive 2011/.../EU of ... () on requirements for budgetary frameworks of the Member States ⁽¹⁾*

⁽¹⁾ OJ L"

2. Article 3 is amended as follows:

(a) paragraph 1 is replaced by the following:

"1. Each participating Member State shall submit to the Council and Commission information necessary for the purpose of multilateral surveillance at regular intervals under Article 121 TFEU in the form of a stability programme, which provides an essential basis for **the sustainability of public finances which is conducive to** price stability, strong sustainable growth **and** employment creation.";

(b) *in* paragraph 2, **points (a), (b) and (c) are** replaced by the following:

"(a) the medium-term budgetary objective and the adjustment path towards this objective for the general government balance as a percentage of GDP, the expected path of the general government debt ratio, the planned growth path of government expenditure, **including the corresponding allocation for gross fixed capital formation, in particular bearing in mind the conditions and criteria to establish the expenditure growth under Article 5(1)**, the planned growth path of government revenue at unchanged policy and a quantification of the planned discretionary revenue measures;

⁽⁺⁾ Number and date of the directive.

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- (aa) *information on implicit liabilities related to ageing, and contingent liabilities, such as public guarantees, with potentially large impact on the general government accounts;*
- (ab) *information on the consistency of the stability programme with the broad economic policy guidelines and the national reform programme;*
- (b) *the main assumptions about expected economic developments and important economic variables which are relevant to the realisation of the stability programme, such as government investment expenditure, real GDP growth, employment and inflation;*
- (c) a quantitative assessment of the budgetary and other economic policy measures being taken or proposed to achieve the objectives of the programme, comprising a cost-benefit analysis of major structural reforms which have direct long-term **positive budgetary** effects, including by raising **sustainable** potential growth;"

(ba) *the following paragraph is inserted:*

"2a. *The stability programme shall be based on the most likely macro-fiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated Commission forecasts and, if appropriate, those of other independent bodies. Significant differences between the chosen macro-fiscal scenario and the Commission forecast shall be described with reasoning, in particular if the level or growth of external assumptions departs significantly from the values retained in the Commission's forecasts.*

The exact nature of that information included in points (a), (aa), (b), (c) and (d) shall be set out in a harmonised framework established by the Commission in cooperation with the Member States."

(c) paragraph 3 is replaced by the following:

"3. The information about the paths for the general government balance and debt ratio, the growth of government expenditure, the planned growth path of government revenue at unchanged policy, the planned discretionary revenue measures, **appropriately quantified**, and the main economic assumptions referred to in paragraph 2(a) and (b) shall be on an annual basis and shall cover, the preceding year, the current year and at least the following three years.

4. Each programme shall include information on its status in the context of national procedures, notably whether the programme was presented to the national Parliament, and whether the national Parliament had the opportunity to discuss the Council opinion on the previous programme or, if relevant, any recommendation or warning, and whether there has been parliamentary approval of the programme."

3. Article 4 is replaced by the following:

"Article 4

1. Stability programmes shall be submitted annually **in April, preferably by mid-April and not later than** 30 April. █
2. Member States shall make public their stability programmes."

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4. Article 5 is replaced by the following:

"Article 5

1. Based on assessments by the Commission and the Economic and Financial Committee, the Council shall, within the framework of multilateral surveillance under Article 121 *TFEU*, examine the medium-term budgetary objectives presented by the Member States concerned **in their stability programmes**, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate, **including consideration of the accompanying path for the debt ratio** and whether the measures being taken or proposed to respect that adjustment path are sufficient to achieve the medium-term budgetary objective over the cycle.

The Council **and the Commission**, when assessing the adjustment path toward the medium-term budgetary objective, shall examine if the Member State concerned pursues an appropriate annual improvement of its cyclically-adjusted budget balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, with 0,5 % of GDP as a benchmark. For Member States **faced** with a **debt** level **exceeding 60 % of GDP or with pronounced risks of overall debt sustainability**, **the Council and the Commission** shall examine whether the annual improvement of the cyclically-adjusted budget balance, net of one-off and other temporary measures is higher than 0,5 % of GDP. The Council **and the Commission** shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort may be more limited in economic bad times. **In particular, revenue windfalls and shortfalls shall be taken into account.**

Sufficient progress towards the medium-term budgetary objective shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures. To this effect, the Council and the Commission shall assess whether the growth path of government expenditure, taken in conjunction with the effect of measures being taken or planned on the revenue side, **is in accordance with** the following conditions **:**

- (a) for Member States that have achieved the medium-term budgetary objective, annual expenditure growth does not exceed a **reference** medium-term rate of **potential** GDP growth, unless the excess is matched by discretionary revenue measures;
- (b) for Member States that have not yet reached their medium-term budgetary objective, annual expenditure growth does not exceed a rate below a **reference** medium-term rate of **potential** GDP growth, unless the excess is matched by discretionary revenue measures. The size of the shortfall of the growth rate of government expenditure compared to a **reference** medium-term rate of **potential** GDP growth is set in such a way as to ensure an appropriate adjustment towards the medium-term budgetary objective;
- (c) **for Member States that have not yet reached their medium-term budgetary objective**, discretionary reductions of government revenue items are matched either by expenditure reductions or by discretionary increases in other government revenue items or both.

The expenditure aggregate shall exclude interest expenditure, expenditure on EU programmes fully matched by EU funds revenue and non-discretionary changes in unemployment benefit expenditure.

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The excess of expenditure growth over the medium-term reference shall not be counted as a breach of the benchmark to the extent that it is fully offset by revenue increases mandated by law.

The reference medium-term rate of potential GDP growth shall be determined on the basis of forward-looking projections and backward-looking estimates. Projections shall be updated at regular intervals. The Commission shall make public calculation method of those projections and the resulting reference medium term rate of potential GDP growth.

When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective and in allowing a temporary deviation from this objective for Member States that have already reached it, under the condition that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council **and the Commission** shall take into account the implementation of major structural reforms which have direct long-term **positive budgetary** effects, including by raising potential **sustainable** growth, and therefore a verifiable impact on the long-term sustainability of public finances.

Special attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. Member States implementing such reforms shall be allowed to deviate from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the **amount of the direct incremental impact** of the reform **on the general government balance**, under the condition that ■ an appropriate safety margin with respect to the deficit reference value is preserved.

The Council **and the Commission** shall furthermore examine whether the contents of the stability programme facilitate the achievement of sustained **and real** convergence within the euro area, closer coordination of economic policies and whether the economic policies of the Member State concerned are consistent with the broad **economic policy** guidelines **and the employment guidelines** of the Member States and of the Union.

In case of an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in periods of severe economic downturn for the euro area or the Union as a whole Member States may be allowed to temporarily depart from the adjustment path **towards the medium-term objective** referred to in the **third** subparagraph, **on condition that this does not endanger fiscal sustainability in the medium term.**

2. The Council **and the Commission** shall carry out the examination of the stability programme within at most three months of the submission of the programme. The Council, on a recommendation from the Commission and after consulting the Economic and Financial Committee, shall, if necessary, **adopt** an opinion on the programme. Where the Council, in accordance with Article 121 TFEU, considers that the objectives and the content of the programme should be strengthened with particular reference to **the adjustment path towards the medium-term budgetary objective**, the Council shall, in its opinion, invite the Member State concerned to adjust its programme."

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5. Article 6 is replaced by the following:

"Article 6

1. As part of multilateral surveillance in accordance with Article 121(3) TFEU, the Council **and the Commission** shall monitor the implementation of stability programmes, on the basis of information provided by participating Member States and of assessments by the Commission and the Economic and Financial Committee, in particular with a view to identifying actual or expected significant divergences of the budgetary position from the medium-term budgetary objective, or from the appropriate adjustment path towards it **┆**.

2. In the event of a significant **observed deviation from the adjustment path towards the medium-term objective** referred in the **third** subparagraph of Article 5(1) of this **Regulation**, and in order to prevent the occurrence of an excessive deficit, the Commission, in accordance with Article 121(4) TFEU **shall** address a warning to the Member State concerned.

The Council shall, within one month of the date of adoption of the early warning as referred to in the first subparagraph, shall examine the situation and adopt a recommendation for the necessary policy measures, on the basis of a Commission recommendation, based on Article 121(4). The recommendation shall set a deadline of no more than five months for addressing the deviation. The deadline shall be reduced to three months if the warning by the Commission considers that the situation is particularly serious and warrants urgent action. The Council, on a proposal from the Commission, shall make the recommendation public.

Within the deadline set by the Council in the recommendation under Article 121(4) TFEU, the Member State concerned shall report to the Council on action taken in response to the recommendation.

If the Member State concerned fails to take appropriate action within the deadline specified in a Council recommendation under the second subparagraph, the Commission shall immediately recommend to the Council to adopt a decision establishing that no effective action has been taken. The decision shall be deemed to be adopted by the Council unless it decides by qualified majority to reject it within ten days of its adoption by the Commission. At the same time, The Commission may recommend to the Council to adopt revised a recommendation under Article 121(4) on necessary policy measures. The Council shall address a formal report to the European Council on the decisions taken.

The process from the Council recommendation referred to in the second subparagraph to the Council decision and report to the European Council referred to in the fourth subparagraph shall be no longer than six months.

3. A deviation from the medium-term budgetary objective or the appropriate adjustment path towards it shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures, as defined in Article 5(1).

The assessment of whether the deviation is significant shall notably include the following criteria:

For a Member State that has not reached the medium-term budgetary objective, when assessing the change in the structural balance, whether the deviation is at least 0,5 % of GDP in one single year or at least 0,25 % of GDP on average per year in two consecutive years; when assessing expenditure developments net of discretionary revenue measures, whether the deviation has a total impact on the government balance of at least 0,5 % of GDP in one single year or cumulatively in two consecutive years.

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The deviation **of expenditure developments** shall not be considered **significant** if the Member State concerned has **overachieved** the medium-term budgetary objective, taking into account the **possibility of significant revenue windfalls** and the budgetary plans laid out in the stability programme do not jeopardise this objective over the programme period.

The deviation may be equally not considered **when resulting from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the EU as a whole, on the condition that this does not endanger fiscal sustainability in the medium-term.**"

6. Article 7 is **amended** as follows:

(a) paragraph 1 is replaced by the following:

"1. Each **non-participating** Member State **shall** submit to the Council and **Commission** information necessary for the purpose of multilateral surveillance **at** regular intervals under Article 121 TFEU in the form of a convergence programme, which provides an essential basis for **the sustainability of public finances which is conducive to** price stability, strong sustainable growth **and** employment creation.";

(b) **in** paragraph 2, **points (a), (b) and (c) are** replaced by the following:

"(a) the medium-term budgetary objective and the adjustment path towards this objective for the general government balance as a percentage of GDP, the expected path of the general government debt ratio, the planned growth path of government expenditure, **including the corresponding allocation for gross fixed capital formation, in particular bearing in mind the conditions and criteria to establish the expenditure growth under Article 9(1)**, the planned growth path of government revenue at unchanged policy and a quantification of the planned discretionary revenue measures, the medium-term monetary policy objectives, the relationship of those objectives to price and exchange rate stability and to the achievement of sustained convergence;

(aa) information on implicit liabilities related to ageing, and contingent liabilities, such as public guarantees, with potentially large impact on the general government accounts;

(ab) information on the consistency of the stability programme with the broad economic policy guidelines, the employment guidelines and the national reform programme;

(b) the main assumptions about expected economic developments and important economic variables which are relevant to the realisation of the convergence programme, such as government investment expenditure, real GDP growth, employment and inflation;

(c) a quantitative assessment of the budgetary and other economic policy measures being taken or proposed to achieve the objectives of the programme, comprising a cost-benefit analysis of major structural reforms, which have direct long-term **positive budgetary** effects, including by raising potential **sustainable** growth;"

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(ba) the following paragraph is inserted:

"2a. The convergence programme shall be based on the most likely macro-fiscal scenario or on a more prudent scenario. The macroeconomic and budgetary forecasts shall be compared with the most updated Commission forecasts and, if appropriate, those of other independent bodies. Significant differences between the chosen macro-fiscal scenario and the Commission forecast shall be described with reasoning, in particular if the level or growth of external assumptions departs significantly from the values retained in the Commission's forecasts.

The exact nature of that information included in paragraph 2(a), (aa), (b), (c) and (d) shall be set out in a harmonised framework established by the Commission in cooperation with the Member States.";

(c) paragraph 3 is replaced by the following:

"3. The information about the paths for the general government balance and debt ratio, the growth of government expenditure, the planned growth path of government revenue at unchanged policy, the planned discretionary revenue measures, **appropriately quantified**, and the main economic assumptions referred to in paragraph 2(a) and (b) shall be on an annual basis and shall cover the preceding year, the current year and at least the following three years.

4. Each programme shall include information on its status in the context of national procedures, notably whether the programme was presented to the national parliament, and whether the national parliament had the opportunity to discuss the Council opinion on the previous programme or if relevant, any recommendation or warning, and whether there has been parliamentary approval on the programme."

7. Article 8 is replaced by the following:

"Article 8

1. Convergence programmes shall be submitted annually **in April, preferably by mid April and not later than** 30 April.

2. Member States shall make public their convergence programmes."

8. Article 9 is replaced by the following:

"Article 9

1. Based on assessments by the Commission and the Economic and Financial Committee, the Council shall, within the framework of multilateral surveillance under Article 121 TFEU, examine the medium-term budgetary objectives presented by the Member States concerned **in their convergence programmes**, assess whether the economic assumptions on which the programme is based are plausible, whether the adjustment path towards the medium-term budgetary objective is appropriate, **including consideration of the accompanying path for the debt ratio**, and whether the measures being taken and/or proposed to respect that adjustment path are sufficient to achieve the medium-term budgetary objective over the cycle and to achieve sustained convergence.

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The Council **and the Commission**, when assessing the adjustment path toward the medium-term budgetary objective, shall take into account whether a higher adjustment effort is made in economic good times, whereas the effort may be more limited in economic bad times. **In particular, revenue windfalls and shortfalls shall be taken into account.** For Member States **faced** with a **debt** level **exceeding 60 % of GDP** or **with pronounced risks of overall debt sustainability**, the Council shall examine whether the annual improvement of the cyclically-adjusted budget balance, net of one-off and other temporary measures is higher than 0,5 % of GDP. For ERM II Member States, the Council **and the Commission** shall examine if the Member State concerned pursues an appropriate annual improvement of its cyclically adjusted balance, net of one-off and other temporary measures, required to meet its medium-term budgetary objective, with 0,5 % of GDP as a benchmark.

Sufficient progress towards the medium-term budgetary objective shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures. To this effect, the Council and the Commission shall assess whether the growth path of government expenditure, taken in conjunction with the effect of **measures being taken or planned** on the revenue side, is **in accordance with** the following conditions **:**

- (a) for Member States that have achieved the medium-term budgetary objective, annual expenditure growth does not exceed a **reference** medium-term rate of **potential** GDP growth, unless the excess is matched by discretionary revenue measures;
- (b) for Member States that have not yet reached their medium-term budgetary objective, annual expenditure growth does not exceed a rate below a **reference** medium-term rate of **potential** GDP growth, unless the excess is matched by discretionary revenue measures. The size of the shortfall of the growth rate of government expenditure compared to a **reference** medium-term rate of **potential** GDP growth is set in such a way as to ensure an appropriate adjustment towards the medium-term budgetary objective;
- (c) **for Member States that have not yet reached their medium-term budgetary objective**, discretionary reductions of government revenue items are matched either by expenditure cuts or by discretionary increases in other government revenue items or both.

The expenditure aggregate shall exclude interest expenditure, expenditure on EU programmes fully matched by EU funds revenue and non-discretionary changes in unemployment benefit expenditure.

The excess of expenditure growth over the medium-term references shall not be counted as a breach of the benchmark to the extent that it is fully offset by revenue increases mandated by law.

The reference medium-term rate of potential GDP growth shall be determined on the basis of forward looking-projections and backward-looking estimates. Projections shall be updated at regular intervals. The Commission shall make public calculation method of those projections and the resulting reference medium term rate of potential GDP growth.

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When defining the adjustment path to the medium-term budgetary objective for Member States that have not yet reached this objective and in allowing a temporary deviation from this objective for Member States that have already reached it, under the condition that an appropriate safety margin with respect to the deficit reference value is preserved and that the budgetary position is expected to return to the medium-term budgetary objective within the programme period, the Council **and the Commission** shall take into account the implementation of major structural reforms which have direct long-term **positive budgetary** effects, including by raising potential **sustainable** growth, and therefore a verifiable impact on the long-term sustainability of public finances.

Special attention shall be paid to pension reforms introducing a multi-pillar system that includes a mandatory, fully funded pillar. Member States implementing such reforms shall be allowed to deviate from the adjustment path to their medium-term budgetary objective or from the objective itself, with the deviation reflecting the **amount of the direct incremental impact** of the reform **on the general government balance**, under the condition that ■ an appropriate safety margin with respect to the deficit reference value is preserved.

The Council **and the Commission** shall furthermore examine whether the contents of the convergence programme facilitate the **achievement of sustained and real convergence**, closer coordination of economic policies and whether the economic policies of the Member State concerned are consistent with the broad **economic policy** guidelines **and the employment guidelines** of the Member States and of the Union. In addition, for ERM II Member States, the Council shall examine whether the content of the convergence programme ensure a smooth participation in the exchange rate mechanism.

In case of an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in periods of severe economic downturn of for the euro area or the Union as a whole Member States may be allowed to temporarily depart from the adjustment path **towards the medium-term objective** referred to in the **third** subparagraph, **on condition that this does not endanger fiscal sustainability in the medium term.**

2. The Council **and the Commission** shall carry out the examination of the convergence programme within at most three months of the submission of the programme. The Council, on a recommendation from the Commission and after consulting the Economic and Financial Committee, shall, if necessary, **adopt** an opinion on the programme. Where the Council, in accordance with Article 121 TFEU, considers that the objectives and the content of the programme should be strengthened with particular reference to **the adjustment path towards the medium term budgetary objective**, the Council shall, in its opinion, invite the Member State concerned to adjust its programme."

9. Article 10 is replaced by the following:

"Article 10

1. As part of multilateral surveillance in accordance with Article 121(3) TFEU, the Council **and the Commission** shall monitor the implementation of convergence programmes, on the basis of information provided by Member States with a derogation and of assessments by the Commission and the Economic and Financial Committee, in particular with a view to identifying actual or expected significant divergences of the budgetary position from the medium-term budgetary objective, or from the appropriate adjustment path towards it ■.

In addition, the Council **and the Commission** shall monitor the economic policies of **non-participating** Member States ■ in the light of convergence programme objectives with a view to ensure that their policies are geared to stability and thus to avoid real exchange rate misalignments and excessive nominal exchange rate fluctuations.

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2. In the event of a significant **observed deviation from the adjustment path towards the medium-term objective** referred to in the **third** subparagraph of Article 9(1) of this Regulation, and in order to prevent the occurrence of an excessive deficit, the Commission, in accordance with Article 121(4) TFEU, **shall** address a warning to the Member State concerned.

The Council shall, within one month of the date of adoption of the early warning as referred to in the first subparagraph, shall examine the situation and adopt a recommendation for the necessary policy measures, on the basis of a Commission recommendation, based on Article 121(4). The recommendation shall set a deadline of no more than five months for addressing the deviation. The deadline shall be reduced to three months if the warning by the Commission considers that the situation is particularly serious and warrants urgent action. The Council, on a proposal from the Commission, shall make the recommendation public.

Within the deadline set by the Council in the recommendation under Article 121(4) TFEU, the Member State concerned shall report to the Council on action taken in response to said recommendation.

If the Member State concerned fails to take appropriate action within the deadline specified in a Council recommendation under the second subparagraph, the Commission shall immediately recommend to the Council to adopt decision establishing that no effective action has been taken. When taking this decision the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned. At the same time, the Commission may recommend to the Council to adopt revised recommendation under Article 121(4) on necessary policy measures. The Council shall address a formal report to the European Council on the decisions taken.

The process from the Council recommendation referred to in the second subparagraph to the Council decision and report to the European Council referred to in the fourth subparagraph shall be no longer than six months.

3. A deviation from the medium-term budgetary objective or the appropriate adjustment path towards it shall be evaluated on the basis of an overall assessment with the structural balance as the reference, including an analysis of expenditure net of discretionary revenue measures, as defined in Article 9(1).

The assessment of whether the deviation is significant shall notably include the following criteria:

For a Member State that has not reached the medium-term budgetary objective, when assessing the change in the structural balance, whether the deviation is at least 0,5 % of GDP in one single year or of at least 0,25 % of GDP on average per year in two consecutive years; when assessing expenditure developments net of discretionary revenue measures, whether the deviation has a total impact on the government balance of at least 0,5 % of GDP in one single year or cumulatively in two consecutive years.

The deviation **of expenditure developments** shall not be considered **significant** if the Member State concerned has **overachieved** the medium-term budgetary objective, taking into account the **possibility of significant revenue windfalls** and the budgetary plans laid out in the **convergence** programme do not jeopardise this objective over the programme period.

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The deviation may be equally not considered *when resulting from an unusual event outside the control of the Member State concerned and which has a major impact on the financial position of the general government or in case of severe economic downturn for the euro area or the EU as a whole, on the condition that this does not endanger fiscal sustainability in the medium term.*"

9a. The following section is inserted:

"SECTION 3A

PRINCIPLE OF THE STATISTICAL INDEPENDENCE

Article 10a

With a view ensuring that the multilateral surveillance is based on sound and independent statistics, Member States shall ensure the professional independence of national statistical authorities, which shall be consistent with the European statistics code of practice as laid down in Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European Statistics (). As a minimum this shall require:*

- (a) transparent recruitment and dismissal processes which must be solely based on professional criteria;*
- (b) budgetary allocations which must be made on an annual or a multiannual basis;*
- (c) the date of publication of key statistical information which must be designated significantly in advance.*

(*) OJ L 87, 31.3.2009, p. 164."

9b. The following article is inserted:

"Article -11

1. *The Commission shall ensure a permanent dialogue with authorities of the Member States in accordance with the objectives of this Regulation. To that end, the Commission shall, in particular, carry out missions for the purpose of the assessment of the actual economic situation in the Member State and the identification of any risks or difficulties in complying with the objectives of this Regulation.*

2. *Enhanced surveillance may be undertaken for Member States which are the subject of recommendations issued pursuant to Article 6(2) and Article 10(2) for the purposes of monitoring in situ. The Member States concerned shall provide all necessary information for the preparation and the conduct of the mission.*

3. *When the Member State concerned is a Member State whose currency is the euro or participating in ERM II, the Commission may invite representatives of the European Central Bank, if appropriate, to participate in surveillance missions.*

4. *The Commission shall report to the Council on the outcome of the mission referred to in paragraph 2 and if appropriate may decide to make its findings public.*

5. *When organising surveillance missions referred to in paragraph 2, the Commission shall transmit its provisional findings to the Member States concerned for comments."*

9c. The following article is inserted:

"Article 12a

Review

1. *Within three years after the entry into force of this Regulation and every five years thereafter, the Commission shall publish a report on the application of this Regulation.*

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That report shall evaluate, inter alia:

(a) the effectiveness of the regulation,

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU

2. Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation

3. The report shall be forwarded to the European Parliament and the Council."

10. All references to 'Article 99' shall be replaced throughout the Regulation by references to 'Article 121'.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,

For the European Parliament
The President

For the Council
The President

Enforcement measures to correct excessive macroeconomic imbalances in euro area *I**

P7_TA(2011)0292

European Parliament amendments adopted on 23 June 2011 to the proposal for a regulation of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area (COM(2010)0525 – C7-0299/2010 – 2010/0279(COD)) ⁽¹⁾

(2012/C 390 E/22)

(Ordinary legislative procedure: first reading)

[Amendment No 2]

AMENDMENTS BY PARLIAMENT (*)

to the Commission proposal

⁽¹⁾ The matter was then referred back to committee pursuant to Rule 57(2), second subparagraph (A7-0182/2011).

(*) Amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol **■**.

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REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on enforcement measures to correct excessive macroeconomic imbalances in the euro area

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 136, in combination with Article 121(6) thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Central Bank ⁽¹⁾,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee ⁽²⁾,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (-1) *The improved economic governance framework should rely on several inter-linked policies for sustainable growth and jobs, which need to be coherent with each other, in particular a Union strategy for growth and jobs, with particular focus upon development and strengthening of the internal market, fostering international trade and competitiveness, an effective framework for preventing and correcting excessive government deficit (the Stability and Growth Pact), a robust framework for preventing and correcting macro-economic imbalances, minimum requirements for national budgetary frameworks, enhanced financial market regulation and supervision.*
- (-1a) *The Commission should have a stronger role in the enhanced surveillance procedure as regards assessments that are specific to each Member State, monitoring, missions, recommendations and warnings.*
- (1) The coordination of the economic policies of the Member States within the Union **should be developed in the context of the broad economic policy guidelines and the employment guidelines**, as provided for by the Treaty, should entail compliance with the guiding principles of stable prices, sound **and sustainable** public finances and monetary conditions and a sustainable balance of payments.
- (2) *Experience gained during the first decade of functioning of the economic and monetary union shows a need for improved economic governance in the Union, which should be built on stronger national ownership of commonly agreed rules and policies and on a more robust surveillance framework at the Union level of national economic policies.*
- (2a) *Achieving and maintaining a dynamic Single Market shall be considered an element of the proper and smooth functioning of the economic and monetary union.*

⁽¹⁾ OJ C 150, 20.5.2011, p. 1.

⁽²⁾ OJ C

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- (3) In particular, surveillance of the economic policies of the Member States should be broadened beyond budgetary surveillance to prevent excessive macroeconomic imbalances and help the Member States affected devise corrective plans before divergences become entrenched **and before economic and financial developments take a durable turn in an excessively unfavourable direction**. This broadening should go in step with deepening of fiscal surveillance.
- (4) To help address such imbalances, a procedure laid down in legislation is necessary.
- (5) It is appropriate to supplement the multilateral surveillance referred to in Article 121(3) and (4) TFEU with specific rules for detection, prevention and correction of macroeconomic imbalances. **It is essential that** the procedure should be embedded in the annual multilateral surveillance cycle.
- (5a) **Reliable statistical data is the basis for the surveillance of macroeconomic imbalances. In order to guarantee sound and independent statistics, Member States should ensure the professional independence of national statistical authorities, which shall be consistent with the European statistics code of practice as laid down in Regulation (EC) No 223/2009. In addition, the availability of sound fiscal data is also relevant for the surveillance of macroeconomic imbalances. This requirement should be guaranteed by the rules provided in this regard by Regulation (EU) No [.../...] on effective enforcement of budgetary surveillance in the euro area, in particular its Article 6a.**
- (5b) **Strengthening economic governance should include a closer and more timely involvement of the European Parliament and the national parliaments. The competent committee of the European Parliament may offer the opportunity to the Member State concerned with a Council decision in accordance with Article 3 of this Regulation to participate in an exchange of views.**
- (6) Enforcement of Regulation (EU) No [.../...] should be strengthened by establishing **interest-bearing deposits in case of non-compliance with the recommendation to take the recommended corrective action which will be converted into a yearly fine in case of repetitive non-compliance with the recommendation to address excessive macroeconomic imbalances within the same imbalances procedure. These enforcement measures should be applied** for Member States whose currency is the euro ■.
-
- (8) **In case of** failure to comply with Council recommendations **the interest-bearing deposit or the fine shall be imposed** until the Council establishes that the Member State has taken corrective action to comply with its recommendations.
- (9) Moreover, repeated failure of the Member State to draw up a corrective action plan to address the Council **recommendation** should be equally subject to a yearly fine as a rule, until the Council establishes that the Member State has provided a corrective action plan that sufficiently addresses its **recommendation**.
- (10) To ensure equal treatment between Member States, **the interest-bearing deposit and** the fine should be identical for all Member States whose currency is the euro and equal to 0,1 % of the gross domestic product (GDP) of the Member State concerned in the preceding year.
- (10a) **The Commission should also be able to recommend reducing the size of a sanction or cancelling it on grounds of exceptional economic circumstances.**

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- (11) The procedure for the application of the **sanctions** on the Member States which fail to take effective measures to correct **excessive** macroeconomic imbalances should be construed in such a way that the application of the **sanction** on those Member States would be the rule and not the exception.
- (12) **Fines referred to in Article 3 of this Regulation shall constitute other revenue, as referred to in Article 311 of the Treaty, and shall be assigned to stability mechanisms to provide financial assistance, created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole.**
- (13) The power to adopt individual decisions for the application of the **sanction** provided for in this Regulation should be conferred on the Council. As part of the coordination of the economic policies of the Member States conducted within the Council as specified in Article 121(1) **TFEU**, these individual decisions are an integral follow-up to the measures adopted by the Council in accordance with Article 121 **TFEU** and Regulation (EU) No [.../...].
- (14) Since this Regulation contains general rules for effective enforcement of Regulation (EU) No [.../...], it should be adopted in accordance with the ordinary legislative procedure referred to in Article 121(6) of the Treaty.
- (15) Since an effective framework for detection and prevention of macroeconomic imbalances cannot be sufficiently achieved by the Member States because of the deep trade and financial inter-linkages between Member States and the spillover effects of national economic policies on the Union and the euro area as a whole and can be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in the same Article, this Regulation does not go beyond what is necessary to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

1. This Regulation **lays down** a system of **sanctions** for effective correction of **excessive** macroeconomic imbalances in the euro area.
2. This Regulation shall apply to Member States whose currency is the euro.

Article 2

Definitions

For the purposes of this Regulation, the definitions set out in Article 2 of Regulation (EU) No [.../...] shall apply.

In addition, the following definition shall apply:

'exceptional economic circumstances' means circumstances where an excess of a government deficit over the reference value is considered exceptional within the meaning of the second indent of Article 126(2)(a) **TFEU** and as specified in Council Regulation (EC) No 1467/97 ⁽¹⁾.

⁽¹⁾ OJ L 209, 2.8.1997, p. 6.

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Article 3

Sanctions

1. **An interest-bearing deposit** shall be imposed by a Council **decision**, acting on a **recommendation** by the Commission, if a **Council decision on corrective action is adopted** in accordance with Article 10(4) of Regulation (EU) No .../2011, where the Council concludes that the Member State concerned has **not taken the recommended corrective action following a recommendation**.

1a. A **yearly fine** shall be imposed by a Council decision, acting on a recommendation by the Commission, if:

(a) **two successive Council recommendations in the same imbalance procedure are adopted in accordance with Article 8(3) of Regulation (EU) No [.../...], where the Council considers, that the Member State has submitted an insufficient corrective action plan,**

(b) **two successive Council decisions in the same imbalance procedure are adopted declaring non-compliance in accordance with Article 10(4) of Regulation (EU) No [.../...],**

The **fine** shall be imposed by means of converting the interest-bearing deposit imposed into a yearly fine in accordance with Article 3(1).

1b. The decisions referred to in paragraph 1 and 1a shall be deemed adopted by the Council unless it decides, by qualified majority, to reject the recommendation within ten days of the Commission adopting it. The Council may amend the recommendation acting by qualified majority.

1c. The Commission recommendation for a Council decision shall be issued within twenty days of the conditions referred to in paragraph 1 and 1a being met.

2. The **interest-bearing deposit or the** yearly fine to be **recommended** by the Commission shall be 0.1 % of the GDP of the Member State concerned in the preceding year.

3. By derogation from **paragraph 2**, the Commission may, on grounds of exceptional economic circumstances or following a reasoned request by the Member State concerned addressed to the Commission within ten days of **conditions** referred to in **paragraphs 1 and 1a being met**, propose to reduce the amount of **the interest-bearing deposit or** the fine or to cancel it.

4. If a Member State **has constituted an interest-bearing deposit or** has paid a yearly fine for a given calendar year and the Council thereafter concludes, in accordance with Article 10(1) of Regulation (EU) No [.../...] that the Member State has taken the recommended corrective action in the course of **that** given year, **the deposit paid for the given year together with the accrued interest or** the fine paid for the given year shall be returned to the Member State *pro rata temporis*.

Article 4

Allocation of the fines

Fines **referred to in** Article 3 of this Regulation shall constitute other revenue, as referred to in Article 311 of the Treaty, and shall be **assigned to the European Financial Stability Facility. By the moment another stability mechanism to provide financial assistance is created by Member States whose currency is the euro in order to safeguard the stability of the euro area as a whole, the fines shall be assigned to that last mechanism.**

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Article 5

Voting within the Council

For the measures referred to in Article 3, only members of the Council representing Member States whose currency is the euro shall vote and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the members of the Council mentioned in the **first** paragraph shall be defined in accordance with Article 238(3)(a) of the Treaty.

Article 5a

Economic Dialogue

In order to enhance the dialogue between the Union institutions, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Article 3 of this Regulation.

The competent committee of the European Parliament may offer the opportunity to the Member State concerned by such decisions to participate in an exchange of views.

Article 5b

Review

1. Within three years after the entry into force of this Regulation and every five years thereafter, the Commission shall publish a report on the application of this Regulation. That report shall evaluate, inter alia:

(a) the effectiveness of the regulation,

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the Treaty

2. Where appropriate, this report shall be accompanied by a proposal for amendments to this Regulation.

3. The report and any accompanying proposals shall be forwarded to the European Parliament and the Council.

Article 6

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at,

For the European Parliament
The President

For the Council
The President

Thursday 23 June 2011

Consumer rights *I**

P7_TA(2011)0293

European Parliament legislative resolution of 23 June 2011 on the proposal for a directive of the European Parliament and of the Council on consumer rights (COM(2008)0614 – C6-0349/2008 – 2008/0196(COD))

(2012/C 390 E/23)

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2008)0614),
 - having regard to Article 251(2) and Article 95 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0349/2008),
 - having regard to the Commission Communication to Parliament and the Council entitled 'Consequences of the entry into force of the Treaty of Lisbon for ongoing interinstitutional decision-making procedures' (COM(2009)0665),
 - having regard to Article 294(3) and Article 114 of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 16 July 2009 ⁽¹⁾,
 - having regard to the opinion of the Committee of the Regions of 22 April 2009 ⁽²⁾,
 - having regard to the undertaking given by the Council representative by letter of 15 June 2011 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on the Internal Market and Consumer protection and the opinions of the Committee on Legal Affairs and the Committee on Economic and Monetary Affairs (A7-0038/2011),
1. Adopts its position at first reading hereinafter set out ⁽³⁾;
 2. Approves its statement annexed to this resolution;
 3. Takes note of the joint statement by the Hungarian Presidency and the incoming Polish, Danish and Cypriot Presidencies of the Council, annexed to this resolution;
 4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

⁽¹⁾ OJ C 317, 23.12.2009, p. 54.

⁽²⁾ OJ C 200, 25.8.2009, p. 76.

⁽³⁾ This position replaces the amendments adopted on 24 March 2011 (Texts adopted P7_TA(2011)0116).

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P7_TC1-COD(2008)0196

Position of the European Parliament adopted at first reading on 23 June 2011 with a view to the adoption of Directive 2011/.../EU of the European Parliament and of the Council on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council

(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Directive 2011/83/EU.)

ANNEX

Statement by the European Parliament on correlation tables

The European Parliament regrets that the Council was not prepared to accept the mandatory publication of correlation tables in the context of the proposal for a Directive on consumer rights. It is hereby declared that the agreement reached between the European Parliament and the Council in the trilogue of 6 June 2011 concerning this Directive does not prejudice the outcome of interinstitutional negotiations on correlation tables.

The European Parliament calls on the Commission to inform it within twelve months after adoption of this agreement in plenary and to make a report at the end of the transposition period on the practice of Member States in drawing up their own tables illustrating, as far as possible, the correlation between this Directive and the transposition measures, and to make them public.

The European Parliament welcomes the agreement reached on including in the Directive on consumer rights mandatory reporting requirements concerning those provisions of this Directive, Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council, which grant the Member States a regulatory choice (Articles 29, 32 and 33).

Statement by the Hungarian Presidency and the incoming Polish, Danish and Cypriot Presidencies of the Council on correlation tables

It is hereby declared that the agreement reached between the Council and the European Parliament in the trilogue of 6 June 2011 concerning the Directive of the European Parliament and of the Council on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council does not prejudice the outcome of interinstitutional negotiations on correlation tables.

Provisions for tractors placed on the market under the flexibility scheme *I**

P7_TA(2011)0294

European Parliament legislative resolution of 23 June 2011 on the proposal for a directive of the European Parliament and of the Council amending Directive 2000/25/EC as regards the provisions for tractors placed on the market under the flexibility scheme (COM(2010)0607 – C7-0342/2010 – 2010/0301(COD))

(2012/C 390 E/24)

(Ordinary legislative procedure: first reading)

The European Parliament,

— having regard to the Commission proposal to Parliament and the Council (COM(2010)0607),

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- having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0342/2010),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 16 February 2011 ⁽¹⁾,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinion of the Committee on Transport and Tourism (A7-0091/2011),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

⁽¹⁾ OJ C 107, 6.4.2011, p. 26.

P7_TC1-COD(2010)0301

Position of the European Parliament adopted at first reading on 23 June 2011 with a view to the adoption of Directive 2011/.../EU of the European Parliament and of the Council amending Directive 2000/25/EC as regards the provisions for tractors placed on the market under the flexibility scheme

(As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act, Directive 2011/72/EU.)

Spent fuel and radioactive waste *

P7_TA(2011)0295

European Parliament legislative resolution of 23 June 2011 on the proposal for a Council directive on the management of spent fuel and radioactive waste (COM(2010)0618 – C7-0387/2010 – 2010/0306(NLE))

(2012/C 390 E/25)

(Consultation)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2010)0618),
- having regard to the Treaty establishing the European Atomic Energy Community, and in particular Articles 31 and 32, pursuant to which the Council consulted Parliament (C7-0387/2010),
- having regard to Rule 55 of its Rules of Procedure,

Thursday 23 June 2011

- having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Employment and Social Affairs and the Committee on the Environment, Public Health and Food Safety (A7-0214/2011),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty;
 3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;
 5. Instructs its President to forward its position to the Council and the Commission.

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 1
Proposal for a directive
Recital 1

(1) Article 2(b) of the Treaty provides for the establishment of uniform safety standards to protect the health of workers and of the general public.

(1) Article 2(b) of the **Euratom** Treaty provides for the establishment of uniform safety standards to protect the health of workers and of the general public.

Amendment 2
Proposal for a directive
Recital 2

(2) Article 30 of the Treaty provides for the establishment of basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiations.

(2) Article 30 of the **Euratom** Treaty provides for the establishment of basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiations.

Amendment 3
Proposal for a directive
Recital 3

(3) Article 37 of the Treaty requires Member States to provide the Commission with general data relating to any plan for the disposal of radioactive waste.

(3) Article 37 of the **Euratom** Treaty requires Member States to provide the Commission with general data relating to any plan for the disposal of radioactive waste.

Amendment 4
Proposal for a directive
Recital 3 a (new)

(3a) Council Directive 89/391/EEC of 12 June 1989 ⁽¹⁾ provides for the introduction of measures to encourage improvements in the safety and health of workers at work.

⁽¹⁾ OJ L 183, 29.6.1989, p. 1.

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Amendment 5**Proposal for a directive****Recital 4**

(4) Council Directive 96/29/Euratom of 13 May 1996 **laying down basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation** ⁽¹⁾ applies to all practices which involve a risk from ionizing radiation emanating from an artificial source or from a natural radiation source in cases where natural radionuclides are or have been processed in view of their radioactive, fissile or fertile properties. It also covers the authorised releases of materials that originate from such practices. The provisions of that Directive have been supplemented by more specific legislation.

⁽¹⁾ OJ L 159, 29.6.1996, p. 1.

(4) Council Directive 96/29/Euratom of 13 May 1996 ⁽¹⁾ **lays down the basic safety standards. That Directive** applies to all practices which involve a risk from ionizing radiation emanating from an artificial source or from a natural radiation source in cases where natural radionuclides are or have been processed in view of their radioactive, fissile or fertile properties. It also covers the authorised releases of materials that originate from such practices. The provisions of that Directive have been supplemented by more specific legislation.

⁽¹⁾ Council Directive 96/29/Euratom of 13 May 1996 **laying down basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation** (OJ L 159, 29.6.1996, p. 1).

Amendment 131**Proposal for a directive****Recital 4 a (new)**

(4a) Since neither the Euratom Treaty nor the TFEU provide Parliament with co-decision powers in relation to nuclear matters, it is crucial that a new legal base be found for any future legislation in the nuclear field.

Amendment 6**Proposal for a directive****Recital 15 a (new)**

(15a) The three former EU candidate countries, Lithuania, Slovakia and Bulgaria, operated old Soviet-designed nuclear power plants which could not be economically upgraded to meet EU safety standards; consequently, those plants were shut down and subsequently decommissioned.

Amendment 7**Proposal for a directive****Recital 15 b (new)**

(15b) The decommissioning of the nuclear power plants of those three Member States imposed a significant financial and economical burden on them which they could not bear in full, and the Union therefore provided financial resources to those Member States, which were intended to cover part of the cost of decommissioning and waste projects and to offset the economic consequences.

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Amendment 8
Proposal for a directive
Recital 18

(18) In 2006 the IAEA updated its entire corpus of standards and published the Fundamental Safety Principles³⁷, which were jointly **sponsored** by Euratom, OECD/NEA and other international organisations. As stated by the Joint Sponsoring Organisations, applying the Fundamental Safety Principles will facilitate the application of international safety standards and will make for greater consistency between the arrangements of different States. It is therefore desirable that all States adhere to and advocate these principles. The principles will be binding on the IAEA in relations to its operation and on States in relation to operation assisted by IAEA. States or sponsoring organisations may adopt the principles, at their own discretion, for application to their own activities.

(18) In 2006 the IAEA updated its entire corpus of standards and published the Fundamental Safety Principles³⁷, which were jointly **developed** by Euratom, OECD/NEA and other international organisations. As stated by the Joint Sponsoring Organisations, applying the Fundamental Safety Principles will facilitate the application of international safety standards and will make for greater consistency between the arrangements of different States. It is therefore desirable that all States adhere to and advocate these principles. The principles will be binding on the IAEA in relations to its operation and on States in relation to operation assisted by IAEA. States or sponsoring organisations may adopt the principles, at their own discretion, for application to their own activities.

Amendment 9
Proposal for a directive
Recital 19 a (new)

(19a) The Aarhus Convention of 25 June 1998 on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters grants rights to the public and imposes on the parties thereto, and on public authorities, obligations regarding access to information and public participation and access to justice in environmental matters, which include the management of spent fuel and radioactive waste.

Amendment 10
Proposal for a directive
Recital 19 b (new)

(19b) The International Labour Organization has adopted a Convention⁽¹⁾ and a Recommendation⁽²⁾ on Radiation Protection, applicable to all activities involving exposure of workers to ionising radiation in the course of work, and requires appropriate steps to be taken to ensure the effective protection of workers in the light of current knowledge.

⁽¹⁾ C115 Convention concerning the Protection of Workers against Ionising Radiations, adopted on 22 June 1960.

⁽²⁾ R114 Recommendation concerning the Protection of Workers against Ionising Radiations, adopted on 22 June 1960.

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Amendment 11**Proposal for a directive
Recital 22 a (new)**

(22a) The European Parliament has also stated that, in all Member States, all nuclear undertakings should have sufficient financial resources available to cover all the costs of decommissioning, including waste management, in order to uphold the 'polluter pays' principle and to avoid any recourse to State aid, and has called on the Commission to draw up precise definitions concerning the use of financial resources earmarked for decommissioning in each Member State, taking into account decommissioning as well as the management, conditioning and final disposal of the resultant radioactive waste ⁽¹⁾.

⁽¹⁾ European Parliament resolution of 16 November 2005 on the use of financial resources earmarked for the decommissioning of nuclear power plants (OJ C 280 E, 18.11.2006, p. 117).

Amendment 12**Proposal for a directive
Recital 23**

(23) There is a growing recognition in the Union as well as worldwide of the need **for a responsible use of nuclear energy, covering in particular nuclear safety and security**. In this context the issue of spent fuel and radioactive waste management needs to be addressed in order to ensure **a safe, optimised and sustainable use of nuclear energy**.

(23) There is a growing recognition in the Union as well as worldwide, **especially following the recent serious nuclear accident in Japan**, of the need **to strengthen the rules regarding nuclear safety and security**. In this context the **momentous** issue of spent fuel and radioactive waste management needs to be addressed in order to ensure safe, optimised and sustainable **storage and/or disposal**.

Amendment 13**Proposal for a directive
Recital 23 a (new)**

(23a) It should be stressed in this connection that a large proportion of spent fuel material is recoverable. The recycling of spent fuel is therefore an aspect that needs to be taken into account, together with the disposal of final waste.

Amendment 15**Proposal for a directive
Recital 25**

(25) The operation of nuclear reactors also generates spent fuel. Each Member State may define its fuel cycle policy considering spent fuel as a valuable resource that may be reprocessed, or deciding to dispose of it as waste. Whatever option is chosen, the disposal of high level waste, separated at reprocessing, or of spent fuel regarded as waste should be considered.

(25) The operation of nuclear reactors also generates spent fuel. Each Member State may define its fuel cycle policy considering spent fuel as a valuable resource that may be reprocessed **and recycled**, or deciding to dispose of it as waste. Whatever option is chosen, the disposal of high level waste, separated at reprocessing, or of spent fuel regarded as waste, should be considered.

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Amendment 115**Proposal for a directive
Recital 25 a (new)**

(25a) Spent fuels stored in pools represent an additional potential source of radioactivity in the environment, in particular if the cooling pools are not covered anymore.

Amendment 132**Proposal for a directive
Recital 27**

(27) Radioactive waste, including spent fuel considered as waste, requires containment and isolation from humans and the living environment over the long term. Its specific nature (content of radionuclides) requires arrangements to protect human health and the environment against dangers arising from ionizing radiation, including disposal in appropriate facilities as the end point of its management. The storage of radioactive waste, including long-term storage, is an interim solution **but not an alternative to disposal**.

(27) Radioactive waste, including spent fuel considered as waste, requires **appropriate conditioning**, containment and isolation from humans and the living environment over the long term. Its specific nature (content of radionuclides) requires arrangements to protect human health and the environment against dangers arising from ionizing radiation, including disposal in appropriate facilities as the end point of its management, **with the option of retrievability based on the reversibility principle**. The storage of radioactive waste, including long-term storage, is an interim solution.

Amendment 133**Proposal for a directive
Recital 27 a (new)**

(27a) The hazards of radioactive waste disposal were made evident by the Fukushima accident and similar accidents could occur in existing or future nuclear installations in areas of the Union and its neighbouring countries at high seismic and tsunami risk, such as in Akkuyu in Turkey. The Union should take all appropriate measures to prevent radioactive waste disposal in such areas.

Amendment 17**Proposal for a directive
Recital 28**

(28) A national radioactive waste classification scheme should support these arrangements taking fully into account the specific types and properties of radioactive waste. The precise criteria according to which waste is assigned to a particular waste class will depend on the specific situation in the State in relation to the nature of the waste and the disposal options available or under consideration.

(28) A national radioactive waste classification scheme should support these arrangements taking fully into account the specific types and properties of radioactive waste. The precise criteria according to which waste is assigned to a particular waste class will depend on the specific situation in the State in relation to the nature of the waste and the disposal options available or under consideration. **To facilitate communication and exchanges of information between Member States, and to provide for transparency, a classification scheme should be described in detail in the national programme.**

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Amendment 18
Proposal for a directive
Recital 29

(29) *The typical disposal concept* for short lived low and intermediate level waste **is** near surface disposal. Following 30 years of research, **it is broadly accepted at the technical level that** deep geological disposal **represents the safest and most sustainable** option as the end point of the management of high level waste **and spent fuel considered as waste**. Thus **moving towards implementation of disposal** should be pursued.

(29) *Disposal concepts* for short-lived low and intermediate level waste **vary from** near surface disposal **(in buildings, shallow burial or burial down to a few tens of metres below the surface)** to state-of-the-art disposal in geological repositories 70 to 100 metres underground. **Nearly all long-lived low and intermediate level radioactive waste is stored**. Following 30 years of research, **the feasibility of** deep geological disposal **has been demonstrated at scientific level, and this could represent a safe and economic** option as the end point of the management of high level radioactive waste. **The activities conducted under the ‘Implementing Geological Disposal of Radioactive Waste Technology Platform’ (IGD-TP) could facilitate access to expertise and technology in this respect. Various other options are also under investigation, such as engineered storage facilities on or near-surface, dry-rock disposition or disposal in deep bore-holes (3 000 to 5 000 metres deep), including possible reversibility and retrievability.** Thus, **further research into all the options** should be pursued.

Amendment 19
Proposal for a directive
Recital 29 a (new)

(29a) *In view of the research into the disposal of radioactive waste by transmutation or other means of reducing its radioactivity and half-life, longer-term reversible storage of radioactive waste in deep geological formations should also be considered.*

Amendment 20
Proposal for a directive
Recital 30

(30) Although each Member State is responsible for its own policy on spent fuel and radioactive waste management, that policy should respect the relevant fundamental safety principles set by the IAEA. It is an ethical obligation of each Member State to avoid any undue burden on future generations in respect of the existing spent fuel and radioactive waste, as well as those expected from decommissioning of existing nuclear installations.

(30) Although each Member State is responsible for its own policy on spent fuel and radioactive waste management, that policy should **not only** respect the relevant fundamental safety principles set by the IAEA **but should also impose the highest safety standards reflecting state-of-the-art practices at regulatory and operational level and best available technology (BAT)**. It is an ethical obligation of each Member State to avoid any undue burden on future generations in respect of the **historical and** existing spent fuel and radioactive waste, as well as those expected from decommissioning of existing nuclear installations. **Member States should therefore establish a decommissioning policy which guarantees the dismantling of facilities in the safest manner as early as possible after their closure.**

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Amendment 21**Proposal for a directive
Recital 31**

(31) For the responsible management of spent fuel and radioactive waste, each Member State should establish a national framework which **assures** political commitments and stepwise decision making implemented through adequate legislation, regulation and organisation with a clear allocation of responsibilities.

(31) For the responsible management of spent fuel and radioactive waste, each Member State should establish a national framework which **guarantees** political commitments and stepwise decision making **in keeping with the Aarhus Convention**, implemented through adequate legislation, regulation and organisation with a clear allocation of responsibilities.

Amendment 22**Proposal for a directive
Recital 32 a (new)**

(32a) Member States should ensure that sufficient funding is available for the management and storage of spent fuel and radioactive waste.

Amendment 23**Proposal for a directive
Recital 32 b (new)**

(32b) Further funds need to be allocated for energy projects, including the possibility of future decommissioning projects and, consequently, waste management projects.

Amendment 24**Proposal for a directive
Recital 33**

(33) A national programme should be established to ensure the transposition of the political decisions into clear provisions for the timely implementation of all steps of spent fuel and radioactive waste management from generation to disposal. This should include all activities that relate to handling, pre-treatment, treatment, conditioning, storage, and disposal of radioactive waste. The national programme may be a reference document or a set of documents.

(33) A national programme should be established to ensure the transposition of the political decisions into clear provisions for the timely implementation of all steps of spent fuel and radioactive waste management from generation to disposal. This should include all activities that relate to handling, pre-treatment, treatment, conditioning, storage, and disposal of radioactive waste **and spent fuel, and should comply with the principles laid down in the Aarhus Convention**. The national programme may be a reference document or a set of documents.

Amendment 25**Proposal for a directive
Recital 34 a (new)**

(34a) Throughout the entire chain of spent fuel and radioactive waste management, workers need to be protected and covered by health and safety legislation, regardless of their activity or status, and the long-term effects on the health and safety of workers need to be considered in any management instrument for spent fuel and radioactive waste. Union legislation, and that of Member States,

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relating to health and safety at work also applies to workers involved in the management of spent fuel and radioactive waste, and non-compliance with such legislation must entail immediate and severe sanctions.

Amendment 26

Proposal for a directive

Recital 35

(35) Transparency is important in the management of spent fuel and radioactive waste. It should be provided by **requiring** effective public information and opportunities for all concerned stakeholders to participate in the decision-making processes.

(35) Transparency is important in the management of spent fuel and radioactive waste, **and it is crucial that there be public confidence in the principles governing the safety of repositories and in waste management programmes.** It should be provided by **ensuring** effective public information and opportunities for all concerned stakeholders, **local and regional authorities and the public** to participate in the decision-making processes.

Amendment 27

Proposal for a directive

Recital 36

(36) Cooperation between Member States and at an international level could facilitate and accelerate decision-making through access to expertise and technology.

(36) Cooperation between Member States and at an international level could facilitate and accelerate decision-making through access to **high-quality** expertise and technology, **as well as best practice.**

Amendment 28

Proposal for a directive

Recital 37

(37) Some Member States consider that the sharing of facilities for spent fuel and radioactive waste management, including disposal facilities, is a potentially beneficial option when based on an agreement between **Member States concerned.**

(37) Some Member States consider that the sharing of facilities for spent fuel and radioactive waste management, including disposal facilities, is a potentially beneficial, **safe and cost-effective** option when based on an agreement between **the countries involved. In this connection, it is important not to hamper specific arrangements such as pre-existing agreements on spent fuel derived from research reactors. This Directive should properly define the necessary conditions to be met before such joint projects are launched.**

Amendment 29

Proposal for a directive

Recital 39

(39) The safety case and the graded approach should provide a basis for decisions related to the development, operation and closure of a disposal facility and should allow the identification of areas of uncertainty on which attention needs to be focused to further improve the understanding of those aspects influencing the safety of the disposal system, including natural (geological) and engineered barriers, and its expected development over the time. The safety case should include the findings of the safety assessment and information on the robustness and reliability of the safety assessment and the assumptions made therein. **It should** therefore **provide** the collection of arguments and evidence in support of the safety of a facility or activity related to the management of spent fuel and radioactive waste.

(39) The safety case and the graded approach should provide a basis for decisions related to the development, operation and closure of a disposal facility and should allow the identification of areas of uncertainty on which attention needs to be focused to further improve the understanding of those aspects influencing the safety of the disposal system, including natural (geological) and engineered barriers, and its expected development over the time. The safety case should include the findings of the safety assessment and information on the robustness and reliability of the safety assessment and the assumptions made therein. **The demonstration of safety should** therefore **be based on** the collection of arguments and evidence in support of the safety of a facility or activity related to the management of spent fuel and radioactive waste.

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Amendment 30**Proposal for a directive
Recital 40**

(40) While recognizing that all hazards associated with spent fuel and radioactive waste should be taken into account in the national framework, this Directive does not cover non radiological hazards, which fall under the Treaty on the Functioning of the European Union.

(40) While recognizing that all hazards associated with spent fuel and radioactive waste should be taken into account in the national framework, this Directive does not cover non radiological hazards **with non-radiological consequences**, which fall under the Treaty on the Functioning of the European Union.

Amendment 31**Proposal for a directive
Recital 41**

(41) Maintaining and further developing competences and skills in the management of spent fuel and radioactive waste, as an essential element to ensure high levels of safety, should be based on a combination of learning through operational experience, scientific research and technological development, and technical cooperation between all actors.

(41) Maintaining and further developing competences and skills in the management of spent fuel and radioactive waste, as an essential element to ensure high levels of **health and environment protection**, safety **and transparency**, should be based on a combination of learning through operational experience, scientific research and technological development, and technical cooperation between all actors.

Amendment 32**Proposal for a directive
Recital 42 a (new)**

(42a) In this respect, the European Nuclear Safety Regulators Group (ENSREG) could make a valuable contribution towards a uniform implementation of this Directive, thereby facilitating consultation, exchange of good practice and cooperation between national regulatory authorities.

Amendment 33**Proposal for a directive
Recital 42 b (new)**

(42b) This Directive could be a useful instrument to be taken into account when verifying that projects receiving Union funding in the context of Euratom financial or technical assistance for spent fuel and radioactive waste management facilities or activities include the measures needed to ensure that spent fuel and radioactive waste are safely managed.

Amendment 34**Proposal for a directive
Article 1 – paragraph 2**

(2) It ensures that Member States provide for appropriate national arrangements for **a high** level of safety in spent fuel and radioactive waste management to protect workers **and** the general public against the dangers arising from ionizing radiation.

(2) It ensures that Member States provide for appropriate national arrangements for **the highest** level of safety in spent fuel and radioactive waste management to protect workers, the general public **and the natural environment** against the dangers arising from ionizing radiation.

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Amendment 35**Proposal for a directive
Article 1 – paragraph 3**

(3) It *maintains and promotes* public information and participation *with regard* to spent fuel and radioactive waste management.

(3) It *ensures the provision of necessary* public information and participation *in relation* to spent fuel and radioactive waste management.

Amendment 36**Proposal for a directive
Article 1 – paragraph 4 a (new)**

(4a) This Directive sets minimum standards for the Member States, although Member States are free to impose higher standards for the management of spent fuel and radioactive waste.

Amendment 37**Proposal for a directive
Article 2 – paragraph 1 – introductory wording**

(1) *This* Directive shall apply to:

(1) *Without prejudice to Directive 2009/71/Euratom, this* Directive shall apply to:

Amendment 38**Proposal for a directive
Article 2 – paragraph 1 – point a**

(a) all stages of spent fuel management when the spent fuel results from the operation of civilian nuclear reactors or is managed within civilian activities;

(a) all stages of spent fuel management when the spent fuel results from the operation of civilian nuclear reactors or is managed within civilian activities *on EU territory, including the spent fuel originating from military defence programmes if and when such spent fuel is permanently transferred to and managed in the context of exclusively civilian activities;*

Amendment 39**Proposal for a directive
Article 2 – paragraph 1 – point b**

(b) all stages of radioactive waste management, from generation up to disposal, when the radioactive waste results from civilian activities or is managed within civilian activities;

(b) all stages of radioactive waste management, from generation up to *and including* disposal, when the radioactive waste results from civilian activities or is managed within civilian activities *on EU territory;*

Amendment 40**Proposal for a directive
Article 3 – point -1 (new)**

(-1) ‘authorised releases’ means planned and controlled releases of gaseous or liquid radioactive material into the environment that originates from regulated nuclear facilities or activities during normal operation, within limits authorised by the competent regulatory authority and in accordance with the principles and limits of Directive 96/29/Euratom;

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Amendment 41**Proposal for a directive****Article 3 – point 3**

(3) 'disposal' means the emplacement of spent fuel or radioactive waste in an authorised facility with **no intention of retrieval**;

(3) 'disposal' means the emplacement of spent fuel or radioactive waste in **a potentially definitive manner in** an authorised facility with **due regard for the reversibility principle**;

Amendments 42 and 134**Proposal for a directive****Article 3 – point 6**

(6) 'radioactive waste' means radioactive material in gaseous, liquid or solid form for which no further use is **foreseen** by the Member State or by a natural or legal person whose decision is accepted by the Member State, and which is controlled as radioactive waste by a competent regulatory authority under the legislative and regulatory framework of the Member State;

(6) 'radioactive waste' means radioactive material in gaseous, liquid or solid form, **including spent fuel and radioactive material originating from reprocessing, reduced to the minimum volume that is technologically possible**, for which no further use is **contemplated or envisaged, taking account of future technological developments and progress**, by the Member State or by a natural or legal person whose decision is accepted by the Member State, and which is controlled as radioactive waste by a competent regulatory authority under the legislative and regulatory framework of the Member State;

Amendment 43**Proposal for a directive****Article 3 – point 9 a (new)**

(9a) '**site**' means **a geographical area that contains an authorised facility, including a spent fuel or radioactive waste disposal facility, or an authorised activity**;

Amendment 44**Proposal for a directive****Article 3 – point 9 b (new)**

(9b) '**safety assessment**' means **the systematic process that is carried out throughout the design process to ensure that all the relevant safety requirements are met by the proposed design, and includes, but is not limited to, the formal safety analysis**;

Amendment 45**Proposal for a directive****Article 3 – point 9 c (new)**

(9c) '**safety case**' means **a collection of arguments and evidence in support of the safety of a facility or activity which includes the findings of a safety assessment and a statement of confidence in those findings. For a disposal facility, the safety case may relate to a given stage of development. In such cases,**

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the safety case should acknowledge the existence of areas of uncertainty or of any unresolved issues and should provide guidance for work to resolve those issues in future development stages;

Amendment 46

Proposal for a directive Article 3 – point 13

(13) 'storage' means the holding of spent fuel or of radioactive waste in an authorised facility **with the intention of** retrieval.

(13) 'storage' means the **temporary** holding of spent fuel or of radioactive waste in an authorised facility **pending its** retrieval;

Amendment 48

Proposal for a directive Article 4 – paragraph 1

(1) Member States shall establish and maintain national policies on spent fuel and radioactive waste management. **They have** ultimate responsibility for management of **their** spent fuel and radioactive waste.

(1) Member States shall establish and maintain national policies on spent fuel and radioactive waste management. **Each Member State has** ultimate responsibility for management of **the** spent fuel and radioactive waste **generated on its territory**.

Amendment 49

Proposal for a directive Article 4 – paragraph 1 a (new)

(1a) Member States shall ensure that national policies on spent fuel and radioactive waste management are implemented through a well-founded and documented stepwise decision-making process having regard to long-term safety.

Amendment 50

Proposal for a directive Article 4 – paragraph 2 – introductory wording

(2) Member States shall ensure that:

(2) Member States shall ensure that **national policies are based on the following principles:**

Amendment 51

Proposal for a directive Article 4 – paragraph 2 – point a

(a) the generation of radioactive waste is kept to the minimum practicable, in terms of both activity and volume, by means of appropriate design measures and of operating and decommissioning practices, including **recycle** and reuse of **conventional** materials;

(a) the generation of radioactive waste is kept to the minimum practicable, **respecting the 'as low as reasonably achievable' (ALARA) principle**, in terms of both activity and volume, by means of appropriate design measures and of operating and decommissioning practices, including **reprocessing** and reuse of materials;

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Amendment 121**Proposal for a directive
Article 4 – paragraph 2 – point d**

- (d) spent fuel and radioactive waste are safely managed, ***including in the long term.***
- (d) spent fuel and radioactive waste are safely managed ***for as long as they are hazardous to people and the environment;***

Amendment 122**Proposal for a directive
Article 4 – paragraph 2 – point d a (new)**

- (da) exposure of workers, the public and the environment to spent fuel and radioactive waste is avoided.***

Amendment 54**Proposal for a directive
Article 4 – paragraph 2 – point d b (new)**

- (db) measures are taken to cover the future health and environmental risks for exposed workers and the general public;***

Amendment 55**Proposal for a directive
Article 4 – paragraph 2 – point d c (new)**

- (dc) the costs of managing radioactive waste, including spent fuels, are borne by those who have generated such waste;***

Amendment 56**Proposal for a directive
Article 4 – paragraph 2 – point d d (new)**

- (dd) the financial reserves which the originators of the waste have to provide so as to cover all the costs arising from the management of spent fuels and radioactive waste are administered in a State-controlled fund, in order to ensure that they are available for use in connection with permanent safe disposal;***

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Amendment 57**Proposal for a directive****Article 4 – paragraph 2 – point d e (new)**

(de) competent national bodies are involved in supervising the availability of adequate financial resources;

Amendment 58**Proposal for a directive****Article 4 – paragraph 2 – point d f (new)**

(df) national parliaments are involved in supervising the availability of adequate financial resources.

Amendment 135**Proposal for a directive****Article 4 – paragraph 2 a (new)**

(2a) Since spent fuel pools involve major risks, especially when they are uncovered, all spent fuels shall therefore be moved out of pools and into dry storage as soon as possible. As part of that process, priority shall be given to the oldest of the spent fuel pools.

Amendment 61**Proposal for a directive****Article 4 – paragraph 3 – subparagraph 1 b (new)**

All such agreements shall be notified to the Commission.

Amendment 62**Proposal for a directive****Article 4 – paragraph 3 a (new)**

(3a) On a voluntary basis, Member States may decide to establish a joint or regional disposal facility in cooperation with other Member States in order to utilise the favourable geological or technical advantages of a particular site and to share the financial burden of the joint project.

Amendment 63**Proposal for a directive****Article 4 – paragraph 3 b (new)**

(3b) Before launching such a project through an intergovernmental agreement, the Member States concerned shall ensure that the initiative fulfils the necessary requirements, covering at least the following:

(a) public acceptance and support in all the Member States concerned shall be continuously nurtured throughout all phases of the project development and the lifetime of the disposal by ensuring that the public has access to information and that the public is able to participate in the consultation process;

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- (b) *cooperation between, and supervision by, the competent regulatory bodies and national safety authorities shall be ensured; the safety case and supporting safety assessments shall be conducted in each of the Member States concerned, covering the exploratory, selection and implementation phases of the facility;*
- (c) *agreement shall be reached on liability issues and a clear allocation of responsibilities, with each Member State bearing the ultimate responsibility for its own radioactive waste;*
- (d) *financial arrangements shall be agreed guaranteeing that funds are secured for the lifetime of the disposal facility and the period following its closure, and that adequate human resources are available ensuring a sufficient number of properly qualified staff;*
- (e) *prior notification shall be given, in the national programmes of the Member States concerned, of the legal framework, organisational structure and technical schemes and arrangements, demonstrating that, within a clear timeframe, the planned disposal satisfies the requirements laid down by this Directive.*

Amendment 136**Proposal for a directive****Article 4 – paragraph 3 c (new)**

- (3c) *In no circumstances may radioactive waste be exported to non-EU countries; shipment of spent fuel outside the EU should be allowed under the condition of its subsequent import back into the EU after recycling.*

Amendment 124**Proposal for a directive****Article 4 – paragraph 3 d (new)**

- (3d) *All nuclear waste facilities in seismic regions or coastal areas at significant risk of rising sea levels or of tsunamis shall be prohibited.*

Amendment 64**Proposal for a directive****Article 5 – paragraph 1 – point a**

- (a) a national programme for implementation of the policy on spent fuel and radioactive waste management;

- (a) a national programme, **respecting subsidiarity**, for implementation of the policy on spent fuel and radioactive waste management **which ensures that all radioactive waste producers have access to safe disposal of radioactive waste under the same conditions**;

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Amendment 65**Proposal for a directive****Article 5 – paragraph 1 – point b a (new)**

(ba) national requirements for the health and safety, education and training of workers;

Amendment 66**Proposal for a directive****Article 5 – paragraph 1 – point c**

(c) a system of licensing of spent fuel and radioactive waste management activities and facilities, including prohibition of the operation of a spent fuel or radioactive waste management facility without a licence;

(c) a system of licensing of spent fuel and radioactive waste management activities and facilities, including prohibition of the operation of a spent fuel or radioactive waste management facility without a licence, **and ensuring that all radioactive waste, regardless of who produces it, is managed on a non-discriminatory basis;**

Amendment 67**Proposal for a directive****Article 5 – paragraph 1 – point d**

(d) a system of appropriate institutional control, regulatory inspections, documentation and reporting;

(d) a system of appropriate institutional control, regulatory inspections, documentation and reporting, **as well as the requisite training for the workers involved in the whole process, in order to secure and maintain their occupational safety and health;**

Amendment 68**Proposal for a directive****Article 5 – paragraph 1 – point e a (new)**

(ea) measures to guarantee adequate financial resources in the long term for activities and facilities relating to spent fuel and radioactive waste management;

Amendment 69**Proposal for a directive****Article 5 – paragraph 1 – point f a (new)**

(fa) measures to ensure that the funding required for the management of spent fuel and radioactive waste and for emplacement is set by the competent regulatory authority on the basis of a transparent process which is regularly reviewed and in which all interested stakeholders are regularly consulted;

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Amendment 70**Proposal for a directive****Article 5 – paragraph 1 – point f b (new)**

(fb) a calculation of all the costs generated by spent fuel and radioactive waste management. The information provided in that regard must specify, inter alia, the institutions bearing those costs.

Amendment 71**Proposal for a directive****Article 5 – paragraph 2**

(2) Member States shall ensure that the national framework is maintained and improved as necessary, taking into account operating experience, insights gained from safety cases as referred to in **Article 8**, the **development of** technology and the results of research.

(2) Member States shall ensure that the national framework is maintained and improved as necessary, taking into account operating experience, insights gained from safety cases as referred to in **point (9c) of Article 3**, the **best available** technology (**BAT**), **health and safety standards and** the results of research.

Amendment 72**Proposal for a directive****Article 6 – paragraph 1 a (new)**

(1a) Member States shall ensure that their regulatory authorities are subject to democratic control.

Amendment 73**Proposal for a directive****Article 6 – paragraph 3 a (new)**

(3a) The competent regulatory authority shall have the powers and resources to regularly carry out nuclear safety assessments, investigations and controls, and where necessary to take enforcement action in facilities, even during the decommissioning process. The health and safety of workers, including any sub-contractors, as well as staff levels and training, shall form part of those assessments.

Amendment 137**Proposal for a directive****Article 6 – paragraph 3 b (new)**

(3b) The competent regulatory authority shall have the power to order that certain activities cease where the assessments have shown that they are not safe. Those and all other assessments by the competent regulatory authority shall be made public;

Thursday 23 June 2011

TEXT PROPOSED BY THE COMMISSION

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Amendment 74**Proposal for a directive****Article 7 – paragraph 1**

(1) Member States shall ensure that the prime responsibility for the safety of spent fuel and radioactive waste management rests with the **licence holder. This responsibility can not be delegated.**

(1) Member States shall ensure that the prime responsibility for the safety of spent fuel and radioactive waste management rests with the **licence-holders to whom overall responsibility for spent fuel and radioactive waste has been entrusted by the competent authority of the Member State concerned.**

Amendment 130**Proposal for a directive****Article 7 – paragraph 1 a (new)**

(1a) Member States shall ensure that a safety case and a supporting safety assessment are prepared as part of the application for a licence to carry on a radioactive waste management activity or to operate a disposal facility located on EU territory, and that they are updated as necessary over the period during which the activity or facility subsists. The safety case and supporting safety assessments shall cover the siting, design, construction, operation, or closure of spent fuels pools, a storage facility or a disposal facility as well as long-term post-closure safety, including by passive means, and shall describe all aspects of the site relating to safety, the design of the facility, the intermediate storage cooling pools (including regular reporting of the quantity of spent fuels which they contain), the decommissioning of the facility or parts thereof and the managerial control measures and regulatory controls. The safety case and supporting safety assessment shall include an assessment of the health and safety risks for workers, including those employed by subcontractors, and of the skill levels and number of staff required for the safe operation of the facility at all times, so that action can be taken in the event of an accident.

The safety case and supporting safety assessment shall demonstrate the level of protection ensured and shall provide assurance to the competent regulatory authority and other interested parties that safety requirements will be met. The safety case and supporting safety assessment shall be submitted to the competent regulatory authority for approval.

Amendment 76**Proposal for a directive****Article 7 – paragraph 1 b (new)**

(1b) Member States shall ensure that licence-holders report to the competent regulatory authority and to other relevant competent organisations, and that they give the general public access to information relating to their activities or facilities.

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TEXT PROPOSED BY THE COMMISSION

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Amendment 77**Proposal for a directive****Article 7 – paragraph 2**

(2) Member States shall ensure that the national framework requires licence holders, under the supervision of the competent regulatory authority, to regularly assess and verify, and continuously improve, as far as reasonably achievable, the safety of their activities and facilities in a systematic and verifiable manner.

(2) Member States shall ensure that the national framework requires licence holders, under the supervision of the competent regulatory authority, to regularly assess and verify, and continuously improve, as far as reasonably achievable, the safety of their activities, **including the health and safety of workers and subcontractors and the safety of their facilities**, in a systematic and verifiable manner **in compliance with the best available technology (BAT)**. **Licence-holders shall report to the competent regulatory authority and other relevant competent organisations, representatives of their employees, subcontractors and the general public regarding the results of their assessments.**

Amendment 78**Proposal for a directive****Article 7 – paragraph 3**

(3) The **assessments** referred to in paragraph 2 shall include verification that measures are in place to prevent accidents and mitigate the consequences of accidents, including verification of the physical barriers and the licence holder's administrative procedures for protection that would have to fail before workers **and** the general public would be **significantly** affected by ionizing radiation.

(3) The **actions** referred to in paragraph 2 shall **be the subject of formal submissions to the competent regulatory authority, as part of the licence application, providing the requisite assurance as to the safety of the activity, and shall** include verification that measures are in place to prevent accidents and **physical attacks and to** mitigate the consequences of accidents **and physical attacks**, including verification of the physical barriers and the licence holder's administrative procedures for protection that would have to fail before workers, the general public **and the natural environment** would be affected by ionizing radiation.

Amendment 79**Proposal for a directive****Article 7 – paragraph 4**

(4) Member States shall ensure that the national framework requires licence holders to establish and implement management systems which give **due** priority to safety and are regularly verified by the competent regulatory authority.

(4) Member States shall ensure that the national framework requires licence holders to establish and implement management systems which give **the highest** priority to safety **and security** and are regularly verified by the competent regulatory authority **and workers' representatives with specific responsibility for the safety and health of workers.**

Amendment 80**Proposal for a directive****Article 7 – paragraph 5**

(5) Member States shall ensure that the national framework requires licence holders to provide for and maintain adequate financial and human resources to fulfil their obligations with respect to the safety of spent fuel and radioactive waste management, laid down in paragraphs 1 to 4.

(5) Member States shall ensure that the national framework requires licence holders to provide for and maintain adequate financial and human resources, **including in the long term**, to fulfil their obligations with respect to the safety of spent fuel and radioactive waste management, laid down in paragraphs 1 to 4.

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Amendment 81**Proposal for a directive****Article 7 – paragraph 5 a (new)**

(5a) Member States shall ensure that licence-holders inform cross-border regional and local authorities at the earliest possible date of their plans to establish a waste management facility, if the distance of such a facility from the national border is such that it is likely to have cross-border effects during the building or operation of the facility or after its abandonment, or in the event of an accident or incident related to the facility.

Amendment 146**Proposal for a directive****Article 7 a (new)****Article 7a****Marking and documentation**

Member States shall ensure that licence holders mark containers and document the disposal of spent fuel and radioactive waste in a form not subject to weathering. The documentation shall comprise both the chemical, toxicological and radiological composition of the inventory and an indication whether it is solid, liquid or gaseous.

Amendment 82**Proposal for a directive****Article 8****Article 8****Safety case**

(1) A safety case and a supporting safety assessment shall be prepared as part of the license application for a facility or activity. They shall be updated, as necessary, over the evolution of the facility or activity. The extent and detail of the safety case and the safety assessment shall be commensurate with the complexity of the operations and the magnitude of the hazards associated with the facility or activity.

(2) The safety case and supporting safety assessment shall cover the siting, design, construction, operation, and decommissioning of a facility or closure of a disposal facility; the safety case shall specify the standards applied for this assessment. The long-term post-closure safety shall be addressed, in particular how it is ensured by passive means to the fullest extent possible.

deleted

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TEXT PROPOSED BY THE COMMISSION

AMENDMENT

(3) *The safety case for a facility shall describe all safety-relevant aspects of the site, the design of the facility, and the managerial control measures and regulatory controls. The safety case and supporting safety assessment shall demonstrate the level of protection provided and shall provide assurance to the competent regulatory authority and other interested parties that safety requirements will be met.*

(4) *The safety case and supporting safety assessment shall be submitted to the competent regulatory authority for approval.*

Amendment 83

Proposal for a directive

Article 8 a (new)

Article 8a

Recording and tracking, especially with regard to the health and safety of workers

(1) *Member States shall establish a recording and tracking system in the field of management of spent fuel and radioactive waste.*

(2) *Member States shall ensure that the recording and tracking system is capable of specifying the location and the conditions of production, use, transport, storage or disposal of the spent fuel and radioactive waste.*

(3) *Member States shall ensure that information concerning workers who have been exposed to spent fuel or radioactive waste during their work is stored, either by the licence-holder or by a State body, so as to enable work-related diseases to be followed up in the long term.*

Amendment 84

Proposal for a directive

Article 8 b (new)

Article 8b

Procedures and penalties

In accordance with general principles, Member States shall ensure that administrative or judicial procedures, as well as penalties that are effective, dissuasive and proportionate in relation to the seriousness of the offence, are applicable in the event of any infringement of the obligations under from this Directive.

Thursday 23 June 2011

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 85
Proposal for a directive

Article 9

Member States shall ensure that the national framework includes arrangements for education and training covering the needs of all parties with responsibilities for spent fuel and radioactive waste management in order to maintain **and to** further develop necessary expertise and skills.

Member States shall ensure that the national framework includes arrangements for education and **regular and preventive** training covering the needs of all parties with responsibilities for spent fuel and radioactive waste management in order to maintain, further develop **and disseminate** necessary **scientific and technological** expertise and skills, **in line with technical and scientific progress. Member States shall pay special attention to parties indirectly involved on-site and shall ensure that they are offered up-to-date appropriate education and training before the operations involving radioactive waste and spent fuel are carried out. Member States shall ensure that the licence-holders are able to implement and fund those arrangements with a view to ensuring the safety and health of all the parties involved in the process. Education and training for workers shall comply with internationally recognised standards, so as to strengthen overall responsibility for health and safety in the nuclear industry. Member States shall also ensure that the national framework includes arrangements to promote further scientific research into existing disposal projects.**

Amendment 86
Proposal for a directive

Article 9 - paragraph 1 a (new)

Member States shall ensure that the national framework includes programmes to support research into reducing radioactive waste production and into radioactive waste management.

Amendment 87
Proposal for a directive

Article 10 – paragraph 1

Member States shall ensure **that** the national framework **guarantees** that **adequate** financial resources are available when needed **for** the management of spent fuel and radioactive waste, **taking due account of** the responsibility of radioactive waste producers.

1. Member States shall ensure **in** the national framework that **sufficient** financial resources are available when needed **to cover all necessary expenses related to decommissioning and** the management of spent fuel and radioactive waste, **thereby fully respecting** the responsibility of radioactive waste producers **according to the ‘polluter-pays’ principle and avoiding any recourse to State aid.**

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TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 88**Proposal for a directive****Article 10 – paragraph 1 a (new)**

(1a) Member States shall ensure that, in accordance with procedures to be decided at national level:

- (a) an assessment of the costs related to the waste management strategies is properly conducted, in particular an assessment of the costs related to the implementation of long-term management solutions for low, intermediate and high-level long-lived radioactive waste, depending on its nature. Those costs shall include, in particular, the costs of decommissioning nuclear installations and, as regards radioactive waste management facilities, the costs of their final closure, maintenance and monitoring;*
- (b) reserves are established to cover the costs referred to in point (a) and the necessary assets are earmarked for the exclusive coverage of those reserves;*
- (c) appropriate monitoring of the adequacy of the reserves and the management of the assets to cover the costs referred to in point (a) is in place so as to ensure periodical adjustment.*

Amendment 89**Proposal for a directive****Article 10 – paragraph 1 b (new)**

(1b) The costs of disposal shall be transparently set out and published by the Member States and reassessed each year. The obligations imposed on radioactive waste producers shall be revised accordingly.

Amendment 90**Proposal for a directive****Article 10 – paragraph 1 c (new)**

(1c) Member States shall set up or appoint a national body capable of providing an expert judgment on the management of funds and decommissioning costs, as mentioned in paragraph 1a. That body shall be independent from the contributors to the funds.

Amendment 91**Proposal for a directive****Article 10 – paragraph 1 d (new)**

(1d) Member States shall regularly report to the Commission on the conclusions of the proceedings of the relevant national body, under the conditions laid down in Article 16.

Thursday 23 June 2011

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 92
Proposal for a directive

Article 11

Member States shall ensure that appropriate quality assurance programmes concerning *the safety of* spent fuel and radioactive waste management are established and implemented.

Member States shall ensure that appropriate quality assurance programmes concerning spent fuel and radioactive waste management are established and implemented.

Amendment 127
Proposal for a directive

Article 11 – paragraph 1 a (new)

Member States shall ensure that full third party liability in respect of any damage caused by accidents and long-term radioactive waste management, including damage to the terrestrial, water and marine environments, is borne by the licence holders.

Amendment 93
Proposal for a directive

Article 12 – paragraph 1

(1) Member States shall ensure that information on the management of spent fuel and radioactive waste is *made available to* workers and the general public. This obligation includes ensuring that the competent regulatory authority informs the public in the fields of its competence. Information shall be made available to the public in accordance with national legislation and international obligations, *provided that this does not jeopardise other interests recognised in national legislation or international obligations such as, inter alia, security.*

(1) Member States shall ensure that *all* information on the management of spent fuel and radioactive waste *which is necessary in order to preserve the health, safety and security of* workers and the general public *is available on a regular basis.* This obligation includes ensuring that the competent regulatory authority informs the public in the fields of its competence. Information shall be made available to the public in accordance with national legislation and international obligations, *in particular the Aarhus Convention. Information directly relevant to the health and safety of workers and the public, in particular concerning radioactive and toxic emissions and exposure to such emissions, shall be made public, irrespective of the circumstances.*

Amendment 94
Proposal for a directive

Article 12 – paragraph 1 a (new)

(1a) Member States shall ensure that information is made available to the public concerning financial resources for the management of spent fuel and radioactive waste referred to in Article 10, taking due account of the proportion of the costs incurred by producers.

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Amendment 95**Proposal for a directive****Article 12 – paragraph 1 b (new)**

(1b) Member States shall ensure that all decisions concerning sites for, and the management of, spent fuel and radioactive waste close to neighbouring countries involve the public and the institutions of the countries concerned.

Amendment 96**Proposal for a directive****Article 12 – paragraph 2**

(2) Member States shall ensure that the public is given opportunities to participate effectively in the process of decision making on spent fuel and radioactive waste management. *deleted*

Amendment 97**Proposal for a directive****Article 12 a (new)****Article 12a****Public participation**

(1) Member States shall ensure that members of the public are given early opportunities to participate effectively in the preparation or review of national programmes for the management of spent fuel and radioactive waste needing to be drawn up pursuant to Article 13, and that members of the public have access to them once they have been drawn up. They shall place the programmes on a publicly available website.

(2) To that end, Member States shall ensure that:

(a) the public is informed, whether by public notices or other appropriate means such as electronic media where available, about any proposals for such programmes or for their modification or review, and that relevant information about such proposals is made available to the public including, inter alia, information about the right to participate in decision-making and about the competent authority to which comments or questions may be submitted;

(b) members of the public are entitled to express comments and opinions when all options are open before decisions on the programmes are made;

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- (c) *for the purposes of making those decisions, due account is taken of the results of the public participation;*
- (d) *having examined the comments and opinions expressed by the public, the competent authority makes reasonable efforts to inform the public about the decisions taken and the reasons and considerations upon which those decisions are based, including information about the public participation process.*
- (3) *Member States shall identify the members of the public entitled to participate for the purposes of paragraph 2. The detailed arrangements for public participation under this Article shall be determined by the Member States in such a way as to enable the public to prepare and participate effectively. Reasonable time-frames shall be provided for, allowing sufficient time for each of the different stages of public participation required by this Article.*

Amendment 98**Proposal for a directive****Article 13 – paragraph 2**

(2) National programmes shall be in line with the provisions of Articles 4 to **12**.

(2) National programmes shall be in line with the provisions of Articles 4 to **12a**.

Amendment 99**Proposal for a directive****Article 13 – paragraph 3**

(3) Member States shall regularly review and update their national programmes, taking into account technical and scientific progress as appropriate.

(3) Member States shall regularly review and update their national programmes taking into account technical and scientific progress as appropriate, **and incorporating feedback from other Member States' experience of radioactive waste management, as well as the outcomes of international peer reviews.**

Amendment 100**Proposal for a directive****Article 13 – paragraph 3 a (new)**

(3a) Member States shall inform cross-border regional and local authorities of their national programmes at the earliest possible date, if the implementation thereof is likely to have cross-border effects.

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Amendment 101**Proposal for a directive****Article 13 - paragraph 3 b (new)**

(3b) Within the national programmes, Member States shall clearly indicate the available financial resources for the management of spent fuel and radioactive waste.

Amendment 102**Proposal for a directive****Article 14 – point -1 (new)**

(-1) an integrated, detailed scheme for the classification of radioactive waste which covers all radioactive waste management steps from the generation of radioactive waste to its disposal;

Amendment 103**Proposal for a directive****Article 14 – point 1**

(1) an inventory of all spent fuel and radioactive waste and *provisions* of future quantities, including those from decommissioning. The inventory shall clearly indicate the location and amount of the material and, ***through appropriate classification***, the level of hazard;

(1) ***on the basis of the classification scheme referred to in point (-1)***, an inventory of all spent fuel and radioactive waste and *forecasts* of future quantities, including those from decommissioning. The inventory shall clearly indicate the location and amount of the material and the level of hazard, ***as well as the origin of the waste***;

Amendment 128**Proposal for a directive****Article 14 – point 2**

(2) concepts, plans and technical solutions from generation to disposal;

(2) concepts, plans and technical solutions from generation to ***storage or disposal***. ***High priority shall be given to historical radioactive waste and spent fuel in intermediate storage pools***;

Amendment 104**Proposal for a directive****Article 14 – point 3**

(3) concepts and plans for the post-closure period of a disposal facility, including time over which institutional controls are retained and the means to be employed to preserve knowledge of the facility in the longer term;

(3) concepts and plans for the post-closure period of a disposal facility, including time over which institutional controls are retained and the means to be employed to ***ensure monitoring and maintenance of the facility and to*** preserve knowledge of the facility in the longer term;

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Amendment 105**Proposal for a directive****Article 14 – point 7 a (new)**

(7a) a description of the assessment of the costs referred to in point (a) of Article 10(1a) and of the methods applied for the calculation of the corresponding reserves;

Amendment 106**Proposal for a directive****Article 14 – point 8**

(8) description of the financing scheme(s) in force to ensure all programme costs can be met according to the foreseen schedule.

(8) a description of the choices related to the composition and management of the assets earmarked pursuant to point (b) of Article 10(1a) and of the financing scheme(s) in force to ensure that all programme costs can be met according to the foreseen schedule and strictly following the ‘polluter-pays’ principle;

Amendment 107**Proposal for a directive****Article 14 – point 8 a (new)**

(8a) a binding and verifiable time-frame for the implementation of national programmes and compliance with the requirements set out in points (1) to (8) above;

Amendment 108**Proposal for a directive****Article 14 – point 8 b (new)**

(8b) education and vocational training plans to maintain and develop the expertise and skills necessary for the management of spent fuel and radioactive waste.

Amendment 109**Proposal for a directive****Article 15 – paragraph 3 a (new)**

(3a) The Commission shall monitor compliance with the time-frames submitted pursuant to Article 14(8a) for the implementation of the national programmes of the Member States.

Thursday 23 June 2011

TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 110**Proposal for a directive****Article 15 – paragraph 4**

(4) *The Commission will take into account the Member States' clarifications and progress on the national waste management programs, when deciding on the provision of Euratom financial or technical assistance for spent fuel and radioactive waste management facilities or activities, or when formulating its views on investment projects in accordance with Article 43 of the Euratom Treaty.* *deleted*

Amendment 111**Proposal for a directive****Article 16 – paragraph 3**

(3) Member States shall periodically, and at least every 10 years, arrange for self-assessments of their national framework, competent regulatory authority, national programme and its implementation, and invite international peer review of their national framework, authority and/or programme with the aim of ensuring that high standards are achieved in the management of spent fuel and radioactive waste. The outcomes of any peer review shall be reported to the Commission and the *Member States*.

(3) Member States shall periodically, and at least every 10 years, arrange for self-assessments of their national framework, competent regulatory authority, national programme and its implementation, and invite international peer review of their national framework, authority and/or programme with the aim of ensuring that high standards are achieved in the management of spent fuel and radioactive waste. The outcomes of any peer review shall be reported to the Commission, *which shall submit a periodical report to the European Parliament and the Council addressing in an aggregated form the conclusions reached in the course of the peer reviews.*

Amendment 138**Proposal for a directive****Article 16 a (new)****Article 16b****Reassessment**

The Commission shall, no later than two years after peer reviews by Member States have taken place as provided for in Article 16(3), submit a report to the European Parliament and the Council which focuses on a reassessment of the concept of the management of spent fuel and radioactive waste and the export provisions laid down in Article 4(3). That reassessment shall in particular consider the issues of reversibility and retrievability of waste once it is placed in a disposal site in the light of research developments and further scientific knowledge in this field. The report shall, if necessary, be followed by a revision of this Directive to reflect the latest technological research regarding spent fuel and radioactive waste management.

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TEXT PROPOSED BY THE COMMISSION

AMENDMENT

Amendment 113**Proposal for a directive****Article 17 – paragraph 1**

(1) Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by They shall forthwith inform the Commission thereof. When Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

(1) Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by ... (*). They shall forthwith inform the Commission thereof. When Member States adopt these measures, they shall contain a reference to this Directive or shall be accompanied by such reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

() Two years after the date of entry into force of this Directive.*

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Key to symbols used

- * Consultation procedure
- **I Cooperation procedure: first reading
- **II Cooperation procedure: second reading
- *** Assent procedure
- ***I Codecision procedure: first reading
- ***II Codecision procedure: second reading
- ***III Codecision procedure: third reading

(The type of procedure is determined by the legal basis proposed by the Commission.)

Political amendments: new or amended text is highlighted in bold italics; deletions are indicated by the symbol ¶.

Technical corrections and adaptations by the services: new or replacement text is highlighted in italics and deletions are indicated by the symbol ||.

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