2009 budget: Section III, Commission

2008/2026(BUD) - 17/07/2008 - Council draft budget

The Council unanimously established the draft budget for 2009 at 1st reading. It used the preliminary draft budget (PDB) of the European Communities for 2009, submitted by the Commission, as the basis for establishing this draft budget.

In keeping with the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and budgetary management (IIA), a conciliation meeting between the Council and a delegation from the European Parliament, with the participation of the Commission, was held on 17 July 2008, prior to the discussions in the Council.

As a result of the Council's discussions, the PDB as established by the Council amounts to:

§ **EUR 133 932.76 million in commitment appropriations** (including EUR 89 778.84 million of non-compulsory expenditure);

§ **EUR 114 972.33 in payment appropriations** (including EUR 70 836.40 million of non-compulsory expenditure).

Under the draft budget for 2009 established by the Council, commitment appropriations increase by 2.8% compared to the 2008 budget and payment appropriations decrease by 4.7%.

The rate of increase in non-compulsory expenditure (NCE) for the draft budget for 2009 is 2.3% in commitments; there is a decrease of 9.4% in payments.

The total payment appropriations provided for in the draft budget for 2009 correspond to **0.89% of Community GNI**.

AA. Generally: in establishing the draft budget for 2009, the Council followed a number of guidelines:

- due regard to the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and budgetary management;
- particular care was taken: i) to establish a draft budget that is realistic and comprehensively balanced; ii) not to adopt expenditure relating to the implementation of the Lisbon Treaty; iii) to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of the budget implementation rate in 2007, budget forecast alerts in 2008 and realistic implementation capacities for the programmes (including for executive agencies); iv) to determine the appropriate level of payment appropriations in comparison with 2008, adjusting the amounts on the basis of the 2007 implementation rate and budget forecast alerts in 2008; v) to leave adequate margins below the ceilings for the headings of the Financial Framework, with the exception of subheading 1b, in order to be able to cope with unforeseen situations.

Further principles have been observed as regards the PDB 2009:

- the Council decided to retain the nomenclature proposed in the PDB and application of the classification in line with the provisions of Annex III to the Interinstitutional Agreement; activity statements proposed by the Commission covering a wide range of operational policies were analysed in depth. This exercise was conducted with attention to the emergence of a comparative approach within the framework of political families;

- the Council did not propose any further preparatory actions or pilot projects;
- to keep the volume of appropriations for the decentralised agencies under control, by taking account of assigned revenue – with the Community contribution to be understood as the amount of subsidy granted in the budget and assigned revenue available – and by applying different uniform criteria linked to those agencies' stage of development: for "**agencies which have reached cruising speed**": increase in the Community contribution limited to 2% on the 2008 budget and refusal of the new posts requested; for "**agencies which are expanding**": increase in the Community contribution limited to 5% on the 2008 budget and acceptance of 50 % of the new posts requested; for "**agencies which are starting up**": increase in the Community contribution limited to 12% on the 2008 budget and acceptance of 75 % of the new posts requested; for an "a**gency in a priority sector under the budget guidelines for 2009**": the Council accepts the appropriations and posts proposed by the Commission in its preliminary draft budget.

B. Expenditure by heading of the financial framework : as to expenditure under the different headings of the Financial Framework the Council decided to:

Heading 1: Sustainable growth:

1.a) as regards **competitiveness for growth and employment** expenditure: the amount of this heading is set at **EUR 11 112 million** in commitment appropriations, decreasing by EUR 78.3 million compared to the PDB 2009 as set out by the Commission. This heading is characterised by the following elements:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 69.83 million on a number of budget lines of this subheading, based on past and current budget implementation and on realistic implementation capacities for the programmes;
- limit the change in subsidies for decentralised agencies (-EUR 8.48 million compared to the PDB) and accept a total of 141 new posts for the following agencies: European Medicines Agency; Chemicals Legislation and European Chemicals Agency; European Aviation Safety Agency; European Maritime Safety Agency; European Railway Agency. There being no legal basis, the posts requested for the European Agency for the Cooperation of Energy Regulators were not accepted;
- set the level of payment appropriations, by making a reduction of a total amount of EUR 471.31 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The margin available under subheading 1a would be EUR 160.34 million.

1.b) concerning **cohesion for growth and employment** expenditure: the Council provides **EUR 48 414 million**, which is the same amount as the PDB. It also reduces the appropriations requested in the PDB by a total of EUR 250 million. That amount represents a reduction in payment appropriations totalling EUR 300 million concentrated on the objective of regional competitiveness and employment under the cohesion policy (EUR 170 million in respect of the European Social Fund and EUR 130 million in respect of the European Regional Development Fund), corresponding to budgeting which takes account of the available information and the realistic prospects for implementation of the programmes in the period from 2007 to 2013, and an increase of EUR 50 million for the convergence objective of the cohesion policy (in respect of the European Regional Development Fund), reflecting the political importance of the development of the States and regions covered by this objective.

The margin available under subheading 1b would be EUR 14.12 million.

Heading 2: Preservation and management of natural resources: the total amount of this heading is EUR 57 144 million, representing EUR 382 million less that the PDB. The Council intends to:

- impose a limited reduction totalling EUR 150 million in the commitment and payment appropriations requested in the PDB applied across-the-board to all budget lines of Chapter 05 02 (Interventions in agricultural markets) except those relating to food programmes, free distribution of fruit and vegetables, promotion measures, other plant products/measures, and school milk;
- reduce by a total of EUR 230 million the commitment and payment appropriations requested in the PDB on the budget line for clearance of accounts;
- set the level of payment appropriations for rural development, reducing the appropriations requested in the PDB by a total of EUR 115 million on the basis of available information.

This reduction is in line with the overall approach of keeping payment appropriations under control, which it is proposed should cover both compulsory expenditure (heading 2) and non-compulsory expenditure (subheadings 1a and 1b). These amounts estimated on the basis of past budget implementation and available information may be reviewed in the light of the autumn letter of amendment provided for by the Interinstitutional Agreement.

The Council also limits the change in subsidies for decentralised agencies (-EUR 2.11 million compared to the PDB) and accept a total of 5 new temporary posts for the Community Fisheries Control Agency (CFCA).

The margin available under heading 2 would be EUR 2 495.38 million.

Heading 3: Citizenship, freedom, security and justice: the total amount for this heading is **EUR 1 448 million** in commitments split into 2 sub-headings (representing EUR 20.4 million less than the PDB 2009).

3.a) for **freedom, security and justice** expenditure: the Council intends to:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 4.25 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities for the programmes;
- limit the change in subsidies for decentralised agencies (-EUR 2.15 million compared to the PDB) and accept a total of 39.5 new posts for the: European Agency for the Management of Operational Cooperation at the External Border (Frontex). The appropriations and posts for the Frontex agency were accepted as proposed in the PDB; European Union Agency for Fundamental Rights; European Police College; Eurojust;
- set the level of payment appropriations by making a reduction of a total amount of EUR 23.73 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The margin available under subheading 3a would be EUR 39.27 million.

3.b) as regards **citizenship** expenditure, the Council proposes to:

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 6.22 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities;

- abandon preparatory action in the field of sport in connection with the implementation of the Treaty of Lisbon;

- limit the change in subsidies for decentralised agencies (-EUR 7.79 million compared to the PDB) and accept a total of 15 new temporary posts for the European Food Safety Authority;

- set the level of payment appropriations by making a reduction of a total amount of EUR 34.24 million in the appropriations requested in the PDB in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008.

The available margin under subheading 3b would be EUR 36.28 million.

Heading 4: The EU as a global partner: the Council envisages a total amount of **EUR 7 554 million in commitments** (an increase of EUR 113.738 million from the PDB 2009). It has also been decided to:

- retain an increase in commitment appropriations over and above the PDB by a total amount of EUR 160 million regarding **Palestine** (+EUR 100 million) and **Kosovo** (+EUR 60 million), bearing in mind the political importance of the European Union's actions in those geographical areas. These amounts are entered in the reserve and are in anticipation of an amending letter of which the Commission has stated the principle without defining the amounts;

- as a precaution, retain for the CFSP the amounts included in the PDB which are in line with the underlying amounts in the IIA, while bearing in mind that the international situation may change very rapidly in this area;

- limit the increase in commitment appropriations requested in the PDB by a total amount of EUR 44.73 million on a number of specific budget lines of this heading, based on past and current budget implementation and on realistic implementation capacities for the programmes;

- limit the change in subsidies for decentralised agencies (-EUR 1.53 million compared to the PDB);

- set the level of payment appropriations, on the one hand by reducing the appropriations requested in the PDB by an amount of EUR 147.12 million in a targeted manner over a series of budget lines, on the basis of an analysis of budget implementation in 2007 and budget forecast alerts in 2008, and on the other hand by not retaining the amount proposed in the PDB of EUR 244 million regarding the Emergency Aid Reserve.

The margin available under heading 4 would be EUR 129.83 million to cover unforeseen expenditure.

Heading 5: Administration: the Council decided not to adopt the expenditure and posts relating to the implementation of the Lisbon Treaty and to carry out targeted reductions under specific budgetary headings for all the institutions, taking into account the budget outturn in 2007 and real needs. It also intends to apply to some institutions an additional reduction of 1.3% on current expenditure requested for 2009, to take into account efficiency gains and the impact of interinstitutional cooperation (on this point refer to BUD/2008/2026B). When examining the administrative budgets, the Council also focused on administrative operating expenditure linked to operational programmes and on administrative expenditure by executive agencies. In this respect, it was decided to carry out targeted reductions, in particular on the basis of the 2007 budget outturn. The Council continued its examination of decentralised agencies in the context of the Commission's intention to launch a thorough evaluation of such agencies.

A margin of EUR 224.13 million is available under heading 5.

Heading 6: Compensations: the Council decided to accept the PDB for this heading (EUR 209.112 million) and to set the margin available under this heading at EUR 0.89 million.

Heading 7: Revenue: the Council decided to accept the PDB subject to the technical adjustments arising from the changes made to expenditure and staff in the draft budget for 2009.