

2013 general budget: all sections, second version

2012/2307(BUD) - 23/11/2012 - Commission draft budget

PURPOSE: presentation of a **new version** of the Draft General Budget for 2013.

CONTENT: this document seeks to establish a second version of the Draft General Budget for 2013, following the failure of the Conciliation Committee to reach agreement.

Background to the budgetary procedure:

- on 25 May 2012, the Commission transmitted the Draft budget for 2013 in all the official languages;
- on 25 July 2012, the Council completed its reading of the Draft Budget;
- on 23 October 2012,
- the European Parliament voted its reading. As Parliament adopted amendments to the Draft Budget, which could not be accepted by the Council, a **Conciliation Committee was convened**, in accordance with Article 314(4)(c) of the Treaty on the Functioning of the European Union (TFEU).

The Conciliation Committee worked over a period of twenty-one days, between 24 October and 13 November 2012. However, it was not possible to reconcile the positions of the European Parliament and Council within the time period allowed, also due to a difference of opinion between the European Parliament and the Council as to **how to conduct the negotiations on the 2013 budget, in connection with the outstanding payment needs for 2012**. This prevented reaching an agreement on the 2013 budget, as well as on Draft [Amending Budget No 6/2012](#).

In the absence of agreement in the Conciliation Committee, the Commission now submits a **new Draft Budget 2013**.

New version of budget by budgetary heading: the Commission presents a new Draft Budget for 2013 taking into account the positions expressed by the Council and Parliament in the course of the conciliation period.

Commitment appropriations: the total expenditure proposed in the new Draft Budget (DB) 2013 is EUR 151 058.6 million, corresponding to 1.13 % of GNI, that is EUR 2 621.6 million more than in 2012 (+ 1.8 %), and leaves a combined total margin of EUR 2 293.5 million under the various ceilings of the MFF.

For payment appropriations, the total amounts to EUR 137 797.6 million, corresponding to 1.03 % of GNI. This is a decrease of EUR 955.2 million compared to payment appropriations in the 2012 budget (- 0.7 %), when including Draft Amending Budget No 6/2012, and leaves a margin of EUR 6 309.4 million under the ceiling of the MFF.

While reflecting the estimated needs of the European Union for 2013, **the Commission is seeking to reconcile the positions of the two arms of the Budgetary Authority in this proposal for a new Draft Budget, without recourse to a further period of conciliation**. The consequences of non-agreement on the budget would be the recourse to provisional twelfths in 2013, with detrimental effects on the implementation of key policies and programmes, and would send a damaging message to the citizens of Europe at a time of economic uncertainty.

With **this imperative of reaching a timely adoption of the 2013 budget**, the Commission proposal for a new Draft Budget for 2013 reflects, for commitment appropriations, the elements of compromise on budget 2013 that were circulated at the Conciliation Committee, which to a large extent restored the

original Commission's Draft Budget, leaving unallocated margins under the expenditure ceilings of each heading.

For payment appropriations, the new Draft Budget is based on the Commission's original Draft Budget, as amended by [Amending Letter No 1/2013](#), since **this continues to correspond to the best estimate of the payment needs for 2013**, assuming that the payment needs for 2012 to be paid this year will be covered by the 2012 budget.

The Draft Budget broken down by heading may be summarised as follows:

- **Heading 1a: Competitiveness for Growth and Employment:** commitment appropriations are set at EUR 16 105 million, which is an increase of 4.6 % compared to the 2012 budget. This leaves a margin of EUR 18 million. Payment appropriations increase by 12 %, when including Draft Amending Budget No 6/2012, to EUR 13 558.5 million. This significant increase is in part due to additional payment needs to cover pre-financing payments for the growing level of commitment appropriations for research, and in part to cover intermediate and final payments on outstanding commitments;
- **Heading 1b: Cohesion for Employment:** commitment appropriations increase by 3.3 % to EUR 54 508.6 million, leaving a margin of EUR 15.4 million. Payment appropriations decrease by 4 %, when including Draft Amending Budget No 6/2012, to EUR 48 977.3 million. As regards the decrease in payment appropriations as compared to 2012, it is noted that the high level of implementation for the closure of the 2000-2006 programmes in 2012 (amounting to EUR 4 249 million) will lead to a significant reduction of payment needs for programme closure in 2013 (EUR 1 923 million). The sustained high level of payments for heading 1b shows the momentum of the 2007-2013 Cohesion policy on the ground, with the expected positive impact on investments, economic growth and job creation in the EU.
- **Heading 2: Preservation and Management of Natural Resources:** commitment appropriations of EUR 60 249 million are proposed. This level of funding represents an increase of 0.7 % compared to 2012 and leaves a margin of EUR 1 040 million under the ceiling of heading 2. Payment appropriations amount to EUR 57 899.9 million, which is a decrease of 0.4 % compared to 2012, when including Draft Amending Budget No 6/2012. Within this heading the amount foreseen for market related expenditure and direct aids reaches EUR 44 056.5 million in commitment appropriations, and EUR 44 039.1 million in payment appropriations.
- **Heading 3a: Freedom, Security and Justice:** there is an increase in commitment appropriations of 2.3 %, rising to EUR 1 398.7 million, and leaving a margin of EUR 262.3 million. Payment appropriations increase by 9.7 % to EUR 927.6 million, mostly due to the four Funds under Solidarity and management of migration flows, which have now reached cruising speed and require substantial pre-financing payments to Member States.
- **Heading 3b: Citizenship:** commitment appropriations decrease by 49 % to EUR 707.2 million, leaving a margin of EUR 7.8 million. Payment appropriations for this heading decrease by 50.9 % to EUR 655.8 million. If the EU Solidarity Fund (EUR 688.3 million for commitment and payment appropriations in 2012) is excluded from this comparison, commitment and payment appropriations increase by 1.4 % and 1.1 % respectively. The annual ceiling for this heading, which supports various actions close to European citizens, remains broadly stable in the current financial framework.
- **Heading 4: the EU as a Global Player:** this heading sees an increase in commitment appropriations of 1.9 % to EUR 9 583.1 million, leaving an unallocated margin of EUR 276 million available under the ceiling. Payment appropriations, on the other hand, increase by 3.6% to EUR 7 271.9 million, mostly due to increases under IPA, ENPI, Humanitarian aid and CFSP, at a time when many instruments are reaching cruising speed.
- **Heading 5: Administration:** both commitment and payment appropriations for administrative expenditure for all Institutions combined increase by 2.7 %, with commitments set at EUR 8 506.9 million and payments at EUR 8 506.5 million. This increase includes additional administrative

expenditure related to Croatia's accession, which is included as from the beginning of 2013, so as to allow recruitments in due time. The remaining margin amounts to EUR 674.1 million. When excluding pensions and European schools (both of which concern inter-institutional expenditure), the increase in the Commission's administrative expenditure has been limited to 1.5 % (including Croatia's accession) i.e. well below expected inflation (+ 1.9 %).

Reconciliation of the positions of the institutions: the Commission is seeking to reconcile the positions of the two arms of the Budgetary Authority in this proposal for a new Draft Budget without recourse to a further period of Conciliation. With this aim in mind, this new Draft Budget for 2013 integrates, for commitment appropriations, **elements of compromise on budget 2013**, as presented to the Conciliation Committee, which to a large extent restore the Commission's original Draft Budget.

For **payment appropriations** the new Draft Budget continues to be based on the Commission's original Draft Budget as amended by Amending Letter No 1/2013, which corresponds to the best estimate of the payment needs for 2013, assuming that the payment needs for 2012 are covered by the 2012 budget. The details of the changes proposed to the original Draft Budget, as modified by Amending Letter No 1/2013, are outlined hereafter:

- **Heading 1a: considerable strengthening of the lifelong learning programme** (+ EUR 16.8 million). The other lines are 'closed' (which means that they were not changed by either the Council or Parliament). As a consequence, and after taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 1a amounts to EUR 18.0 million and the net difference between the first and the second Draft Budget amounts to around an additional EUR 58 million.
- **Heading 1b:** commitment appropriations are set at the level proposed in the original Draft Budget, with the exception of budget line 'Technical assistance and dissemination of information on the EU strategy for the Baltic Sea Region and an improved knowledge of macro-regions strategy', for which an amount of EUR 2.5 million in commitments is proposed. As a consequence, taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 1b amounts to EUR 15.4 million.
- **Heading 2:** commitment appropriations are set at the level proposed by the Commission in the original Draft Budget, as amended by Amending Letter No 1/2013, with the exception of the 'accounting clearance of accounts' item (05 07 01 06), for which the reading of the European Parliament is reflected. As a consequence, and after taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 2 amounts to EUR 1 040,0 million.
- **Heading 3a:** commitment appropriations are set at the level proposed by the Commission in the original Draft Budget. As a consequence, and after taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 3a amounts to EUR 262.3 million.
- **Heading 3b:** commitment appropriations are set at the level proposed by the European Parliament. As a consequence, and after taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 3b amounts to EUR 7.8 million.
- **Heading 4:** commitment appropriations are set at the level proposed by the European Parliament. As a consequence, and after taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 4 amounts to EUR 276 million.
- **Heading 5:** the position of the European Parliament is proposed for the level of appropriations of all Institutions. The appropriations related to the 2011 salary adjustment are placed in the reserve. As a consequence, taking into account pilot projects and preparatory actions, the margin under the expenditure ceiling of heading 5 amounts to EUR 674.1 million. As far as establishment plan posts of the Institutions are concerned, the position of the Council is proposed for the Council, the Commission and the Economic and Social Committee. For the other Institutions, the position of the European Parliament is proposed.

Horizontal Issues: other questions were addressed concerning: (i) decentralised and executive agencies (the number of posts are set at the level proposed by the Commission in the original Draft Budget); (ii) pilot projects and preparatory actions (the new Draft Budget includes 55 pilot projects and preparatory actions proposed by the European Parliament and the Commission, for an amount of EUR 72.1 million in commitment appropriations, reflecting the reading of the European Parliament).

General Approach on Payment Appropriations: the Commission assessment of the need for an overall increase in payment appropriations for the financial year 2012 as proposed in Draft Amending Budget No 6/2012 remains entirely valid, both in terms of actual implementation to date and in light of payment claims received. As the absence of agreement in the Conciliation Committee does not formally affect the procedure for Draft Amending Budget No 6/2012, the proposal adopted by the Commission on 23 October 2012 remains submitted to Parliament and Council. The overall request for payment appropriations for 2013 is based on the assumption that the needs for 2012 which have to be paid that year will be covered by the 2012 budget. In connection with the assessment above, in terms of payment appropriations for differentiated expenditure, it is proposed to **retain the overall level of payments in the original Draft Budget as modified by Amending Letter No 1/2013**. Furthermore, some payment appropriations are added for pilot projects and preparatory actions. Accordingly, the overall level of payment appropriations in the new Draft Budget amounts to **EUR 137.8 billion**. The distribution of this overall amount in the new Draft Budget across headings and budget lines closely follows the payment appropriations established in the original Draft Budget, as amended by Amending Letter No 1/2013.