Basic information

2009/2002(BUD) BUD - Budgetary procedure	Procedure completed
2010 budget: section III, Commission **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	SURJÁN László (PPE) MAŇKA Vladimír (S&D)	21/07/2009 21/07/2009

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets		
BUDG Budgets	SURJÁN László (PPE-DE)	17/12/2008

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs		
DEVE Development		
INTA International Trade		
CONT Budgetary Control		
ECON Economic and Monetary Affairs		
EMPL Employment and Social Affairs		
ENVI Environment, Climate and Food Safety		

ITRE	Industry, Research and Energy		
IMCO	Internal Market and Consumer Protection		
TRAN	Transport and Tourism		
REGI	Regional Development		
AGRI	Agriculture and Rural Development		
PECH	Fisheries		
CULT	Culture and Education		
JURI	Legal Affairs		
LIBE	Civil Liberties, Justice and Home Affairs		
AFCO	Constitutional Affairs		
FEMM	Women’s Rights and Gender Equality		
PETI	Petitions		
AFET	Foreign Affairs	NEYTS-UYTTEBROECK Annemie (ALDE)	21/07/2009
DEVE	Development	MITCHELL Gay (PPE)	21/07/2009
INTA	International Trade	ŠŤASTNÝ Peter (PPE)	16/07/2009
CONT	Budgetary Control	AUDY Jean-Pierre (PPE)	21/07/2009
ECON	Economic and Monetary Affairs	BERÈS Pervenche (S&D)	21/07/2009
EMPL	Employment and Social Affairs	ŐRY Csaba (PPE)	21/07/2009

ENVI	Environment, Public Health and Food Safety	HAUG Jutta (S&D)	21/07/2009
ITRE	Industry, Research and Energy	EK Lena (ALDE)	21/07/2009
IMCO	Internal Market and Consumer Protection	BUŞOI Cristian-Silviu (ALDE)	16/07/2009
TRAN	Transport and Tourism	KOHLÍČEK Jaromír (GUE /NGL)	21/07/2009
REGI	Regional Development	HÜBNER Danuta Maria (PPE)	02/09/2009
AGRI	Agriculture and Rural Development	JEGGLE Elisabeth (PPE)	21/07/2009
PECH	Fisheries	FRAGA ESTÉVEZ Carmen (PPE)	21/07/2009
CULT	Culture and Education	TRÜPEL Helga (Verts/ALE)	20/07/2009
JURI	Legal Affairs	The committee decided not to give an opinion.	16/07/2009
LIBE	Civil Liberties, Justice and Home Affairs	LÓPEZ AGUILAR Juan Fernando (S&D)	22/07/2009
AFCO	Constitutional Affairs	SCHÖPFLIN György (PPE)	21/07/2009
FEMM	Women's Rights and Gender Equality	BAUER Edit (PPE)	16/07/2009
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2940	2009-05-05
Economic and Financial Affairs ECOFIN	2955	2009-07-10
Economic and Financial Affairs ECOFIN	2975	2009-11-18
Agriculture and Fisheries	2956	2009-07-13
Agriculture and Fisheries	2976	2009-11-20

Key events

Date	Event	Reference	Summary
29/04/2009	Commission preliminary draft budget published	COM(2009)0300	Summary
05/05/2009	Debate in Council		Summary
20/07/2009	Council draft budget published	11902/2009	Summary
17/09/2009	Committee referral announced in Parliament		
08/10/2009	Vote in committee		Summary
13/10/2009	Budgetary report tabled for plenary	A7-0038/2009	
20/10/2009	Debate in Parliament		
22/10/2009	Decision by Parliament	T7-0051/2009	Summary
22/10/2009	Results of vote in Parliament		
20/11/2009	Amended budget adopted by Council		Summary
23/11/2009	Council amended draft budget published	16329/2009	Summary
02/12/2009	Vote in committee, 2nd reading		Summary
07/12/2009	Budgetary report tabled for plenary, 2nd reading	A7-0083/2009	
14/12/2009	Committee referral announced in Parliament, 2nd reading		
15/12/2009	Debate in Parliament		
17/12/2009	Decision by Parliament, 2nd reading	T7-0115/2009	Summary
17/12/2009	Results of vote in Parliament		
17/12/2009	End of procedure in Parliament		
12/03/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/2002(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/01518

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	PECH	PE423.844	02/09/2009	
Committee opinion	AFCO	PE427.160	02/09/2009	
Committee opinion	FEMM	PE423.807	03/09/2009	
Committee opinion	AFET	PE427.048	03/09/2009	
Committee opinion	TRAN	PE427.049	03/09/2009	
Committee opinion	IMCO	PE427.056	03/09/2009	
Committee opinion	REGI	PE427.068	03/09/2009	
Committee opinion	ECON	PE427.186	03/09/2009	
Committee opinion	INTA	PE427.189	03/09/2009	
Committee opinion	EMPL	PE423.755	08/09/2009	
Committee opinion	AGRI	PE427.247	30/09/2009	
Committee opinion	ITRE	PE427.276	30/09/2009	
Committee draft report		PE428.278	30/09/2009	
Committee opinion	LIBE	PE427.137	01/10/2009	
Committee opinion	CONT	PE427.260	01/10/2009	
Committee opinion	ENVI	PE427.267	01/10/2009	
Amendments tabled in committee		PE428.297	02/10/2009	
Committee opinion	CULT	PE427.258	06/10/2009	
Committee opinion	DEVE	PE427.283	06/10/2009	
Budgetary report tabled for plenary, 1st reading		A7-0038/2009	13/10/2009	
Budgetary text adopted by Parliament		T7-0051/2009	22/10/2009	Summary
Committee draft report		PE430.711	24/11/2009	
Amendments tabled in committee		PE430.712	26/11/2009	
Budgetary report tabled for plenary, 2nd reading		A7-0083/2009	07/12/2009	
Final budget adopted by Parliament		T7-0115/2009	17/12/2009	Summary

Council of the EU

Document type	Reference	Date	Summary
Council draft budget	11902/2009	20/07/2009	Summary
Document attached to the procedure	11903/2009	20/07/2009	Summary
Amending/supplementary letter on draft budget	14272/2009	09/10/2009	Summary
Amending/supplementary letter on draft budget	16328/2009	20/11/2009	Summary
Council amended draft budget	16329/2009	23/11/2009	Summary
Amending/supplementary letter on draft budget	16731/2009	27/11/2009	Summary

Document attached to the procedure	16792/2009	01/12/2009	Summary

European Commission

Document type	Reference	Date	Summary
Commission preliminary draft budget	COM(2009)0300	29/04/2009	Summary
Document attached to the procedure	SEC(2009)1133	02/09/2009	Summary
Document attached to the procedure	SEC(2009)1462	27/10/2009	Summary
Document attached to the procedure	SEC(2009)1635	26/11/2009	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32010B0117R(01) OJ L 078 24.03.2010, p. 0289	Summary
Corrigendum to final act 32010B0117R(02) OJ L 206 06.08.2010, p. 0021	Summary
Budget 2010/0117 OJ L 064 12.03.2010, p. 0001	Summary

2010 budget: section III, Commission

2009/2002(BUD) - 05/05/2009

The Council took note of the presentation by the Commission of its preliminary draft for the EU's general budget for 2010. It asked the Permanent Representatives Committee to examine the draft with a view to enabling the Council, at its meeting on 10 July, to establish a draft budget at first reading.

On 10 March, the Council set out principles for preparation of the 2010 budget (see Council doc. *6767/09*).

In its preliminary draft budget, the Commission proposes a total of EUR 138.6 billion in commitment appropriations (+1.5% compared with 2009) and EUR 122.3 billion in payment appropriations (+5.3% compared with 2009). Commitment appropriations represent 1.18% of EU gross national income, and payment appropriations amount to 1.04%.

The Commission places economic recovery at the heart of spending in 2010, channelling the biggest share of funds (45%) into growth and employment measures to help restore competitiveness throughout the EU. It also proposes to increase fundings for major programmes linked to research and energy policy by more than 12%, and to increase amounts allocated to economic and social cohesion.

2010 budget: section III, Commission

2009/2002(BUD) - 20/11/2009

The Council confirmed the outcome of the **conciliation meeting with the European Parliament on 18 November 2009** (see the summary of Council activities of 18 November 2009) and formally established its second reading of the EU's draft general budget for 2010.

For details of the formal content of the second reading please refer to the summary of the Council's amended draft budget.

Following the outcome of the Council's second reading of the 2010 budget, the main expenses can be summarised as follows (in commitments in **EUR million**, including amending letters 1 and 2):

- **Heading 1a. Competitiveness for growth and employment**: EUR 13 852 189 253
- **Heading 1b Cohesion for growth and employment**: EUR 49 382 092 092
- **Heading 2: Preservation and management of natural resources**: EUR 59 449 553 302
- **Heading 3a. Freedom, security and justice**: EUR 974 270 370
- **Heading 3b. Citizenship**: EUR 634 128 000
- **Heading 4. The EU as a global player**: EUR 7 685 053 270
- **Heading 5. Administration**: EUR 7 829 197 094

Grand total (commitments only): **EUR 140 555 365 381** (a 2.5% variation in relation to the 2009 budget, including AB 1-9/2009).

2010 budget: section III, Commission

2009/2002(BUD) - 29/04/2009 - Commission preliminary draft budget

PURPOSE: to present the Commission's preliminary draft budget (PDB) for the financial year 2010 (Section III: Commission).

CONTENT: the Commission adopted its preliminary draft budget for the financial year 2010. This preliminary draft budget is the fourth of the multi-annual financial framework for 20072013 and focuses its priorities on **economic recovery** by allocating the greatest share of Community funds (45% of the budget or EUR 62.2 billion) to measures to stimulate growth and employment. Such expenditure has been increased by 3.2% compared with 2009. Funds for major programmes linked to research and energy will see an increase of more than 12% and those dedicated to cohesion policy will grow too, with the EU-12 set to receive 52% of cohesion and Structural Funds.

All headings in the budget will see an increase, reaching a total of **EUR 138.6 billion in commitments** (1.17% of GNI), or 1.5% more than in 2009. This leaves a margin of EUR 1.8 billion in commitments under all of the headings of the financial framework.

For payment appropriations, an amount of **EUR 122.3 billion** has been proposed, representing 1.03% of GNI. This is an increase of 5.3% compared to payments in the 2009 budget, leaving a margin of EUR 12.2 billion under the ceiling.

Payments for compulsory expenditure rise by 5.5% on 2009, while those for noncompulsory expenditure rise by 5.2%.

A budget centred on economic recovery and solidarity: in April 2009, the European Parliament, Council and Commission agreed on a European Economic Recovery Plan, with EUR 5 billion to finance major European projects in the areas of energy and broadband infrastructures, and to face new challenges in rural areas linked to the health check for the Common Agricultural Policy. Following the first injection of EUR 2.6 billion in 2009, **a further EUR 2.4 billion will be added to the 2010 budget**. These amounts are not yet entered into the PDB 2010, as their financing is expected to be secured through a compensation mechanism at the conciliation of the 2010 budgetary procedure in late 2009. 2010 will also be the European Year for Combating Poverty and Social Exclusion with a budget of nearly EUR 20 million and a range of initiatives planned for all Member States.

The other main priorities of the 2010 budget include an increase in funding related to the Seventh Research Framework Programme (+12.1%), the Competitiveness and innovation Framework Programme (CIP, +3.3%) and the Cohesion Fund (+9.6%).

KEY ASPECTS OF PDB 2010 BY FINANCIAL FRAMEWORK HEADINGS: the following presentation is set out according to the budget headings of the Financial Framework 20072013:

Heading 1: ***Sustainable Growth***: this heading covers expenditure for competitiveness and employment as well as cohesion:

- **Heading 1a:** ***Competitiveness for Growth and Employment***: this sub-heading encompasses the key policies in achieving the Lisbon Strategy. The main programmes of this sub-heading are: the 7th Framework Programme for research and technological development (FP7), the Lifelong Learning Programme, the Competitiveness and Innovation Programme (CIP), the Trans-European Networks (TENs), GALILEO, and the PROGRESS Programme. The majority of these instruments will see an increase in commitments in 2010. However, on the whole this sub-heading has seen a 7.3% decrease in commitments compared to 2009 and now amounts to EUR 12.8 billion. Payments have also seen a decrease of 1.1%, down to approximately EUR 11 billion. The apparent reduction in appropriations for this heading must be seen in the context of the inclusion in the 2009 budget of EUR 2 billion for the Energy projects to aid economic recovery, while the 2010 tranche is not yet budgeted. If this element is excluded, commitment appropriations increase by 8.4 % and payment appropriations decrease by 6.3 %. The decrease in payments is mainly due to the closure of the 6th Framework Programme (FP6), and the rhythm of pre-financing under the 7th Framework Programme (FP7). Overall, trans-European transport and energy networks will receive 12.7% more funding compared to 2009 (EUR 1.08 billion) and the Competitiveness and Innovation programme (CIP) will grow by 3.3% (EUR 0.5 billion). Lastly, for its second year, the EU's flagship satellite navigation project Galileo will receive an additional 8% in funding (EUR 0.9 billion);
- **Heading 1b:** ***Cohesion for Growth and Employment***: this subheading essentially covers the Structural Funds (ERDF, ESF and Cohesion Fund). Commitments increase by 2.0% to EUR 49.4 billion, leaving a margin of EUR 12 million. Payments increase by 4.1 %, to EUR 36.4 billion. For the first time ever, the EU-12 will receive the biggest share of the EU's Cohesion and Structural Funds (52%) and in 2010, work will

focus on the effective and efficient implementation of the programmes for the period 2007-2013. The impact of the legislative changes made in the context of the European Economic Recovery Plan will contribute to making the structural funds a valuable instrument for the recovery of the European economy in 2010.

Heading 2: ***Preservation and Management of Natural Resources***: for the PDB 2010, the Commission proposes EUR 59 billion for Heading 2. Compared to the 2009 budget, the commitment appropriations increase by 4% and this leaves a margin of EUR 1.1 billion under the ceiling fixed for 2010 in the Financial Framework for 2007-2013. The phasing-in of direct aid to EU-12 and the increase in market expenditure are the main factors explaining this evolution. Agricultural support for these regions will also grow, making a real impact with the EU-12 now receiving nearly 20%, EUR 11 billion, in agricultural support. Thanks to the CAP, the single market and higher market prices, **farmers' income in the EU-12 is now 47% higher than before accession**. Note that spending for **environment and rural development** will grow by nearly 2.5% to almost **EUR 15 billion**.

Heading 3: ***Citizenship, Freedom, Security, Justice***: this heading is divided into two sub-sections:

- **Heading 3a:** ***Freedom, Security and Justice***: this subheading is exclusively devoted to actions in the field of Freedom, Security and Justice. The year 2010 will see ongoing and strengthened implementation for the specific actions, which are grouped in three general programmes (Solidarity and Management of Migration, Fundamental Rights and Justice, and Security and Safeguarding Liberties). The preliminary draft budget provides for commitments in the order of EUR 980 million (+13.5 compared to 2009) and payments amount to EUR 720 million for subheading 3a. In 2010, the new European Asylum Support Office (EASO) is expected to be set up, in response to a request by the European Council, in order to coordinate and step up cooperation on asylum between Member States;
- **Heading 3b:** ***Citizenship***: this subheading covers issues of key concern to the citizens of Europe, including public health, consumer protection, and civil protection. The crucial task of reaching out to the citizens and communicating Europe also fall within this category. For this heading, commitment appropriations decrease by 2.0 % to EUR 650 million. Payments for this heading decrease to around EUR 640 million.

Heading 4: ***the EU as a Global Player***: in 2010, the EU will continue its efforts to help poorer countries and maintain a strong stance on the world stage so it can meet global challenges like climate change, food security and globalisation. The EU's aid to developing countries channelled through the Development Cooperation Instrument will increase by 1.7%, reaching EUR 2.4 billion. Pre-accession assistance (IPA) increases by nearly 5% to EUR 1.6 billion. Fostering links with the closest neighbours remains a central objective, and is financed through the European Neighbourhood Policy Instrument (ENPI). Lastly, funding for the EU's Common and Foreign Security Policy (CSFP) is increased by 16% (reaching EUR 282 million). The PDB 2010 also includes the final part of the EUR 1 billion **Food Aid Facility**, agreed at the end of 2008 (EUR 170 million). Note that the requirements for the Middle East Peace Process, Cuba, Georgia, Kosovo, support to the reunification process in Cyprus and climate change will depend on developments in the coming months. The Commission will fine tune its request during the 2010 budgetary procedure. Consequently, the Commission proposes to use the margin of heading 4 primarily to address these outstanding issues. In total, some **EUR 8 billion** are provided for in terms of commitments under this heading and EUR 7.7 billion in payments (with a margin of EUR 220 million). Commitment appropriations requested in the PDB 2010 are 2.3 % lower compared to the budget 2009. This decrease is due to the financing of the Food Facility in 2009.

Heading 5: ***Administration***: commitments and payments are set at the same level. Administrative expenditure for all EU institutions will grow moderately by 2.1%, with the European Commission's own expenditure increasing by less than 1% (0.9%) at EUR 3.6 billion (see BUD/2009/2002B: Budget 2010 - Other sections).

2010 budget: section III, Commission

2009/2002(BUD) - 18/11/2009

The Council held its usual conciliation meeting with a delegation from the European Parliament, in accordance with the Interinstitutional Agreement (IIA) of 17 may 2009 on budgetary discipline and sound financial management.

The main results reached at this meetings concern the other sections of the budget and can be summarised as follows:

- to accept the revised preliminary draft amending budget No 10/2009 as adapted by the Commission on 11 November 2009 and modified at the conciliation meeting for an additional amount of EUR 40 million from Section II – Council and EUR 2.5 million from Section VI – Economic and Social Affairs Committee and Section VII – Committee of the Regions;
- 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;
- 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;
- to fix the total amount of payment appropriations (absolute figures) for the 2010 budget at EUR 122.937 billion;
- to revise the Multi-Annual Framework (MFF) for the period 2007-2013 as regards the financial years 2009 and 2010 in order to fully fund the European Economic Recovery Plan in 2010;
- to mobilise the Flexibility Instrument for a total amount of EUR 195 million in 2010, of which EUR 120 million will be allocated to financing the European Economic Recovery Plan and EUR 75 million to finance the decommissioning of the Kozloduy nuclear power plant in Bulgaria;
- to take note of the adoption of letter of amendment No 3/2010 concerning Section II - Council – for the financing of the European Council in 2010;
- 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.
- to adopt a series of joint declaration on the following issues: (i) the continuity of the 2010 budgetary procedure; (ii) building policy of EU institutions and bodies; (iii) simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis; (iv) heading 5 of the financial perspective in 2010.

2010 budget: section III, Commission

2009/2002(BUD) - 17/12/2009 - Final budget adopted by Parliament

The European Parliament adopted by 483 votes to 48, with 32 abstentions, a resolution approving the second reading of the 2010 budget (all sections) and letters of amendment Nos 1, 2, 3/2010 to the draft general budget of the European Union.

In its resolution, Parliament sets the final level of appropriations as follows:

- commitment appropriations at **EUR 141 452 827 822** (equivalent to 1.2 % of EU GNI);
- payments at **EUR 122 937 000 000** (equivalent to 1.04% of EU GNI).

These figures show that this leaves a significant margin of EUR 11.22 billion below the payments ceiling of the Multi-Annual Financial Framework for 2010.

Disparity between the level of payments and commitments: yet again, Parliament considers that the level of payments does not contribute to diminishing the disparity between the level of commitments and payments. It is concerned about the consequences it could have on the development of the overall unpaid commitments (reste à liquider - RAL) which stands at EUR 155 billion. Parliament insists on the **need to reverse this development** for future budgets.

Overall outcome of the budget conciliation: recalling Parliament's political priorities for Budget 2010, Parliament welcomes the overall agreement on Budget 2010, reached in the last budgetary conciliation meeting with Council on 18 November 2009 before the entry into force of the Treaty on the Functioning of the European Union, especially with regard to the financing of the European Economic Recovery Plan. It emphasises that, as a consequence, very tight margins remain available under the ceilings in all the headings of the Multiannual Financial Framework (MFF) for the 2010 budget, which might cause difficulties if any unforeseen events requiring a budget input occur in the course of 2010.

It recalls that margins available according to the financial programming published by the Commission in May 2009 for the budget years 2011 -2013 are very tight and that this will prevent the institutions from taking any new, meaningful political initiative in areas set as priorities by the newly appointed President of the Commission such as, for example and to name only a few, addressing climate change or the "EU 2020" strategy. Moreover, they recall that, following the entry into force of the Lisbon Treaty, a number of policies will be strengthened at EU level, which will require additional EU funding. In this context, they call on the new Commission to publish, as soon as possible, a report on the functioning of the IIA together with an adjustment, a review and a revision of the current MFF 2007-13, including its prolongation until 2015/2016. They also await the launch of a proper public and open debate on the post-2013 MFF.

Overall, Parliament deplores the fact that the Council was not willing to increase financing so as to further support the EU's needs in facing the current crisis, under existing programmes under "Competitiveness for growth and employment" in **sub-heading 1a**. It considers that this heading should be examined in depth and, if needed, be **revised** to ensure that it fulfils its objectives in future years.

Parliament recalls Council declaration of 10 July 2009, which asks the Commission to submit an amending budget if the payment 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).

It has decided to **create new budget lines**:

- on climate change,
- on the Small Business Act (SBA) and
- on the EU Baltic Sea Strategy.

On the European Economic Recovery Plan: stressing that the financing of the second phase of the European Economic Recovery Plan was a priority for Parliament, Parliament recalls that it amended the Draft Budget of the Council in this spirit, giving impetus to economic growth, competitiveness, cohesion and job protection. It also welcomes the agreement with the Council on the European Economic Recovery Plan as a key objective of the 2010 budget, particularly the fact that it enabled completing the second step of its financing in 2010. It calls on the Commission to ensure that all projects to be financed under the recovery plan will be fully compatible with EU environmental legislation.

On Lisbon Treaty: Parliament endorses the joint declaration on the continuity of the budgetary procedure for 2010 agreed by the European Parliament, the Council and the Commission during the budgetary conciliation of 18 November 2009, by which the three institutions accept the results of the previous decisions taken during the different steps of the budgetary procedure as if they had been taken under the powers vested in them by the **Treaty of Lisbon**. It stresses the need to provide the EU with the appropriate financial means to effectively develop measures to meet the existing and new needs for the implementation of new Lisbon Treaty-related EU policies and asks the Commission to take into account the undertaken budgetary commitments and their multiannual budgetary implications when presenting the proposals for the adjustment, review and revision of the current MFF 2007-2013 and the financing of new Lisbon Treaty-related policies. The new Commission is called upon to make a clear commitment to complying with this request.

Parliament also considers the following budget headings:

- **On sub-heading 1a**: Parliament welcomes the financing of the decommissioning of the Kozloduy nuclear power plant for 2010 through the flexibility instrument. It recalls that this issue was not initially foreseen in the current MFF. Parliament believes though that this issue, being a new budget item, deserves an appropriate multiannual funding solution, which should be provided in the context of the forthcoming budgetary proposals. It deplores the Council's additional cuts on lines supporting the Lisbon strategy. According to the members, this is contrary to what should have been done in order to address the current economic crisis. They so intend, on the contrary, to support even if in a limited way, these lines. Parliament calls for the for full use of the appropriations available to activities and policies under subheading 1a which foster sustainable growth and job creation, including new green jobs, and deliver solutions to European citizens namely by providing greater energy security, increasing support for research and innovation, particularly on clean and renewable energy technologies, promoting small and medium-sized enterprises and reinforcing lifelong learning.

- **On sub-heading 1b**: regretting that the budgetary cuts introduced by the Council under this heading, Parliament recalls that they have increased payments on the main lines to boost implementation of structural policy in the Member States, so as to enhance economic recovery. It is again concerned by the low rate of payments implementation for Research Framework programmes in 2009 and states its intention to monitor their implementation, in a constructive spirit, in 2010. It also points out that the current weak implementation of structural and cohesion policy is mainly due to the low flexibility in the system of complicated rules and requirements imposed by the Commission and Member States. It welcomes the joint declaration calling for the simplification and a more targeted use of structural and cohesion funds to facilitate overcoming the effects of the economic crisis. It recalls the possibility of adaptation and revision of the operational programmes with this aim, while also putting greater emphasis on using these funds more wisely in support of European and national policies against climate change.

- **On heading 2**: Parliament welcomes the agreement with the Council on additional support for the milk-producing sector, currently in crisis, to reach the amount of EUR 300 million as requested by Parliament. It considers Council's endorsement as application of the "spirit of the Lisbon Treaty" as this will place Parliament on an equal footing on agriculture expenditure. Parliament regrets the fact that the call of the Parliament for establishing a permanent **EU Dairy Fund** to help the sector through the readjustments was not retained. It requests the Commission to re-examine the necessity of alternative or further measures in the light of the market evolution and the report of the High Level Expert Group on milk in order to support the restructuring process for milk producers. It reiterates its request for the creation of a budgetary line, permanently establishing a Dairy Fund. Parliament also regrets that the fight against climate change is not sufficiently reflected in the EU budget and intends, consequently, to put stronger emphasis on this key policy. Lastly, they call on the new Commission to submit a financing proposal in the aftermath of the climate change conference.

- **On sub-heading 3a**: Parliament stresses the importance of further funding being made available via the EU budget to manage legal immigration and integration of third-country nationals while in parallel tackling illegal immigration and border protection.

- **On sub-heading 3b**: as regards citizenship, Parliament disagrees with the Council's cuts in this sub-heading and endorse the specialised committees' approach, ensuring that the increase of the appropriations is justified.

- **On heading 4**: Parliament reiterates its serious concerns about the narrow margin for manoeuvre resulting from chronic under-financing of a heading constantly under pressure as a result of crises occurring in third countries. It calls on the new European Council not to make far-reaching political commitments calling for stronger EU financial support without at the same time providing for the requisite budgetary appropriations. In an amended adopted in Plenary, Parliament emphasises the importance of the EU in supporting developing countries in their struggle to fight climate change. It notes the European Council conclusions of 10-11 December 2009 that the EU and its Member States are ready to contribute with fast-start funding of EUR 2.4 billion annually for the years 2010 to 2012. It stresses however the need for information on participation and contribution from the EU budget during 2011 and 2012. It also stresses that climate finance needs to come from additional funding and **not from cuts in existing development aid**, in order for the EU to honour its commitment to achieve the Millennium Development Goals.

  Parliament welcomes the creation of the **European external action service**, which, as a matter of urgency, must be subject to parliamentary scrutiny and control in both budget and budgetary control matters.

  On a political level, Parliament continues to count on support for the peace process in Palestine and the reconstruction needs in Gaza Strip. It calls on the Commission to communicate which measures it has taken to minimise the risks that projects and programmes financed under this budget line are used or diverted to terrorist organisations or acts of terrorism, or inefficient bureaucracy. It therefore welcomes the signature of all participatory countries to the Nabucco project and stresses the necessity of allocating sufficient funding to the EU Baltic Sea Strategy.

- **On heading 5 and other sections**: Parliament welcomes the agreement reached on heading 5, which should safeguard the administrative functioning of the EU institutions while, at the same time, through a transfer of EUR 126.5 million, contributing to the completion of financing for the European Economic Recovery Plan. It underlines, at the same time, that the tight margin of heading 5 for 2010, partly resulting from this shift of resources, will lead to a need for strict budgetary management by the institutions in 2010 in order to use the resources available in a prudent and cost-effective way. Parliament agrees that the priority for use of the margin available should be given to finance any additional expenditure directly stemming from the entry into force of the Treaty on the Functioning of the EU, but only after a thorough examination of the current resources and needs, and the scope for any further savings by all the institutions.

  Parliament notes that the adoption of Letter of Amendment No. 3/2010 concerning section II (Council) was agreed for an amount of EUR 23.5 million, leaving a margin under heading 5 for 2010 of EUR 72 million. It regrets that Council presented this proposal without considering, and before having a comprehensive overview of, all institutions' administrative requirements. In this context, it draws attention to the joint declaration obtained on heading 5, which encompasses the above points and will serve as a basis to ensure the necessary financing of any supplementary needs for Parliament and the other institutions (see the draft amending budget on this matter). Parliament urges all institutions, as far as possible, to cover all administrative needs resulting from salaries and pensions adjustments within the appropriations now budgeted for each section. Lastly, it confirms its first reading position as regards the "other institutions" (see BUD/2009/2002B).

As regards pilot projects and preparatory actions, Parliament has decided to take advantage of the full amounts provided for in the IIA for pilot projects (up to EUR 40 million in any budget year) but to leave a margin for preparatory actions (IIA up to EUR 100 million, out of which a maximum of EUR 50 million may be allocated to new preparatory actions).

Lastly, it approves a series of joints declarations: (i) on the building policy of EU Institutions and bodies; (ii) on simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis; (iii) on Heading 5; (iv) on the decommissioning of the Kozloduy nuclear power plant; (v) transitional measures applicable to the budgetary procedure after the entry into force of the Lisbon Treaty.

2010 budget: section III, Commission

2009/2002(BUD) - 27/11/2009 - Amending/supplementary letter on draft budget

On 26 November 2009, the Commission submitted to the Council letter of amendment No. 3 to the preliminary draft budget for 2010. This letter of amendment concerns expenditure in Section II - Council - of the Community budget and covers the appropriations needed to finance the consequences of the entry into force of the Lisbon Treaty for the functioning of the European Council and the Council in 2010, notably:

- the creation of the European Council as an institution and the events at the level of Heads of State and Government organised by this institution,
- the creation of the function of President of the European Council, the staffing of his private office, his personal security and other expenditure,
- a reserve for activities of the European Council and its President not foreseeable at this stage,
- the reinforcement of the existing resources of the Council notably in view of the increase of co-decision.

These requirements could not be specified when the draft budget for 2010 was drawn up, as the ratification of the Lisbon Treaty by all Member States was not completed until November 2009.

The total increase in the budget for 2010 would thus be EUR 23.5 million. The establishment plan would be modified by creating 60 new posts.

On 27 November 2009, the Council established letter of amendment No. 3 to the draft budget for the financial year 2010 on the basis of letter of amendment No. 3 to the preliminary draft budget for 2010 as proposed by the Commission and as set out in the technical annex to this Council document 16731/09 ADD1 BUDGET.

2010 budget: section III, Commission

2009/2002(BUD) - 27/10/2009 - Document attached to the procedure

PURPOSE : presentation of Amending Letter No 2 to the Preliminary Draft Budget for 2010.

CONTENT : the Amending Letter No 2 (AL 2) to the Preliminary Draft Budget for 2010 (PDB 2010) covers the following:

1. updating of the estimated needs for agricultural expenditure;
2. the inclusion of funds for energy projects to aid economic recovery;
3. the inclusion of funds to provide continued support for the decommissioning of the Kozloduy nuclear power plant in Bulgaria.

1) updating of requirements for agricultural expenditure: in accordance with the Interinstitutional Agreement on budgetary discipline and sound financial management, the Commission presents an Amending Letter (AL) to update the figures underlying the estimate of agricultural expenditure. According to the Amending Letter, overall appropriations for **heading 2 are estimated at EUR 59 689 million**, leaving a margin of EUR 424 million in commitment appropriations below the corresponding ceiling of the Financial Framework (before adjustment of the ceiling).

The proposed level of appropriations includes **EUR 324 million of additional expenditure for the dairy sector** (including EUR 280 million for exceptional measures) and EUR 420 million that will be made available to rural development in the 2010 tranche of the European Economic Recovery Plan (EERP), reducing accordingly the sub-ceiling in line with the provisions of Article 12, 1(b) of Regulation 1290/2005.

The commitment appropriations for **agricultural expenditure** (including veterinary and fisheries expenditure financed under the EAGF) amount to **EUR 44 050 million**, an increase of EUR 305 million compared with the PDB 2010 mostly explained by the exceptional "milk" action.

The figures for the sub-ceiling **"Market related expenditure and direct payments"** have changed (+ EUR 31.6 million) also because of the latest information from Member States about the application of voluntary modulation and other transfer to rural development has been taken into account.

As far as the **international fisheries agreements** are concerned, the AL proposes to decrease the reserve for new/to be renewed agreements by EUR 8 million.

Lastly, attention is drawn on the fact that the Commission has proposed to reduce the 2010 ceiling for heading 2 of the Financial Framework by EUR 124 million due to the proposal on the 2010 tranche of the European Economic Recovery Plan (EERP).

It should be noted that the AL sets out, line by line, all the budgetary amendments envisaged.

2) European Economic Recovery Plan – energy projects: with this Amending Letter, the Commission proposes to make available **EUR 1 587 million** in commitment appropriations and EUR 377.5 million in payment appropriations on article 06 04 14 of the budget for the year 2010, and to lift the reserve of EUR 650 million for payment appropriations on the same article 06 04 14, in order to proceed with the timely implementation of the EERP Regulation.

To recall, the European Economic Recovery Plan (EERP) Regulation establishes a programme to aid economic recovery by granting Community financial assistance to **projects in the field of energy**. The financial envelope for the implementation of the Regulation is of EUR 3 980 million, of which EUR 2 365 million for electricity infrastructure projects, EUR 1 050 million for carbon capture and storage and EUR 565 million for offshore wind projects. The Budget Authority has already allocated EUR 2 000 million for the implementation of the Regulation in the budget for 2009 (article 06 04 14 Energy projects to aid economic recovery). The global commitment of these funds has already been made this year in order to book the necessary credits for the signature of the individual commitments at the end of 2009 and beginning of 2010.

3) Klozloduy Nuclear power plant: the AL proposes to make available commitment appropriations of EUR 75 million on Article 06 05 05 Nuclear safety – Transitional measures (decommissioning) of the budget for the year 2010. However, pending adoption of the legal basis, the amounts will be placed in the reserve.

Bulgaria has made good progress in the decommissioning preparation stage of the Kozloduy Programme, utilising the Community funds put in place until 2009. However, there is a need for further financial support beyond 2009, in order to continue the progress with the actual dismantling operations. The proposal for a Council Regulation, presented separately by the Commission provides the framework for the continuation of decommissioning support to Bulgaria after 2009, making available a sum of EUR 300 million for the period 2010-2013. It is expected that the first payments would be made only in 2012.

2010 budget: section III, Commission

2009/2002(BUD) - 09/10/2009 - Amending/supplementary letter on draft budget

PURPOSE: to present the letter of amendment No 1 to the preliminary draft budget for 2010.

CONTENT: on 3 September 2009, the Commission submitted to the Council letter of amendment No 1 to the preliminary draft budget for 2010.

This letter of amendment concerns expenditure in Section III – Commission – of the Community budget and covers the following elements:

- the increase by an amount of EUR 95 million in commitment appropriations and an amount of EUR 60 million in payment appropriations in Item 19 08 01 02 (European Neighbourhood and Partnership financial assistance to Palestine, the peace process and UNRWA) to support the Palestinian Authority and reconstruction in Gaza;
- the creation of Article 21 06 07 (Bananas Accompanying Measures (BAM)) as a budget structure in view of the possible trade agreement on bananas to be signed with Latin American Most Favoured Nation (MFN) suppliers;
- the reinforcement of Article 21 04 01 (Environment and sustainable management of natural resources, including energy) by an amount of EUR 50 million in commitment appropriations and an amount of EUR 20 million in payment appropriations in the anticipation of an agreement to be reached in the Copenhagen Climate Change Conference in December 2009.

On 9 October 2009, the Council established letter of amendment No. 1 to the draft budget for the financial year 2010 on the basis of letter of amendment No 1 to the preliminary draft budget for 2010 as proposed by the Commission with the exception of:

- the creation of new Article 21 06 07 referred to in point 2 b) above, in the absence of the relevant legal basis;
- the reinforcement of Article 21 04 01 referred to in point 2 c) above, considering that it is premature to take position on any amount and that this issue should be re-examined during the Council's second reading of the 2010 budget.

2010 budget: section III, Commission

2009/2002(BUD) - 22/10/2009 - Budgetary text adopted by Parliament

The European Parliament adopted by 522 votes to 68, with 39 abstentions, a resolution on the draft general budget of the European Union for the financial year 2010 and Letter of amendment No 1/2010 to the draft general budget.

The Parliament deplores once again the fact that, in its draft budget, the Council has reduced the Commission's Preliminary draft budget (PDB) even further: commitment appropriations in the draft budget total **EUR 137 944 million**, which represent a decrease relative to the PDB of EUR 613 million, and payment appropriations of **EUR 120 521 million represent a decrease relative to the PDB of EUR 1 795 million**. In this context, MEPs have decided to restore the figures from the Commission's preliminary draft budget for most of the budget headings. In some priority policies and actions, they even went further than the figures in the Commission's preliminary draft budget.

Parliament is seeking to increase the EU's 2010 budget to **EUR 127.5 billion in payments and EUR 141.7 billion in commitments**.

On the European Recovery Plan – a priority: Parliament recalls that the **key objective of the 2010 budget must be to give special attention to the recent economic crisis**. European citizens should be put first, proving that the European Union is not at the origin of the problem, but can be instrumental in the solution. Therefore, Parliament has amended accordingly the Draft Budget of the Council, with the aim of using the EU budget as a **tool to help**

overcome the current crises, by giving impetus to economic growth, competitiveness, cohesion and job protection. Parliament reaffirms, after having examined the draft budget, that **heading 1a** does not allow proper financing of the EU's needs on "Competitiveness for growth and employment": the envelope for this heading is **insufficient** and should be examined in depth and, if need be, revised to ensure it fulfils its objectives in future years.

Revision of the multiannual financial framework: stressing that the financing of the second phase of the European Economic Recovery Plan is a priority for Parliament, MEPs intend to use the tools provided for in the IIA in order to guarantee its financing. Parliament considers that this increase would be possible under articles 21 to 23 of the inter-institutional agreement (which allow budget ceilings to be raised). It also calls on the Council to include EUR 1.5 billion in payments and **EUR 1.98 billion in commitments in the 2010 budget, to fund the economic recovery plan**. These payments would cover, in particular, energy networks and Carbon Capture and Storage (CCS) and the European offshore wind grid system.

The Parliament gives its opinion on each of the following headings:

- **On heading 1a**: Parliament is astonished by Council's additional cuts on lines supporting the Lisbon strategy. For its part, it is committed to doing its utmost to secure adequate financing for all activities and policies under heading 1a which foster sustainable growth and job creation and deliver solutions to European citizens namely by **providing greater energy security, increasing support for research and innovation**, particularly on clean energy technologies, **promoting SMEs and reinforcing life-long learning**. Plenary also advocates the enrichment and further **development of the Erasmus Programme** in order to foster the promotion of first-job creation for young people.
- **On sub-heading 1b**: Parliament regrets the cuts introduced by the Council to the PDB in a period when structural and cohesion funds should be used for stimulating economic growth and recovery. It proposes **systematic increases to payments** on the main lines (ERDF, ESF, Cohesion Fund) to boost implementation of structural policy in the Member States, for the benefit of all European citizens. It insists that Member States use all the existing tools to accelerate or even revise their operational programmes in order to tackle the consequences of the recent economic and financial crisis more efficiently. In an amendment adopted in Plenary, MEPs believe it is now even more necessary to assess the application of the n+2 and n+3 rule with a view to ensuring full execution of the Structural Funds and the Cohesion Fund.
- **On heading 2**: Parliament considers that the **draft EU budget cannot address effectively and realistically the goals that the Union has set for climate change**. It believes that European citizens need a tangible European initiative to fight climate change, face its consequences and finance the necessary policies. It recalls that, in view of the Copenhagen conference in December 2009, the fight against climate change will remain one of its top priorities for Budget 2010. Parliament emphasises the priority given to milk producers. It proposes an amount of **EUR 300 million** for the creation of a **Dairy Fund** and urges the Commission to take on board this request when presenting its Amending letter No 2. Parliament stresses the need to increase the funding of programmes with the potential to promote the consumption of agricultural products (e. g. school milk and school fruit schemes). In addition, Parliament decides to **finance the broadband internet measures for rural areas** of the European Economic Recovery Plan from the margin of heading 2.
- **On sub-heading 3**: as regards heading 3a, Parliament stresses the importance of **further funding being made available via the EU budget to manage legal immigration and integration of third country nationals** while in parallel tackling illegal immigration. Under heading 3b, which covers vital policies that have a direct impact on the everyday life of European citizens, Parliament disagrees with the Council's cuts in this sub-heading. It recalls that the low turn-out in the European elections has shown once again that information and communication policy has to be improved in the 2010 budget. A number of amendments have been tabled such as putting in reserve a part of appropriations foreseen for the information and communication policy.
- **On heading 4**: Parliament support the Letter of amendment No 1 to the PDB 2010 adopted by the Commission on 2 September 2009, which provides for an increase on two lines: Palestine and climate change in developing countries (two priorities put forward by the Parliament). Firstly, it has decided to increase budget line climate change in developing countries, while waiting for the outcome of the conference on climate change in Copenhagen. It stresses, however, the need for a new financial instrument to help developing countries to cope with the effects of climate change, so the Development Cooperation Instrument (DCI) can fulfil its originally assigned tasks in the future. Parliament reiterates their serious concern about the dangerously narrow margin for manoeuvre resulting from **chronic under-financing** of a heading constantly under pressure as a result of crises occurring in third countries. It calls on the Commission to present a plan to restore, over the period 2010 to 2013, the financial means that ere reallocated from the Instrument for Stability to the Food Facility. MEPs also call on the Commission to: (i) present a plan for the mobilisation of financial resources for any external emergency assistance facilities or mechanisms that are created outside the Instrument for Stability in a way that would avoid drawing on the funds foreseen for the Instrument for Stability; (ii) communicate which measures it has taken to minimise the risks that projects and programmes financed under this budget line are used or diverted to terrorist organisations or acts of terrorism, or inefficient bureaucracy, and to specify whether part of the aid is aimed at rebuilding premises or infrastructure previously financed by the Union or its Member States and damaged by military action; (iii) allocate sufficient funding to the EU Baltic Sea Strategy. Parliament calls on the European Council **not to make far-reaching political commitments** calling for stronger EU financial support **without at the same time providing for the requisite budgetary appropriations**.
- **On heading 5**: overall, Parliament accepts some of the Council's cuts in the administrative expenditure lines, based on a selective approach, striking a balance between the overall budgetary priorities, including new ones, and the needs for implementation of existing policies. It reinstates the appropriations for staff expenditure. It states that the total amount of all types of administrative expenditure financed outside heading 5 has substantially increased in recent years. It is also greatly concerned that under the current Multi-annual Framework Programme part of the overall envelope for multi-annual programmes under headings other than heading 5 is being used for administrative expenditure. MEPs are worried about the current call for tender for a New European Quarter and request to be fully informed on the selection process and the need for further information on the Commission's building policy in general.
- **On pilot projects and preparatory actions**: Parliament recalls that the IIA allows for a total amount for pilot projects of up to EUR 40 million in any budget year and for a total amount for preparatory actions of up to EUR 100 million. It considers these projects an indispensable tool for Parliament to initiate new policies for European citizens. Lastly, they have given priority to the implementation of pilot projects and preparatory actions in their second or third year.

2010 budget: section III, Commission

2009/2002(BUD) - 02/09/2009 - Document attached to the procedure

PURPOSE: to present Amending Letter No 1 to the Preliminary Draft Amending Budget for 2010 (PDB 2010).

CONTENT: the Amending Letter No 1 (AL 1) to the Preliminary Draft Budget for 2010 (PDB 2010)

covers the following:

1. the mobilisation of additional funds for an amount of EUR 95 million in commitment and EUR 60 million in payment appropriations to support the Palestinian Authority and reconstruction efforts in Gaza;
2. the need to consider the establishment of Bananas Accompanying Measures (BAM) in view of the possible trade agreement on bananas to be signed with Latin American Most Favoured Nation (MFN) suppliers that will affect that the preferential regime of ACP banana supplying countries;
3. the mobilisation of additional funds for an amount of EUR 50 million in commitment appropriations and EUR 20 million in payment appropriations in view of a successful outcome of the December Copenhagen Climate Change Conference.

1. Support to Palestine: although the Palestinian Authority (PA) saw its reliance on external funding decrease slightly in 2009, it continues to be highly dependent on donor funding. The Council confirmed this approach in its conclusions of 15 June 2009. It stated that the EU will promote Palestinian state-building and intensify work in partnership with the PA. There are renewed hopes of progress towards peace in the coming months, partly linked to the new American administration and the priority given to the resolution of the conflict. The survival of the PA is crucial for the peace process, especially while the international community is maintaining its pressure on Israel to remain committed to the two-state solution. In light of the need to continue a realistic level of funding in 2010, taking account of the state of the Palestinian public finances as well as the restraints of Heading 4, the Commission proposes to increase the budget line "European Neighbourhood and Partnership financial assistance to Palestine, the peace process and UNRWA" in 2010 by EUR 95 million to reach EUR 270 million (it is EUR 300 million in Budget 2009). The requested additional amount will be used in particular to assist the Palestinian Authority in its efforts of institution building in view of the future Palestinian state. The resulting level of funds available under ENPI will allow for a continued support of the PA in 2010 while at the same time approximating assistance for Palestine to a level more commensurate with the initial programming after a number of years of exceptional budgetary arrangements. The European Union funds disbursed under ENPI are complemented by assistance under thematic and crisis intervention programmes, especially for the reconstruction efforts in Gaza.

As regards payment appropriations, the Commission request an additional EUR 60 million on top of the amount requested in the 2010 PDB (EUR 175 million).

2. Banana sector: the European Community's Common organisation of the market (CMO) in bananas has traditionally provided a preferential trade regime in favour of African, Caribbean and Pacific (ACP) exporters. This regime has been challenged since 1995 through the World Trade Organisation's (WTO) Dispute Settlement Mechanism, whose Appellate Body decisions have repeatedly ruled against the Community. Since 1 January 2008, ACP bananas suppliers have duty and quota free access to the EC market. To comply with the rulings of the WTO Appellate Body, the Commission has been negotiating a trade agreement on bananas within the framework of the Doha Development Agenda (DDA) ahead and in support of the completion of agricultural modalities and the full Doha Round. The ACP Group indicated its acceptance of such an agreement subject to a development-related assistance package for ACP banana suppliers.

The Special Framework of Assistance (SFA) for bananas, which operated since 1999 in twelve bananas exporting ACP countries, expired in December 2008. Despite the SFA, only certain countries are diversifying successfully or become competitive under current Most Favoured Nation (MFN) tariff rates. A reduction in tariff preferences is therefore expected to lead to additional adjustment requirements and efforts on the part of most ACP banana supplying countries. A trade agreement on bananas is being negotiated with Latin American MFN suppliers that will reduce the preferential advantage enjoyed thus far by ACP banana supplying countries. As part of the overall deal the Commission intends to propose the establishment of **Bananas Accompanying Measures** (BAM) that will contribute to the necessary adjustment processes of traditional ACP banana exporters by supporting the adaptation and restructuring processes in mostly bananas-dependent areas. Hence, the BAM will be part of the package allowing for the expected MNF tariff rate reductions in the framework of the WTO.

Although the exact amount will be known only once the final agreement is reached, its financing will require the use of part of the unallocated margin of Heading 4 and redeployment, the Commission proposes only to create the budgetary structure at this stage and it is for this reason that a token entry “p.m” appears in Article 21 06 07.

3. Copenhagen Climate Change Conference: the European Council conclusions of 18/19 June 2009 reiterated the importance of the establishment of an agreement on combating climate changes. For an international climate change deal in Copenhagen to be effectively limiting global average temperature increase below 2 degrees Celsius, a substantial reduction in the growth of greenhouse gas emissions in developing countries over the coming two decades will be crucial. Undoubtedly, this will be very challenging, and will require a major international effort to finance it. The Commission has, in order to achieve this objective, identified actions for mitigation and adaption that it finds important to support. While benefits from adaptation actions are local or regional, the benefits of mitigation actions are also shared globally. Efficient adaptation is in the immediate interest of all affected countries. It is therefore of utmost importance that the Community is in a position to mobilise additional resources as soon as an agreement is reached in the framework of the December 2009 Copenhagen Climate Conference, for the actions to start as soon as possible in 2010.

The proposed measures do not prejudge any future needs for the implementation of the provisions of the new international climate regime to be agreed at the Copenhagen Conference. However, sending a clear signal before Copenhagen that the funding, in particular for the Global Climate Change Alliance (GCCA), has been increased, improves the credibility of the initiative by showing that the interests of poor developing countries most affected by the impact of climate change are taken seriously in view of the final round of the negotiations.

In order to ensure timely preparation for the implementation of a new international climate agreement, the Commission proposes to increase the resources of budget line 21 04 01 by an amount of **EUR 50 million**:

- EUR 25 million to support the further development of actions under the GCCA aimed at Least Developed countries (LDCs) and Small Island Developing States (SIDS);

- EUR 25 million for support to low carbon development strategies in developing countries.

The level of additional payment appropriations is set at EUR 20 million.

2010 budget: section III, Commission

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

The Council unanimously established the draft budget for 2010 at 1st 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 382million**, 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 that 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 rat. 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.

2010 budget: section III, Commission

2009/2002(BUD) - 17/12/2009

PURPOSE: definitive adoption of the European Union budget for the 2010 financial year.

LEGISLATIVE ACT: Decision 2010/117/EU, Euratom.

CONTENT: the European Union's budget for the financial year 2010 was adopted definitively in accordance with the budgetary procedure on 17 December 2009. The budget adopted is in line with the priorities defined by the budgetary authorities and the vote taken by the European Parliament on that same date (please refer to Parliament's resolution of 17.12.2009).

The Union's budget in brief: overall, the 2010 budget amounts to **EUR 141.4 billion** in commitment appropriations, which represents an increase of 3.6% over the 2009 budget, and 1.3% of EU GNI. A margin of EUR 0.4 billion is left below the expenditure ceiling of the financial framework. Payment appropriations under the 2010 budget amount to **EUR 122.9 billion**, 1.04% of GNI. This amount, which represents an increase of 8.8% compared with 2009, leaves a margin of EUR 11.7 billion under the ceiling for payments.

Funding the Economic Recovery Plan: economic recovery is at the heart of 2010's spending and accounts for the lion's share of the funds. During the negotiations on the 2010 budget, funding of EUR 5 billion was agreed for the European Economic Recovery Plan, in order to finance major European projects in the areas of energy and broadband infrastructures and to face new challenges in rural areas linked to the CAP health check. Following the first injection of EUR 2.6bn in 2009, more than EUR 2.0 billion have been added to the 2010 budget for this purpose.

The other main budget priorities for 2010 are as follows:

1. **growth and employment:** given the economic and financial situation, greatest priority is given to encouraging economic recovery in Europe. The largest share of the budget – 45% or EUR 64.3 billion will be spent on this objective. Competitiveness will be assisted by additional resources in favour of the framework programme for research (+11.7%), the framework programme for innovation and competitiveness (+3.4%) and the education and lifelong learning programme (+4.4%). Funding for the main research and energy programmes will rise by more than 9.1%;
2. **strengthened cohesion policy**: the allocation for cohesion policy has been increased, with the EU12 countries receiving 52% of cohesion and structural fund resources (expenditure on structural and cohesion policy will amount to EUR 49.4 billion, which represents an increase of 2% of the Cohesion Fund in comparison with 2009);
3. **emergency aid for the dairy sector:** EUR 59.5 billion will be directed to the preservation and management of the Union's natural resources, with Emergency aid of EUR 300 million to help milk producers in 2010, and promoting sustainable rural development (+ 2.6 %). Support for agriculture will also be increased since the EU12 will receive almost 20% of agricultural aid, EUR 11 billion. Thanks to the Common Agricultural Policy, the single market and the increase in market prices, EU12 farmers' incomes have risen by 47% since accession. Funding for natural resources has risen to EUR 59.5 billion and, in this context, spending on environment and rural development will rise by close to 2.6% to around EUR 14.4 billion;
4. **European citizens:** the European Union also seeks to address citizens' concerns in the area of freedom, security and justice. In the 2010 budget, EUR 1.0 billion will be available for this purpose, with a further EUR 0.7 billion for programmes in the field of citizenship, such as support for youth and culture. 2010 will be the European Year for Combating Poverty and Social Exclusion with a budget of nearly EUR 10.5 million and a range of initiatives planned for all Member States. Greatest increases in spending include those relating to fighting crime and terrorism and managing migration flows. Spending on these will rise by 16.2%;
5. **aid to third countries:** with more than EUR 8 billion of external aid, the EU will maintain its aid efforts in least developed countries and will continue to play a key role on the global stage, so as to deal with global challenges, such as climate change, food security and globalisation. EU aid to developing countries via the Development Cooperation Instrument will rise by 3.9% to reach EUR 2.5 billion. Pre-accession aid (IPA) will increase by 4.5% to EUR 1.6 billion. Funding for the EU's Common Foreign and Security Policy (CFSP) will rise by 15.9% (to reach EUR 282 million). The last part of the EUR 1 billion Food Aid Facility will also be financed in the 2010 budget (EUR 170 million). It should also be noted that support for the Middle East peace process is one of the key elements of the Union's external policy.

The 2010 budget – amounts by heading:

Heading 1: SUSTAINABLE GROWTH: this heading amounts to **EUR 64.25 billion** in commitments and EUR 48 billion in payments. It includes two specific sub-headings and accounts for 45.4% of the budget:

- **1a Competitiveness for growth and employment**: this sub-heading focuses on the main actions of the Recovery Plan and involves commitments of EUR 14.8 billion, an increase of some 8% compared with 2009;
- **1b – Cohesion for growth and employment:** with EUR 49.4 billion in commitments and some EUR 36.3 billion in payments, this sub-heading relates to the Union's structural actions, environment and spatial planning policies. It has risen by 2% compared with 2009.

Heading 2: PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: agricultural spending will rise noticeably from the 2009 level, with an amount of around EUR 44 billion in commitments for market-related expenditure and direct payments. This spending will rise by 6.8% compared with 2009. In total, the heading is broken down as follows: EUR 59.5 billion in commitments and EUR 58.2 billion in payments. The overall "natural resources" heading covers 42.1% of the budget, 31% of which is market expenditure and 11.1% for rural development, the environment and fishing;

Heading 3: CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE: this heading will now account for 1.2% of the Union's budget with **EUR 1.7 billion** in commitments (and EUR 1.4 billion in payments). Excluding the Union's Solidarity Fund, the heading comprises the two sub-headings that follow:

- **Heading 3a: Freedom, security andjustice** with a little bit more than EUR 1 billion (fight against terrorism, security, etc…);
- **Heading 3b: Citizenship** (including funding for youth and culture) with EUR 668 million in commitments.

Heading 4: EU AS A GLOBAL PLAYER: in 2010, this heading amounts to EUR 8.1 billion in commitments (and EUR 7.8 billion in payments). It now accounts for 5.7% of the Union's budget and includes expenditure on the European security and defence policy.

Heading 5: ADMINISTRATION: this heading represents 5.6% of the total EU budget and amounts to EUR 7.9 billion (in commitments and payments) which covers the spending of all the European institutions.

Heading 6: COMPENSATION: this heading is now consigned to being a p.m. since the compensation mechanism in regard to the new Member States is now completed.

2010 budget: section III, Commission

2009/2002(BUD) - 24/03/2010

PURPOSE: **Corrigendum** to the definitive adoption of the European Union's general budget for the financial year 2010 (*initially published in the Official Journal of the European Union L 64 of 12 March 2010*).

The corrigendum published on 24 March 2010 amends tables in which errors had appeared for a series of budget items or articles:

- Item 3 2 4 5 - Organisation of seminars, symposia and cultural activities
- Article 2 01 01 – Expenditure related to staff in active employment
- Article 2 02 03 01 – Legal databases.

2010 budget: section III, Commission

2009/2002(BUD) - 26/11/2009 - Document attached to the procedure

PURPOSE: presentation of amending letter No. 3 to the Preliminary Draft Budget (PDB) for the 2010 financial year.

CONTENT: this **letter of amendment No. 3** to the preliminary draft budget of the Council for the financial year 2010 presents an estimate of the appropriations needed to finance the consequences of the entry into force of the Treaty of Lisbon for the **functioning of the European Council and the Council in 2010**.

It should be stressed that, as far as the European Council and its President are concerned, this is an initial estimate for the start up phase. And that the resource requirements for this new institution may evolve in the future.

The envisaged provision is of **EUR 23.5 million** which would cover:

1) **The creation of the European Council as an Institution:** the direct consequence of the creation of the European Council as an Institution is that the events to which participate the Heads of State and Government and which were organised by the Member State holding the Presidency in the past, will be organised in principle by the new Institution in the future. The cost of these events shift thus from the budget of the Member State in question **to the EU budget**. This affects, in the first place, the organisation of the meetings of the European Council. Until now, the available resources (building, staff) of the Council have covered, to a large extent, the activities of the European Council.

The incremental costs of summits have so far been financed by the Member State ensuring the presidency and administered by the General Secretariat of the Council (GSC).

On the basis of experience of previous years:

- the incremental cost of a session of the European Council may be estimated to EUR 1.3 million. The current proposal foresees the expenditure to cover the cost of the organisation of 5 summits, which corresponds to an amount of **EUR 6.5 million**;
- the cost of summits with third countries has until now been borne exclusively by the Member State holding the rotating Presidency. The technical estimate5 for these meetings, which in the future will be organised by the President of the European Council amounts to **EUR 2.5 million**;
-

since a large part of the above-mentioned events will be organised in the premises of the European Council and the Council, investment in infrastructure has to be foreseen. A provision for refurbishment, technical and IT equipment, furniture and transportation means an amount of **EUR 3.1 million** is envisaged.

2) **The creation of the function of President of the European Council:** the means allowing the President to act should be foreseen in the budget for 2010. The provision should cover the emoluments of the President, the staffing of his Private Office, the security and the press service as well as mission expenditure. The expenditure estimate is broken down as follows:

- function of the president: **EUR 1.5 million** including his travel and representation costs;
- staffing of his Private Office and his personal security: **EUR 4.5 million**, including remuneration (EUR 3.9 million), mission costs (EUR 0.4 million) and other expenditure (EUR 0.2 million).

3) **Increase of codecision: as a consequence of the Treaty**, the volume of codecision procedures will increase significantly. This means that it is necessary to reinforce the existing resources of the Council (e.g. preparation of legislation, Irish translation). The estimate for this reinforcement amounts to **EUR 1.9 million**.

4) **Reserve:** an amount of **EUR 3.5 million** is placed in a reserve since it is not possible at the moment to foresee how the activities of the European Council and its President will develop.

In summary, **the GSC proposes to increase the budget for 2010 by an overall amount of EUR 23.5 million and an increase of the establishment plan with 60 posts**. Compared to the preliminary draft budget established in April 2009, the proposal would lead to a budget of section II of EUR 638,652 million (compared to the original PDB 2010, an increase of 3.8 %).

The fixed costs for the functioning of the European Council (buildings, operational expenditure, and staff) have always been provided for under section II of the budget of the European Union. According to Article 235.4 of the TFEU (Lisbon Treaty), this approach will be maintained. The incremental cost of the creation of the European Council as an institution will be added to the existing resources. These additional resources will be presented in **section II of the general budget**, entitled "Council and European Council".

It should be noted that Amending Letter No. 3 provides a table of the various expenditures by type and budgetary chapter in question.

2010 budget: section III, Commission

2009/2002(BUD) - 10/07/2009

The Council unanimously confirmed the agreement on the draft general budget for 2010. It also confirmed three unilateral statements relating respectively to payment appropriations, heading 4 and the building policy of EU Institutions and bodies. It took note of a unilateral statement by Germany on the programme "Food aid for the most deprived persons in the European Union".

Joint statement: this declaration concerns **recruitment in relation with the 2004 and 2007 enlargement**. In the statement, the European Parliament and the Council stress again the importance of a full recruitment on all posts related to the 2004 and 2007 enlargement, especially for middle and high management level, and insist that all efforts should be made by the institutions and specifically by EPSO to ensure that the necessary action is taken to speed up the whole process of filling up the posts granted by the budgetary authority with officials. The criteria should be as stipulated in Article 27 of the Staff Regulation and to arrive at the broadest possible geographical proportional basis as soon as possible. The two institutions intend to continue to monitor closely the ongoing recruitment process. To this effect, they request each institution and EPSO to provide information to the budgetary authority on the state of affairs.

Unilateral statements of the Council:

- **Payment appropriations**: the Council 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).
- **Heading 4**: the Council, noting the Commission's intention to present a letter of amendment to the 2010 PDB covering at a later stage additional needs in the field of external actions, especially the priorities covered by previous letters of amendment and those referred to in the European Council conclusions of June 2009, has established its draft budget for 2010 with an appropriate margin under heading 4 allowing it to be taken into account.
- **Building policy of the EU institutions and bodies**: acknowledging that building costs represent a significant part of the overall administrative expenditure of the EU Institutions, the Council considers that a sound financial management of building expenses is essential. It reiterates the importance of a strong interinstitutional cooperation in this field. It underlines the ne**ed for the Institutions to cooperate to the highest possible extent and to join their forces, both for the rental or purchase of buildings and for connected current expenses**. It invites the Institutions to share facilities whenever appropriate in order to limit building expenses to the necessary minimum. In this context, the Council welcomes the efforts already made by the Institutions to cooperate at interinstitutional level and to harmonise their building management methods. It asks the Institutions to look into the potential for further interinstitutional cooperation which could include sharing of premises, joint management of premises and the scope for a possible **interinstitutional buildings office**. The Council calls on the Institutions to establish long-term building strategies, based on realistic estimates of future staff numbers and ensuring the necessary flexibility by means of an equilibrium between owned and rented buildings, in order to avoid as far as possible any ad-hoc decisions on buildings. It also requests the Institutions to use available space in the most efficient way and to take any possible measures of internal rationalisation. The Council welcomes the work already carried out by the Institutions on alternative financing methods and awaits the coming report from the Commission. The Council attaches great importance to receive the information required by the relevant provisions of the Financial Regulation as soon as possible. The information should include thorough need assessments and comprehensive cost-benefit analyses, the various alternatives, outlining the options to rent or

buy as well as the alternative financing possibilities, and taking all financing costs into account. Well before decisions need to be taken, the information should be made available to both arms of the budgetary authority, so that they can establish their position without time pressure. The Council encourages the Institutions to continue and to intensify the energy-efficiency and environment measures in their buildings, including the certification according to environmental standards, wherever this is appropriate and feasible with the given resources. The Council takes note of the excellent cooperation between the Institutions and the administrations of their host Member States, which contribute significantly to the sound management of building issues. The Council recalls that its observations apply equally to the specific situation of the executive agencies, and where applicable to the decentralised agencies.

Unilateral statement of Germany: in this statement, Germany declares that, with regard to the adoption of the Council's position on the draft budget for 2010 and in view of proceedings pending before the Court of First Instance, the programme "Food aid for the most deprived persons in the European Union" must be implemented in accordance with Community law. Germany states its view that market purchasing should not be used for this programme. The programme must be implemented in the light of the proceedings before the Court of First Instance.

2010 budget: section III, Commission

2009/2002(BUD) - 20/07/2009

This document is to be annexed to the draft budget for 2010, in accordance with the agreements on the budgetary procedure.

As in previous years, this document sets out:

- implementation of the EDFs (8th to 10th) at 31 December 2008;
- financial implementation forecasts for the current year;
- expenditure forecasts for 2010.

As regards the financing of the EDFs, the Member States contribute funds directly to the European Investment Bank for the instruments which it manages under the 9th and 10th EDFs (the Investment Facility and interest-rate subsidies). Contributions for other instruments, including contributions for the old instruments managed by the EIB (risk capital and interest-rate subsidies), go to the Commission.

The Commission and the EIB have updated their commitment and payment forecasts for 2009 and 2010 for each of the ACP countries and the OCTs.

The payment forecasts in particular have been compiled with great care with the aim of helping the Member States to assess as accurately as possible the amounts they need to earmark in their national budgets while ensuring that sufficient financial resources are available for the EDF to avoid liquidity problems.

In accordance with Article 7 of the Internal Agreement on the 10th EDF, estimates will be revised in the October 2009 communication.

Overall, the document shows the **structural upward trend in payments since 2000**.

In addition, the documents presents the state of implementation of the EDFs at 31 December 2008 compared with the forecasts made in October 2008 in terms of commitments and payments as well as the financial situation recorded in 2008 and the projections made for 2009 and 2010.

The new forecasts for the 2009 contributions confirm the Commission's needs at EUR 3 300 million and the EIB's at EUR 165 million. Note that these amounts are the same as those decided by the Council in November 2008.

Contributions for 2010 are forecast at EUR 3 500 million for the Commission and EUR 240 million for the EIB.

It should be stressed that these figures are just a preliminary forecast and must be treated with caution, notably in the light of COM(2009)0160 on "Supporting developing countries cope with the crisis". The Commission and the EIB will make more reliable forecasts after the summer. They will be presented in the October 2009 communication.

2010 budget: section III, Commission

2009/2002(BUD) - 01/12/2009 - Document attached to the procedure

At the conciliation meeting of 18 November 2009, the European Parliament, the Council and the Commission agreed to reach **an agreement on a joint declaration on transitional measures applicable to the budgetary procedure after the entry into force of the Lisbon Treaty** before 1 December 2009. On 30 November 2009, an agreement was reached on the text which can be summarised as follows:

Calendar of the budgetary procedure: the institutions confirm their intention to hold the trilogue on the budget priorities of the year, in due time before the adoption of the draft budget by the Commission, and at the latest in April. The institutions agree that the following calendar, inspired by the current pragmatic calendar and the requirements of the new procedure, will be applicable to the 2011 budgetary procedure:

- the Commission adopts the draft budget in week 17 (late April) or at the latest during week 18 (beginning of May);
- the Council completes its reading by the end of week 30 (end of July) at the latest.

The institutions meet for an exchange of views, in good time before the Council's reading:

- the European Parliament's Committee on Budgets (COBU) votes on its reading by the end of week 39 (end September/early October);

- the European Parliament's Plenary votes on its reading in week 42 (mid October).

Until such time as the Conciliation Committee is convened, the Commission may, if necessary, amend the draft budget in accordance with Article 314 (2) TFEU including updated expenditure estimates for agriculture. The Commission will submit information on updates to the two arms of the budget authority for their consideration as soon as they are available. As soon as the European Parliament has voted on its reading by adopting amendments, as provided for in Article 314 (4) (c) TFEU, the President of the European Parliament, in agreement with the President of the Council, shall immediately convene a meeting of the **Conciliation Committee**. For that purpose,

- the institutions cooperate closely with a view to completing the work of the Conciliation Committee within 21 days by the end of week 45 (mid-November);
- in order to prepare for an agreement on a joint text by the Conciliation Committee, the necessary documentation is exchanged between the institutions as soon as possible.

Once the Conciliation Committee has agreed a joint text, the European Parliament and the Council will endeavour to approve the outcome of the Conciliation Committee as soon as possible.

Unless the institutions agree on an alternative calendar, the **future budgetary procedures will follow a similar calendar**.

Interinstitutional Cooperation on amending budgets (AB): general principles are provided for the adoption of amending budgets, given that amending budgets are frequently focused on specific and sometimes urgent issues, the institutions agree on the principles below to ensure appropriate interinstitutional cooperation for a smooth and swift adoption of the amending budgets while avoiding, as far as possible, to have to convene a conciliation meeting for amending budgets. As far as possible, the institutions will endeavour to limit the number of amending budgets.

Calendar: the Commission will inform in advance the two arms of the budgetary authority of the possible dates of adoption of draft amending budgets without prejudice to the final date of adoption. In accordance with its internal rules of procedure, each arm of the budgetary authority will endeavour to examine the draft amending budget proposed by the Commission at an early opportunity after adoption. In order to speed up the procedure, the two arms of the budgetary authority will ensure that their respective calendars of work are coordinated as far as possible in order to enable proceedings to be conducted in a coherent and convergent fashion. They will therefore seek as soon as possible to establish an indicative timetable for the various stages leading to the final adoption of the amending budget. The two arms of the budgetary authority will take into account the relative urgency of the amending budget and the need to approve it in due time to be effective during the year concerned.

Specific provisions are provided for as regards laying down the rules applicable to the cooperation of each arm of the budgetary authority during and after the reading of the AB. If the European Parliament approves without amendments the position of the Council, the amending budget shall be adopted. If no agreement is reached during the trilogue and subject to the agreement of each arm of the budgetary authority on the results of the trilogue, the conciliation will be closed by an exchange of letters without a meeting of the **Conciliation Committee**. If no agreement is reached during the trilogue, the Conciliation Committee shall meet and organise its work in accordance with the circumstances, with a view of completing as much as possible the decision-making process before the twenty-one-day deadline laid down in Article 314(6) TFEU. The Conciliation Committee may conclude by an exchange of letters.

Transfers: the transfer procedure shall run in practice as follows:

- the Commission shall submit its proposal simultaneously to the two arms of the budgetary authority;
- the budgetary authority shall take decisions on transfers of appropriations, save as otherwise provided in Title I of part two of the financial regulation;
- save in urgent circumstances, the Council, by a qualified majority, and the European Parliament, shall deliberate upon the Commission proposal within six weeks of the date on which the two institutions received the proposal for each transfer submitted to them;
- the transfer proposal shall be approved, if within the six-week period: (i) both arms approve it; (ii) one of the two arms approves it and the other refrains from acting; (iii) both arms refrain from acting or have not taken a decision contrary to the Commission proposal;
- the six-week period will be reduced to 3 weeks, unless one arm of the budgetary authority requests otherwise, when: (i) the transfer represents less than 10% of the appropriations of the line from which the transfer is made and does not exceed EUR 5 million; or (ii) the transfer concerns only payment appropriations and the overall amount of the transfer does not exceed EUR (100) million;
- if one of the two arms of the budgetary authority has amended the transfer while the other approved it or refrains from acting, or if both arms have amended the transfer, the smaller amount approved either by the European Parliament or the Council shall be deemed approved, unless the Commission withdraws its proposal.

It should be noted that these transitional measures will apply until corresponding rules are established in the appropriate legislative framework.

2010 budget: section III, Commission

2009/2002(BUD) - 17/12/2009

PURPOSE: **Corrigendum** to the definitive adoption of the European Union’s general budget for the financial year 2010 (*initially published in the Official Journal of the European Union L 64 of 12 March 2010*).

The corrigendum published on 6 August 2010 amends the tables of figures which contained errors as regards a number of posts or articles: figures must now be read as:

- in Article 09 06 04 ‘Growth and the audiovisual sector: preparatory actions under the i2i audiovisual initiative’;
- in Article 09 06 05 ‘Preparatory action — Erasmus for Journalists’.

2010 budget: section III, Commission

2009/2002(BUD) - 20/11/2009 - Amending/supplementary letter on draft budget

PURPOSE: presentation of the letter of amendment No. 2 to the draft general budget of the EU for the financial year 2010, as established by the Council.

CONTENT: on 27 October 2009, the Commission submitted to the Council the letter of amendment No. 2 to the preliminary draft budget for 2010. This covered, among other things, a new estimate of agricultural expenditure as compared with the preliminary draft budget (PDB) for 2010 in accordance with the provisions of the Interinstitutional Agreement (IIA) 2006 on budgetary discipline. The new estimates take account of the situation on the various agricultural markets and of all the legislative decisions and proposals adopted in the agricultural sector since the PDB was established.

Budgetary impact of the Commission’s letter of amendment: the overall impact of letter of amendment No. 2 on the 2010 PDB is **an increase of EUR 2.35 billion in commitment appropriations** and EUR 641.5 million in payment appropriations.

This increase incorporates the following by budget heading:

- **Heading 2:** (Preservation and management of natural resources), the new estimates lead to an overall increase of EUR 685.3 million in commitment appropriations and EUR 264 million in payment appropriations, as compared the estimates in the 2010 PDB, and leave a margin of EUR 424 million below the corresponding ceiling of the financial framework. This net increase in the proposed commitment appropriations results from: i) additional needs in the agricultural sector (+EUR 159.3 million), particularly in Chapter 05 02 (Intervention in agricultural markets), ii) the allocation of EUR 280 million for **exceptional measures in the dairy sector** ("exceptional Milk action") and iii) the inclusion of EUR 420 million that will be made available to rural development in the framework of the European Economic Recovery Plan (EERP) (this last point was offset by a carry-over of assigned revenue from 2009 to 2010 (EUR 133 million), combined with an increase of the assigned revenue to be generated in 2010 (+EUR 34 million) and a net decrease of EUR 7 million in Title 11 (Maritime Affairs and Fisheries), due to the reduction of the reserve for international agreements by EUR 8 million;
- **Sub-heading 1a** (Competitiveness for growth and employment): the inclusion of EUR 1 587 million in commitment appropriations and EUR 377.5 million in payment appropriations on Article 06 04 14 for **energy projects to aid economic recovery**. It is also proposed to lift the reserve of EUR 650 million for payment appropriations on the same Article 06 04 14, in order to proceed with the timely implementation of the EERP. Under the same heading, the inclusion of EUR 75 million in commitment appropriations on Article 06 05 05 (Nuclear safety – Transitional measures (decommissioning)) is also proposed to provide continued support for the decommissioning of the Kozloduy nuclear power plant in Bulgaria. This amount will be entered in the reserve, pending adoption of the related legal basis.

Council activities: following the conclusions of the Conciliation meeting with the European Parliament and the Commission of 18 November 2009, the Council agreed to accept the letter of amendment, as proposed by the Commission, with the following amendments:

- with respect to the **‘exceptional Milk action’**, under heading 2, an amount of EUR 20 million is shifted from item 05 02 12 01 (Refunds for milk and milk products) to item 05 02 12 99 (Other measures (milk and milk products)), thus bringing the total amount allocated for exceptional measures in the dairy sector ("exceptional Milk action") to **EUR 300 million** in non-differentiated appropriations, which is entered in the reserve, pending adoption of the related legal basis;
- with respect to **energy projects to aid economic recovery**, under sub-heading 1a, an additional amount of EUR 393 million in commitment appropriations has been allocated to the relevant budget article (06 04 14), thus bringing the total amount to **EUR 1 980 million** and covering in full the financing of the European Economic Recovery Plan (EERP), following the agreement reached on the revision of the multiannual financial framework (see the procedural file ACI/2009/2184).

In conclusion, the Council established its letter of amendment on the basis of the points cited above and as set out in the technical annex of the Council’s document 16328/09 ADD 1 BUDGET.

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).