

# 2010 budget: section III, Commission

2009/2002(BUD) - 20/07/2009 - Council draft budget

The Council unanimously established the draft budget for 2010 at 1<sup>st</sup> reading. It used the preliminary draft budget (PDB) of the European Communities for 2010, 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 10 July 2009, 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 137 994.24 million in commitment appropriations** (including EUR 93 050.98 million of non-compulsory expenditure);
- **EUR 120 520.91 in payment appropriations** (including EUR 75 721.42 million of non-compulsory expenditure).

Under the draft budget for 2010 established by the Council, commitment appropriations increase by 1.09% compared to the 2009 budget and payment appropriations increase by 3.74%.

The rate of increase in non-compulsory expenditure (NCE) for the draft budget for 2010 is 3.18% in payment appropriations; there is a decrease of -0.65% in commitment appropriations.

The total payment appropriations provided for in the draft budget for 2010 correspond to **1.02% of Community GNI**.

**A. Generally:** in establishing the draft budget for 2010, 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, complying with budgetary discipline and sound financial management; (ii) provide adequate funding for the European Union's various priorities, **determining appropriations on the basis of the budget implementation rate in 2008, budget forecast alert in 2009 and realistic absorption capacities**. This approach was also followed with regard to allocations for administrative expenditure arising from operational programmes and the expenditure of the executive agencies responsible for their management; (iii) determine the appropriate level of payment appropriations in comparison with 2009, adjusting the amounts on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert; (iv) apply for decentralised agencies the same criteria as for the administrative expenditure of the institutions. Therefore, no new posts were accepted, except for new agencies foreseen in 2010 and Frontex; (v) not to accept expenditure relating to the implementation of the Treaty of Lisbon; (vi) leave adequate margins under the ceilings of the headings of the financial framework, with the exception of sub-heading 1b, in order to be able to cope with unforeseen situations.

Further principles have been observed as regards the PDB 2010:

- the Council decided to retain the nomenclature proposed in the PDB and to follow the classification in line with the provisions of Annex III to the Interinstitutional Agreement;
- the Council did not propose any further preparatory actions or pilot projects;
- a particular attention was given to the activity statements. Specific meetings were organised with the Commission services in order to allow an in-depth dialogue with delegations;
- the Commission services were invited to continue to improve the content of the activity statements when drafting them in future budgetary procedures.

**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 (EUR 61 551 million):**

**1.a)** as regards **competitiveness for growth and employment** expenditure: the amount of this heading is set at **EUR 12 170 million** in commitment appropriations, decreasing by EUR 88.76 million compared to the PDB 2010 as set out by the Commission. This envelope is characterised by the following:

- a total reduction in the appropriations requested in the PDB in respect of a number of specific budget lines under this heading, on the basis of past and current budgetary implementation and realistic absorption capacities;
- fixing the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the PDB by a total of EUR 11.06 million as a result of the non acceptance of the requests for new posts for existing agencies - only 35 posts for the two new agencies foreseen in 2010 (European Agency for the cooperation of the Energy Regulators and Body of European Regulators for Electronic Communications) were accepted;
- setting the level of payment appropriations, targeting a total reduction of EUR 408.33 million in the appropriations requested in the PDB on a number of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert (see Council activity of 10 July on this issue).

The margin available under sub-heading 1a would be EUR 218.41 million.

**1.b)** concerning **cohesion for growth and employment** expenditure: the Council provides **EUR 49 382 million**, which is the same amount as the PDB. It also sets the level of payment appropriations, reducing the appropriations requested in the PDB by a total of EUR 293.10 million. That amount represents a reduction in payment appropriations concentrated in the field of the European Regional Development Fund (EUR 138.43 million), the European Social Fund (EUR 96.67 million) and the completion of the 2000-2006 programmes (EUR 58 million), representing a correction in budgeting on the basis of the available information.

The margin available under sub-heading 1b would be EUR 11.91 million.

**Heading 2: Preservation and management of natural resources:** the total amount of this heading is **EUR 58 640 million** in commitments, representing EUR 363.37 million less than the PDB, of which EUR 118.77 million in Chapter 05 02 (Interventions in agricultural markets), EUR 230 million on the budget line for clearance of accounts, and EUR 14.60 million on various other budget lines, on the basis of past and current budget implementation and taking into account the available information related to some specific agricultural areas. It sets the level of payment appropriations, reducing the appropriations requested in the PDB by a total of EUR 491.48 million, of which EUR 118.77 million in Chapter 05 02 (Interventions in agricultural markets), EUR 230 million on the budget line for clearance of accounts, EUR 98 million for rural development and EUR 44.71 million on various other budget lines, on the basis

of past and current budget implementation. 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.

The Council also decided not to accept the request for new posts for decentralised agencies.

The margin available under heading 2 would be EUR 1 473 million.

**Heading 3: Citizenship, freedom, security and justice:** the total amount for this heading is **EUR 1 608 million** in commitments split into 2 sub-headings (representing EUR 21.1 million less than the PDB 2010).

**3.a) for freedom, security and justice** expenditure (EUR 974 million in commitments): the Council intends to:

- set the level of commitment appropriations, slightly reducing by a total of EUR 2.45 million commitment appropriations requested in the PDB in respect of a number of specific budget lines under this heading, on the basis of past and current budget implementation;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the PDB by a total of EUR 3.47 million as a result of the non acceptance of the requests for new posts for existing agencies. Only 486 posts for the new agency foreseen in 2010 (European Asylum Support Office), Frontex and Europol (436 existing posts) were accepted;
- set the level of payment appropriations, targeting a total reduction of EUR 27.90 million in the appropriations requested in the PDB on a number of budget lines on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert.

The margin available under sub-heading 3a would be EUR 50.73 million.

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

- set the level of commitment appropriations, reducing by a total of EUR 11.96 million the commitment appropriations requested in the PDB in respect of a number of specific budget lines under this heading, on the basis of past and current budget implementation and on realistic absorption capacities;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the PDB by a total of EUR 3.18 million as a result of the non acceptance of the requests for new posts for existing agencies;
- set the level of payment appropriations, reducing by a total amount of EUR 26.19 million the appropriations requested in the PDB in a targeted manner over a series of budget headings, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert.

The available margin under sub-heading 3b would be EUR 33.87 million.

**Heading 4: The EU as a global partner:** the Council envisages a total amount of **EUR 7 832 million in commitments**. It has also been decided to:

- set the level of commitment appropriations, reducing by a total amount of EUR 89.11 million the commitment appropriations requested in the PDB on a number of specific budget lines under this heading, on the basis of past and current budget implementation and on realistic absorption capacities. In accordance with Point 25 of the IIA, accept the commitment appropriations regarding the Emergency Aid Reserve as proposed by the Commission;
- set the level of payment appropriations, reducing on the one hand the appropriations requested in the PDB by an amount of EUR 259.46 million in a targeted manner over a series of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert,

and on the other hand not retaining the amount for payments proposed in the PDB of EUR 248.89 million regarding the Emergency Aid Reserve;

- as far as the Common Foreign And Security Policy (CFSP) budget is concerned, accept for its part the amounts proposed in the preliminary draft budget.

The margin available under heading 4 would be EUR 309.90 million to cover at a later stage additional needs.

**Heading 5: Administration:** the Council decided to establish the global increase of the EU administrative expenditure at a level near the inflation rate. It envisages a total amount of **EUR 7 812 million**. It intends to set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs and carry out targeted reductions under certain budget lines for all the institutions, taking into account the 2008 budget outturn and real needs (see [BUD/2009/2002B](#)). The Council proposes to increase the standard flat rate abatement on salaries for most of the institutions, taking into account their current vacancy rate. It insists on the need to fill all vacant posts. It states specifically that it shall not accept any new post requested by the institutions for new activities. It does accept, on the other hand, requested conversions, transformations and upgradings. It excludes expenditure related to the implementation of the Treaty of Lisbon.

When examining the administrative budgets, the Council also focused on administrative expenditure linked to operational programmes and on administrative expenditure of the executive agencies. In this respect, it was decided to carry out targeted reductions, in particular on the basis of the 2008 budget outturn.

A thorough examination of the building policy of the institutions was also done. In this context, a declaration on building policy of EU Institutions and bodies was also approved by the Council (see Council activities of 10 July).

This approach has resulted in a margin of EUR 276.15 million available under the ceiling of heading 5 of the financial framework, which is deemed sufficient to respect the requirements of the IIA and in the interest of sound financial management.