2011 budget: all sections, first version

2010/2001(BUD) - 12/08/2010 - Council position on draft budget

The Council adopted its position on the draft budget for 2011.

The main features of the position are as follows:

- **Commitment appropriations: EUR 141 777.33 million;**
- **Payment appropriations: EUR 126 527.13 million.**

Under the Council's position on the draft budget for 2011 adopted by the Council, commitment appropriations increase by 0.22 % compared to the 2010 budget and payment appropriations increase by 2.91 %.

The total amount of payment appropriations provided for in the draft budget for 2011 corresponds to 1.02 % of EU GNI.

A. General respects: when adopting its position on the draft budget for 2011, the Council followed a number of guidelines:

- shows due regard to the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management;
- is within the framework of the budget guidelines established for the 2011 budget in the Council conclusions adopted in March 20101.
- to follow an approach leading to a **budget that is realistic and comprehensively balanced**, complying with budgetary discipline and sound financial management. While recognising the efforts already made by the Commission in its draft budget, the need of additional efforts was underlined;
- to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of the budget implementation rate in 2009, budget forecast alerts in 2010, realistic absorption capacities and performance information provided in the activity statements. 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;
- to ensure a limited and controlled growth of payment appropriations in comparison with 2010 under all headings and sub-headings of the financial framework, adjusting the amounts on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts. This approach should be seen in the context of the budgetary constraints applied in all Member States. It also approved the following declaration on a specific procedure regarding payment appropriations under sub-heading 1b: "The Council urges the Commission to present by the end of September 2011 at the latest updated figures concerning the state of affairs and estimates regarding payment appropriations under sub-heading 1b (Cohesion for growth and employment) and, if necessary, to present a draft amending budget for this sole purpose;
- to apply for decentralised agencies a similar approach as for the administrative expenditure of the institutions;
- to leave adequate margins under the ceilings of the headings and subheadings of the financial framework, with the exception of subheading 1b, in order to be able to cope with unforeseen situations, while respecting the amounts in commitment appropriations proposed by the Commission regarding co-decided programmes.

The following principles have also been respected:

- respect for the nomenclature proposed in the DB;
- creation of a new budget line for the preparatory action for the preservation of commemorative sites in Europe.

B. Expenditure by main headings of the financial framework: as to expenditure under the different headings of the financial framework the Council's position leads to:

Heading 1: Sustainable growth (EUR 64.361 billion in commitments):

1.a) competitiveness for growth and employment expenditure: the amount of commitments is set at **EUR 13.390 billion**, that is a total reduction of EUR 46.55 million in the appropriations requested in the DB in respect of a number of specific budget lines under this heading, on the basis of past and current budget implementation and realistic absorption capacities. The financial envelope is characterised by the following:

- fixing the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 3.04 million as a result of the approach followed for these agencies. A total of 184 temporary posts for new agencies and agencies in charge of new tasks were accepted;
- setting the level of payment appropriations, targeting a total reduction of EUR 891.14 million in the appropriations requested in the DB of which EUR 62.40 million in the field of competitiveness, EUR 121.80 million in the field of transports, EUR 545.97 million in the field of research, EUR 50 million on the budget line for the European Globalisation Adjustment Fund and EUR 110.97 million on various other budget lines, on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts.

The margin available under sub-heading 1a would be EUR 96.70 million.

1.b) cohesion for growth and employment expenditure: the Council provides an amount of **EUR 50.970 billion** in commitments which is the same amount as the Commission's DB. It is also provided to set the level of payment appropriations, reducing the appropriations requested in the DB by a total of EUR 1 075 million while resulting in an increase of 13.97 % in comparison with 2010. This amount represents a reduction in payment appropriations concentrated in the field of the European Regional Development Fund (EUR 386 million), the European Social Fund (EUR 129 million), and the completion of the former programmes (EUR 560 million), representing a correction in budgeting on the basis of the available information. The Council also approved declarations on payment appropriations and on a specific procedure regarding payment appropriations under sub-heading 1b.

The margin available under sub-heading 1b would be EUR 16.91 million.

Heading 2: Preservation and management of natural resources: the amount of this heading is set at **EUR 59.011 billion** in commitments, that is a total reduction of EUR 474.64 million in commitment appropriations requested in the DB, of which EUR 38.75 million in the field of interventions in agricultural markets, EUR 420 million on the budget line for clearance of accounts and EUR 15.89 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. The Council has decided to:

- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 0.46 million in commitments and EUR 0.31 million in payments

- as a result of the approach followed for these agencies. One temporary post was accepted;
- set the level of payment appropriations, reducing the appropriations requested in the DB by a total of EUR 820.71 million, of which EUR 38.75 million in the field of interventions in agricultural markets,EUR 420 million on the budget line for clearance of accounts, EUR 143 million in the field of Rural development, EUR 142.90 million in the field of European Fisheries Fund and EUR 76.06 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 margin available under heading 2 would be EUR 1 326.40 million.

Heading 3: Citizenship, freedom, security and justice: the amount for this heading is EUR EUR 1.792 billion in commitments, split into 2 sub-headings:

3.a) freedom, security and justice expenditure (EUR 1.124 billion in commitments): for this sub-heading, the Council asks to:

- set the level of commitment appropriations, reducing by a total of EUR 10.91 million commitment appropriations requested in the DB 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 DB by a total of EUR 8.36 million as a result of the approach followed for these agencies. A total of 90 temporary posts were accepted;
- set the level of payment appropriations, targeting a total reduction of EUR 49.61 million in the appropriations requested in the DB on a number of budget lines on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts.

The margin available under sub-heading 3a would be EUR 81.66 million.

3.b) citizenship expenditure (EUR 668 million in commitments), the Council aims to:

- set the level of commitment appropriations, increasing by a total of EUR 0.16 million the commitment appropriations requested in the DB. This increase was the result on the one hand of slight reductions 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 and on the other hand of an increase of EUR 4 million for the financing of a preparatory action for the preservation of commemorative sites in Europe;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 1.49 million in commitments as a result of the approach followed for these agencies;
- set the level of payment appropriations, reducing by a total amount of EUR 19.30 million the appropriations requested in the DB in a targeted manner over a series of budget lines, on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts.

The available margin under sub-heading 3b would be EUR 15.02 million.

Heading 4: the EU as a global player: the Council provides an overall amount of **EUR 8.520 billion** in commitments. It has also decided to:

- set the level of commitment appropriations, reducing by a total amount of EUR 93.74 million the commitment appropriations requested in the DB on 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 DB by a total of EUR 0.9 million as a result of the approach followed for these agencies;
- set the level of payment appropriations, reducing by a total of EUR 590.90 million the appropriations requested in the DB, of which on the one hand EUR 387.90 million in a targeted manner over a series of budget lines, on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts, and on the other hand not retaining the amount proposed in the DB of EUR 203 million regarding the Emergency Aid Reserve. The Council also approved a declaration on payment appropriations.

The margin available under Heading 4 would be EUR 164.07 million to cover at a later stage additional needs.

Heading 5: Administrative expenditure: amounts to **EUR 8.093 billion** in commitments. The Council has decided to:

- limit the global increase of the administrative expenditure of the EU institutions, in line with the approach followed by the Member States for their national civil service;
- set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
- carry out targeted reductions under certain budgetary lines for all the institutions, taking into account the 2009 budget outturn and real needs;
- accept part of the appropriations related to the preparation of the accession of Croatia, on the basis of an accession in 2012;
- not accept the **1.85 % increase linked to the adjustment of the 2009 salaries** included by some institutions in their draft estimate, pending the decision of the Court of Justice;
- increase the standard flat rate abatement on salaries for most of the institutions, taking into account their current vacancy rate;
- not accept any new post requested by the institutions with the exception of the posts for the European Council which is a new institution;
- accept requested conversions, transformations, upgradings and transfers of posts.

Agencies: as regards decentralised agencies, the Council applied a similar approach as for the institutions. Therefore, the increase was limited to 1.5 % compared to 2010 for the agencies at "cruising speed" and to 3 % for the agencies in charge of "new tasks". For the latter, half of the new posts requested were accepted. For "new agencies", the requests were accepted without changes, except for the Agency for the operational management of large scale IT systems in the area of freedom, security and justice for which appropriations and posts are foreseen for 6 months.

A margin of EUR 322.77 million remained available under the ceiling of heading 5 of the financial framework.