Multiannual financial framework for the years 2007-2013

2010/0048(APP) - 21/12/2010 - Legislative proposal

The Council decided to forward to the European Parliament, for approval, a draft Council Regulation laying down the multiannual financial framework for the years 2007-2013. The purpose of the text is to adapt the current EU budgetary rules to the provisions of the Lisbon Treaty. It also decided to forward to the Parliament the Council's position on the new draft inter-institutional agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters.

These two new texts **seek to take into account the wish expressed by the European Parliament to maintain a certain degree of flexibility in the management of the multiannual financial framework** by providing for contingency margin of 0.03% of Gross National Income which can be used, as a last resort, to fill spending gaps or needs in the EU budget if money cannot be found elsewhere.

The main provisions of this draft Regulation may be summarised as follows:

Multiannual financial framework: an annex presents the multiannual financial framework for the 2007-2013 period, with the details of budget headings year by year. Each of these amounts represents an **annual ceiling on expenditures** to which the European Parliament, the Council and the Commission must commit to respect in the course of the implementation of the budget for the financial year in question. **Except in sub-heading 1b of the financial framework**, for the purposes of sound financial management, they shall ensure as far as possible, during the budgetary procedure and at the time of the budget's adoption, that **sufficient margins** are left available beneath the ceilings for the various headings.

Revision of the financial framework: the financial framework can be revised upon the proposal of the Commission, to deal with unforeseen circumstances. Any proposal for a revision should examine the scope for reallocation within or between the headings and for possible offsetting of any raising of the ceiling for one heading by the lowering of the ceiling for another.

Special instruments: the text places particular emphasis on the so-called "special instruments" the purpose of which is to ensure the flexibility of the financial framework.

The commitment appropriations may be entered in the budget outside the ceilings of the relevant headings laid down in the financial framework where it is necessary to use the resources from:

- the Emergency Aid Reserve,
- the Solidarity Fund,
- the Flexibility Instrument,
- the European Globalisation Adjustment Fund,
- the **Contingency Margin**.

These special instruments are necessary to allow the Union to react to specified unforeseen circumstances or to allow the financing of clearly identified expenditure which could not be financed within the limits of

the ceilings available for one or more other headings as laid down in the multiannual financial framework. The procedures for the mobilisation of each of these instruments are laid down in the proposal.

As far as the Contingency Margin is concerned, this may amount to as much 0.03 % of the Gross National Income of the Union and shall be constituted outside the ceilings of the financial framework for the period 2007-2013, as a last-resort instrument to react to unforeseen circumstances. The Contingency Margin would be mobilised by the Council acting on qualified majority with the support of the majority of Members of the European Parliament and three-fifths of votes cast.

The proposal also contains provisions relating to:

- **technical adjustments to the budget** (to recalculate the ceilings and remaining margins in current prices);

- **other forms of budgetary adjustments** to deal with situations that may require adjustments of the multiannual financial framework. Those adjustments may be related to the implementation of the budget, excessive government deficit, revision of the Treaty or enlargements.

Lastly, the proposal provides for general rules on interinstitutional cooperation to facilitate the annual budgetary procedure, rules for the budgeting of the expenditure for the Common Foreign and Security Policy (CFSP) and rules applicable for the transition towards the next financial framework (in principle, the Commission will present, by 1 July 2011 at the latest, a proposal for a new financial framework; if the framework is not adopted by 31 December 2013 at the latest, the ceilings and other provisions of the last year of the previous financial framework are extended until the definitive adoption of the new framework).