2008 budget: section III, Commission

2007/2019(BUD) - 26/11/2007 - Council amended draft budget

Following its meeting with the European Parliament (see Council activities dated 23 November 2007), the Council carried out a **second reading of the draft general budget of the European Communities for 2008**, including the consequences of the outcome of the conciliation meeting concerning the clearance of the accounts.The Council accepts the Preliminary Draft Amending Budget No. 7/2007 as well as the Letter of Amendment No. 2/2008 as proposed by the Commission.

Budget amounts:

- Commitment appropriations in the 2nd reading: EUR 127 815 524.354;
- Payment appropriations in 2nd reading: EUR 118 561 617.979 EUR (0.94% of GNI).

The 2nd reading of the budget fixes the total amount for payment appropriations (absolute figures) for the 2008 budget at EUR 120 346.76 million, including the payment appropriations in 2008 for the Galileo project and a reduction of EUR 300 million in appropriations regarding clearance of accounts in comparison to the PDB.

These amounts shall be revised through the revision of the Multiannual Financial Framework 2007–2013 in accordance with the Interinstitutional Agreement of 17 May 2006. The Council asks the Commission to submit an amending budget if the appropriations entered in the 2008 budget are insufficient to cover expenditure under sub-Heading 1a (Competitiveness for growth and employment), sub-Heading 1b (Cohesion for growth and employment) and Heading 2 (Market related expenditure and direct payments) as well as Heading 5 (Administration).

In assessing the outcome of the European Parliament's first reading of the Draft Budget for 2008, the Council was guided by the following principles:

- compliance with the annual expenditure ceilings set by the Multiannual Financial Framework;

- a limited and controlled growth of the volume of payment appropriations taking into account in particular the constraints upon national budgets;

- taking into account the latest priorities since the establishment of the Draft Budget for 2008 in July;

- compliance with the relevant provisions regarding the placing of appropriations in reserve, the classification of expenditure, legal bases, preparatory measures and pilot programmes; in this context, it restated the Council's opposition to the European Parliament's using conditional reserves in what it considers to be a breach of the Financial Regulation;

- reiteration of the agreement already reached in July with the European Parliament on four joint statements regarding the Structural and Cohesion Funds and rural Development 2007-2013 programme, the Recruitment in relation with the 2004 and 2007 enlargement, the Assigned revenues and the Decentralised agencies (*see Council doc. 11781/07* – draft budget).

The Council held a discussion encompassing the Draft Budget for 2008, as amended and accompanied by proposals for modifications, as well as on Letter of Amendment No. 2 to the Preliminary Draft Budget for 2008.

The Council agreed on the following positions by a **qualified majority**:

a) to maintain the Draft Budget established by the Council with regard to competitiveness for growth and employment (sub-Heading 1a of the Financial Framework). The Council asks the Commission to submit an amending budget if the appropriations entered in the 2008 budget are insufficient to cover expenditure under sub-Heading 1a (Competitiveness for growth and employment), sub-Heading 1b (Cohesion for growth and employment) and Heading 2 (Market related expenditure and direct payments);

b) to maintain the Draft Budget established by the Council with regard to cohesion for growth and employment (sub-Heading 1b of the Financial Framework);

c) with regard to preservation and management of natural resources (Heading 2 of the Financial Framework), to approve Letter of Amendment No. 2 to the Preliminary Draft Budget for 2008 and with regard to the budget line related to Clearance of accounts to reduce the appropriations by EUR 300 million in comparison to the PDB; to restore the amounts of the PDB regarding the other budget lines related to Agriculture which are not affected by Letter of Amendment No. 2; to maintain the Draft Budget established by the Council with regard to the other budget lines of Heading 2 not related to agriculture (Agencies);

d) to accept the total amount and the posts included in the European Parliament's amendment regarding the Frontex Agency with a different splitting between administrative and operational appropriations and no appropriations in the reserve; to maintain the Draft Budget established by the Council with regard to the other budget lines in the field of freedom, security and justice (sub-Heading 3a of the Financial Framework);

e) to maintain the Draft Budget established by the Council with regard to citizenship (sub-Heading 3b of the Financial Framework);

f) to maintain the Draft Budget established by the Council with regard to the EU as a global partner (Heading 4 of the Financial Framework) as modified by the Letter of Amendment No. 1/2008; as regards CFSP, to include, on top of the appropriations retained in the Draft Budget, an additional amount of EUR 85 million for the CFSP mission in Kosovo;

g) to maintain the Draft Budget established by the Council with regard to administrative expenditure (Heading 5 of the Financial Framework), apart from the European Parliament amendments to its own section of the budget ("Gentlemen's Agreement") and to the European Economic and Social Committee, which were accepted.