

# 2010 budget: section III, Commission

2009/2002(BUD) - 23/11/2009 - Council amended draft budget

PURPOSE: presentation of the second reading of the 2010 budget by the Council.

CONTENT: further to the outcome of the conciliation meeting held on 18 November 2009 with the European Parliament's delegation led by Alain LAMASSOURE (EPP, FR), President of the Committee on Budgets and comprising of László SURJÁN (EPP, HU), rapporteur for the 2010 budget (Section III - Commission) and Vladimir MANKA (S&D, SK), rapporteur for the 2010 budget (Other institutions), the Council proceeded, at its 20 November 2009 session, with the **second reading of the draft EU budget for the 2010 financial year**.

The European Parliament, the Council and the Commission reached agreement on the following points:

- 1) **to revise the 2007-2013 MFF for the years 2009 and 2010** in order to allow the full financing of the [European Economic Recovery Plan \(EERP\)](#) in 2010 by the mobilisation of the Flexibility Instrument for a total amount of EUR 195 million in 2010, of which EUR 120 million for the financing of the EERP and EUR 75 million for the decommissioning of the Kozloduy nuclear power plant;
- 2) **to accept the preliminary draft amending budget No. 10/2009**, as modified during the conciliation meeting of 18 November 2009, for an additional amount of EUR 40 million (see [BUD/2009/2185](#));
- 3) **to accept letter of amendment No. 2/2010** as proposed by the Commission, with a shifting of EUR 20 million from the milk export refund to the exceptional Milk action, and to include in this letter of amendment the total amount of EUR 1.98 billion in commitments relating to the financing of the EERP, as resulting from the [revision of the 2007-2013 multiannual financial framework \(MFF\)](#), the mobilisation of the Flexibility Instrument and the redeployments within sub-heading 1a for an amount of EUR 81 million;
- 4) **to fix the amount of the CFSP budget for 2010** at EUR 281.5 million in commitment appropriations as proposed by the Commission, subject to the European Parliament vote on the Council's discharge;
- 5) **to fix the total amount for payment appropriations** (absolute figures) for the 2010 budget at EUR 122.937 million;
- 6) **to agree on the joint text on transitional measures applicable to the budgetary procedure** after the entry into force of the Lisbon Treaty before 1 December 2009.

**Technical results of the Council's second reading of the budget:** the overall amounts of the draft 2010 budget following the Council's second reading are as follows:

- **EUR 140 971 865 381 in commitments;**
- **EUR 121 511 509 829 in payments (representing 1.03% of GNI).**

At the same time, the Council made a certain number of changes to the draft budget which may be summarised as follows:

**Sub-heading 1a of the financial framework** (competitiveness for growth and employment):

- to accept some amendments related to administrative expenditure for a total amount of EUR 20.6 million in commitments and payments and to restore the draft budget established by the Council for the other budget lines;
- to include in the reserve the financing of the European Microfinance Facility for an amount of EUR 25 million in commitment appropriations and EUR 9.25 million in payment appropriations compensated by an equivalent reduction of the appropriations related to the "Progress" programme;
- to accept letter of amendment No. 2/2010 as proposed by the Commission, and to include in this letter of amendment the total amount of EUR 1.98 billion in commitments relating to the full financing of the remaining part of the European Economic Recovery Plan (EERP).

**Sub-heading 1b of the financial framework** (Cohesion for growth and employment): to keep the draft budget as established by the Council under first reading.

**Heading 2 of the financial framework** (Preservation and management of natural resources):

- to approve letter of amendment No. 2/2010 to the preliminary draft budget for 2010 including the exceptional Milk action, with a shifting of EUR 20 million from the milk export refund to the exceptional Milk action, as well as the remaining part of the EERP regarding broadband internet;
- to maintain the reduction in comparison to the PDB with regard to the budget line related to clearance of accounts and to restore the amounts of the PDB regarding the other budget lines related to compulsory expenditure which are not affected by letter of amendment No. 2/2010;
- to maintain the draft budget established by the Council with regard to the budget lines of heading 2 related to non-compulsory expenditure which are not affected by letter of amendment No. 2/2010.

**Heading 3 of the financial framework:** to keep the draft budget established by the Council with regard to freedom, security and justice (sub-heading 3a) and citizenship (sub-heading 3b).

**Heading 4 of the financial framework** (the EU as a global player): to accept some amendments related to administrative expenditure for a total amount of EUR 6.95 million in commitments and payments and to restore the draft budget established by the Council as modified by letter of amendment No. 1/2010 as approved by the Council.

**Heading 5 of the financial framework** (administrative expenditure): to maintain the draft budget established by the Council with regard to administrative expenditure, apart from the European Parliament amendments to its own section of the budget which were accepted ("Gentlemen's Agreement") and to include an additional amount of EUR 23.5 million for the financing of the European Council in 2010 by means of letter of amendment No. 3/2010. The Council also approved a declaration on the recruitment in relation to the 2004 and 2007 enlargements in which it stresses again the importance of a full recruitment on all posts related to the 2004 and 2007 enlargement, and the need to ensure that recruitment is completed as soon as possible on the broadest possible geographical proportional basis.

**Several joint declarations were adopted** in the course of the conciliation meeting, the most important of which are as follows:

- 1) **joint declaration on the continuity of the 2010 budgetary procedure:** this states that, up to 30 November 2009, the budgetary procedure for the 2010 budget has been conducted under the Treaty of Nice but that with the **entry into force of the Treaty of Lisbon on 1 December 2009**, the procedure will be completed under that Treaty, with the declaration by the President of the European Parliament that the budget has been definitively adopted. In keeping with that transition, the three institutions consider that the agreement reached by the European Parliament and the Council at the conciliation meeting on 18 November 2009, followed by the Council's second

reading, on the 2009 and 2010 budgets and the outcome of the European Parliament's second reading may be considered in substance as agreement on a joint draft budget within the meaning of Article 314 of the Lisbon Treaty;

- 2) **joint declaration on the building policy of EU Institutions and bodies:** acknowledging that expenditure on buildings represent a significant part of overall administrative expenditure of the EU Institutions, the Council and Parliament reaffirm that the sound financial management of building expenses is essential. They reiterate the importance of effective interinstitutional cooperation in this field and invite the Institutions to further enhance such cooperation and, whenever appropriate, to **share facilities**. They also encourage the Institutions to continue and to intensify energy efficiency and environmental measures in their buildings, including certification according to environmental standards, wherever this is appropriate and feasible with the given resources, and warmly welcome progress already achieved in this field. They also stress the need for greater transparency in regard to budget matters in order to better and more rapidly evaluate budget needs in the buildings field. The same applies with respect to the executive and decentralised agencies;
- 3) **joint declaration regarding the simplification and a more targeted use of structural and cohesion funds:** recalling previous joint declarations and underlining the necessity to further accelerate the implementation of structural and cohesion funds, the Parliament and the Council note that although the approval rate of major projects has gradually improved, the pace of approval was still too slow. They therefore urge the Commission to continue efforts to simplify implementing procedures in close cooperation with Member States and in particular, to speed up the approval of major projects, and thus **accelerate payments**. The European Parliament and the Council believe that all opportunities provided by the use of structural funds, could be mobilised for more targeted actions that facilitate **overcoming the effects of the economic crisis**, particularly those which support growth and competitiveness and limit job losses;
- 4) **joint declaration on heading 5:** noting that the adoption of letter of amendment No. 3/2010 concerning Section II - Council - for the financing of the European Council in 2010 for an amount of EUR 23.5 million is without prejudice to the use of the margin under heading 5 which remains at EUR 72 million, the European Parliament, the Council and the Commission agree that given the tight margin of heading 5 in 2010 and the need to ensure the full financing of the European Economic Recovery Plan (EERP), the priority for the use of the available margin of heading 5 should be given to financing additional expenditure directly stemming from the entry into force of the Lisbon Treaty. In this regard, the three Institutions will aim to cover all administrative needs related to staff remuneration with the appropriations budgeted in their respective sections of the 2010 budget. The institutions should make all the possible efforts to finance the administrative needs related to their staff remunerations within the appropriations budgeted in their respective sections of the 2010 budget. Requests for additional appropriations will be considered only after they showed that all the possibilities for internal redeployment have been exhausted.

Lastly the Council made a **unilateral declaration** in which refers to the **level of payment appropriations**. It asks the Commission to submit an amending budget if the appropriations entered in the 2010 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources) and heading 4 (EU as a global player).