Basic information

2010/2001(BUD) BUD - Budgetary procedure	Procedure lapsed or withdrawn
2011 budget: all sections, first version See also 2010/2290(BUD) **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDE Budgetary Conciliation Committee		

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets	TRÜPEL Helga (Verts/ALE)	07/07/2010

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs	SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE)	21/01/2010
DEVE Development	BERMAN Thijs (S&D)	04/02/2010
INTA International Trade	ŠŤASTNÝ Peter (PPE)	27/01/2010
CONT Budgetary Control	LIBERADZKI Bogusław (S&D)	09/02/2010
ECON Economic and Monetary Affairs	SCHWAB Andreas (PPE)	10/02/2010
EMPL Employment and Social Affairs	BERÈS Pervenche (S&D)	06/10/2009
ENVI Environment, Public Health and Food Safety	HAUG Jutta (S&D)	18/02/2010
ITRE Industry, Research and Energy	HERCZOG Edit (S&D)	01/03/2010

IMCO	Internal Market and Consumer Protection	RÜHLE Heide (Verts/ALE)	25/01/2010
TRAN	Transport and Tourism	RIQUET Dominique (PPE)	25/01/2010
REGI	Regional Development	SURJÁN László (PPE)	22/02/2010
AGRI	Agriculture and Rural Development	MCGUINNESS Mairead (PPE)	09/11/2009
PECH	Fisheries	RODUST Ulrike (S&D)	27/01/2010
CULT	Culture and Education	LØKKEGAARD Morten (ALDE)	25/01/2010
JURI	Legal Affairs	The committee decided not to give an opinion.	08/03/2010
LIBE	Civil Liberties, Justice and Home Affairs	LÓPEZ AGUILAR Juan Fernando (S&D)	03/05/2010
AFCO	Constitutional Affairs	SAUDARGAS Algirdas (PPE)	22/02/2010
FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.	26/01/2010
PETI	Petitions	VĂLEAN Adina (ALDE)	01/06/2010

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3040	2010-10-25
Economic and Financial Affairs ECOFIN	3015	2010-05-18

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary

27/04/2010	Commission draft budget published	COM(2010)0300	Summary
12/08/2010	Council position on draft budget published	12699/2010	Summary
20/09/2010	Committee referral announced in Parliament		
07/10/2010	Vote in committee		Summary
11/10/2010	Budgetary report tabled for plenary	A7-0284/2010	
19/10/2010	Debate in Parliament		
20/10/2010	Decision by Parliament	T7-0372/2010	Summary
20/10/2010	Results of vote in Parliament		
25/10/2010	Parliament's amendments rejected by Council		Summary
25/10/2010	Start of budgetary conciliation (Parliament and Council)		
15/11/2010	Agreement not reached in budgetary conciliation		
15/11/2010	Additional information		Summary

Technical information

Procedure reference	2010/2001(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Amendments and repeals	See also 2010/2290(BUD)
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	BUDE/7/04374 BUDG/7/01917

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	PETI	PE442.807	16/07/2010	
Committee opinion	INTA	PE443.179	01/09/2010	
Committee opinion	PECH	PE443.053	02/09/2010	
Committee opinion	IMCO	PE445.757	02/09/2010	
Committee opinion	TRAN	PE443.012	03/09/2010	
Committee opinion	LIBE	PE445.749	03/09/2010	
Committee opinion	CULT	PE442.916	06/09/2010	
Committee opinion	AFCO	PE443.101	07/09/2010	

Committee opinion	ECON	PE443.155	07/09/2010	
Committee opinion	REGI	PE443.149	09/09/2010	
Committee opinion	AFET	PE445.946	13/09/2010	
Committee opinion	EMPL	PE441.302	14/09/2010	
Committee opinion	ENVI	PE443.010	22/09/2010	
Committee opinion	CONT	PE445.830	29/09/2010	
Committee opinion	AGRI	PE445.838	29/09/2010	
Committee draft report		PE448.942	01/10/2010	
Committee opinion	DEVE	PE448.855	05/10/2010	
Amendments tabled in committee		PE450.579	05/10/2010	
Budgetary report tabled for plenary, 1st reading		A7-0284/2010	11/10/2010	
Budgetary text adopted by Parliament		T7-0372/2010	20/10/2010	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	12699/2010	12/08/2010	Summary
Document attached to the procedure	12700/2010	12/08/2010	Summary
Amending/supplementary letter on draft budget	15000/2010	15/10/2010	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2010)0300	27/04/2010	Summary
Document attached to the procedure	SEC(2010)1064	15/09/2010	Summary
Document attached to the procedure	SEC(2010)1199	11/10/2010	Summary
Document attached to the procedure	COM(2010)0601	20/10/2010	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

2011 budget: all sections, first version

2010/2001(BUD) - 27/04/2010 - Commission draft budget

PURPOSE: to present the draft budget of the Commission for the financial year 2011.

CONTENT: the Commission adopted the first draft budget of the "Lisbon era" - the draft budget for the financial year 2011. It is also the fifth budget under the Financial Perspectives 2007-2013 whose main objective will be to boost economic recovery, invest in Europe's youth and in tomorrow's infrastructures.

Budget details: out of a total of €142.6 billion, some €64.4 billion are geared towards economic recovery actions (+3.4% on 2010). Furthermore, the funds backing the flagship initiatives of the EU 2020 strategy (for growth) represent some €57.9 billion (some 40% of the Budget).

For payment appropriations, the total amounts to €130 136,0 million, corresponding to 1.04 % of GNI. This is an increase of €7 179.1 million compared to payment appropriations in the 2010 budget, and leaves a margin of €4 429,0 million under the ceiling.

The main budgetary priorities for 2011: the main objective in 2011 will fully support the European economic recovery, strengthening and improving growth prospects. The EU budget has two main priorities:

1. **Supporting the EU economy post-crisis**: competitiveness for growth and employment, with €13.4 billion, and Cohesion for growth and employment, allocated with €51.0 billion, support the EU economy by reinforcing the conditions for future growth. Investments in research, development, and innovation, infrastructure and human capital are at the heart of economic modernisation and are reinforced through relevant key programmes. These actions are in line with the priority areas identified by the Europe 2020 strategy. In these key policy areas, the 2011 Draft Budget foresees significant increases in payment appropriations, delivering real implementation on the ground. In particular, increased payment levels for activities under Competitiveness for Growth and Employment and for Cohesion for growth and employment prove that these policies are implemented vigorously to accelerate the recovery process. Accompanied by actions in favour of education, training and lifelong learning, the European Microfinance facility and the support of programmes addressed to youth will contribute in consolidating our exit from the crisis and assist the younger generations. Reinforced payment levels for growth and employment are combined in the 2011 Draft Budget with stable funding levels for market related expenditure and direct aids under the Common Agricultural Policy (CAP) as well as for rural development.
2. **Adapting to new requirements in the area of financial services and supervision**: three new EU Authorities will assist national authorities in applying EU rules and link national supervisors into a strong EU network. The financial supervision authorities will be part of the European System of Financial Supervisors (ESFS). In addition, the financing of Global Monitoring for Environment and Security (GMES) begins in 2011 with the allocation of €10 million. This initiative provides better environmental monitoring and management, and increased security. The substantial increase foreseen for the area of Freedom, Security and Justice (heading 3a, + 12.8% in commitment appropriations and + 15.4% in payment appropriations), and in particular for Solidarity and management of migration flows, reflects the importance attached to the implementation of the recently adopted 'Stockholm programme' for which an Action Plan has been proposed by the Commission. Other new initiatives are preparatory actions on 'Mainstreaming climate action and adaptation' (heading 2), the 'European Year of Volunteering' (heading 3b on citizenship) and, under heading 4, the new 'European Voluntary Humanitarian Aid Corps'. Finally, the sustained level of commitment appropriations for the EU as a global player (heading 4) will allow the Union, reinforced by the new European External Action Service, to continue to play its role on the world stage, including in the area of climate action (additional commitment appropriations amounting to EUR 65 million) further to the Copenhagen Accord reached in December 2009.

MAIN CHARACTERISTICS BY BUDGET HEADING: the presentation below is structured according to the budget categories of the financial framework 2007-2013:

Heading 1: *Sustainable Growth*: this section includes expenditure related to competitiveness, employment and cohesion:

- **1a Competitiveness for growth and employment**: this sub-section brings together many of the flagship initiatives set out in the Europe 2020 strategy including 'innovation Union', 'youth on the move', 'resource efficiency Europe', 'new skills and jobs' and 'industrial policy for the globalisation era'. The main programmes of this 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/EGNOS and Marco Polo II, and the PROGRESS Programme. Other actions contributing to the goals of the priority themes of the Europe 2020 strategy concern the internal market, statistics, financial services and supervision, the fight against fraud, taxation and the customs union. Commitment appropriations for heading 1a are set at €13.436,9 million, which is a decrease of 9.6% compared to the 2010 budget. This leaves a margin of €50.1 million. Payment appropriations increase by 6.8 % to €12.109,7 million. The apparent reduction in commitment appropriations for this heading must be seen in the context of the inclusion in the 2010 budget of the second tranche of additional appropriations for the funding of energy projects to aid economic recovery, as mentioned above. Once this element is excluded, commitment and payment appropriations increase by 4.4% and 7.0 % respectively.
- **1b Cohesion for growth and employment**: the sub-section covers mainly the Structural Funds (ERDF, ESF and Cohesion Fund). The commitments included up 3.2% to €50.970,1 million, which leaves a margin of €16.9 million. The payment appropriations rise 16.9% to €42.540,8 million. The substantial increase in the level of payments reflects the momentum of the Cohesion Policy 2007-2013 on the ground, and hence its contribution to economic recovery in Europe. Because the management systems and controls are in place and that programmes are on track, further significant increases in annual payment needs are expected towards the end of the current programming period. Overall and by their nature, the Cohesion policy objectives contribute to the Europe 2020 strategy in terms of promoting smart greener and competitive growth of regional economies based on knowledge, innovation and resource efficiency.

Heading 2: *Preservation and management of natural resources*: for 2011, the Commission proposes commitment appropriations amounting to €59.486.2 million for heading 2. This level of funding, stable compared to 2010, leaves a margin of €851.8 million under the ceiling. The margin increase compared to 2010 is due primarily to a decrease in interventions in agricultural markets (expected decline of approximately €900 million). The continuation of the progressive introduction of direct aid to the EU 12 countries as well as improving the situation on agricultural markets are the main

factors behind this development. Payment appropriations amount to €58.136.7 million. The amount for market related expenditure and direct aid amounted to €43.747,4 million in commitment appropriations and €43.656,8 million in payments.

Heading 3: ***Citizenship, freedom, security and justice***: this section is divided into two sub-sections:

- **3.a Freedom, Security and Justice**: this sub-heading is devoted to activities in the area of freedom, security and justice. The year 2010 will correspond to an implementation consistent and reinforced by specific actions, grouped into three general programmess (Solidarity and Management of Migration Flows, Fundamental Rights and Justice and Security and Safeguarding Liberties). The PB provides a substantial increase in the sub-heading in the order of 12.8% to €1.135.3 million, so there remains a margin of €70.7 million. Payment appropriations are also subject to a significant increase of 15.4% to €852.4 million. It should be noted that the funds originally earmarked for the Information System (VIS) and the Schengen Information System (SIS) have been lower than originally forecast, totalling €60 million. Part of this allocation will be used to finance (up to €10.6 million) the new agency for the operational management of information systems to large scale.
- **3.b Citizenship**: this sub-heading contributes to numerous Europe 2020 strategy flagship initiatives including 'youth on the move', 'an agenda for new skills and jobs', 'European platform against poverty' and 'innovative Union'. In particular this heading covers issues which are of key concern to the citizens of Europe, including health, consumer protection, and civil protection. The crucial task of reaching out to the citizens and communicating Europe also fall within this heading, through the funding of cultural programmes and the policy area Communication. The commitment appropriations amounted to €667.8 million, leaving a margin of €15.2 million. Payment appropriations for this category fell by 3.1%, to €639 million. The annual limit for this section remains generally stable in the current financial framework. The Commission has deliberately kept a margin to account for unforeseen expenses and possible policy adjustments during budget procedure and, consequently, the level of commitments remain unchanged from 2010.

Heading 4: ***EU as a global player***: Heading 4 shows an increase of 5.6% in commitment appropriations to €8 613.5 million, leaving a margin of €70.3 million under the ceiling. Payment appropriations decreased by 2.4% to €7.601,8 million. In 2011, the implementation of almost all programmes should continue at cruising speed. Based on the financial framework 2007-2013, the PB 2011 continues to meet the overall profile of the multiannual financial envelope allocated to the respective instruments. The major action planned for 2011 is the further intensification of bilateral, regional and thematic EU programmes. Additional efforts to address the causes and consequences of climate change in third countries will be increasingly financed from funds committed for annual action plans of the geographic instruments. The following should also be noted: (a) the strengthening EU commitments at the forthcoming UN conference on Millennium Development Goals (€65 million); (b) strengthening the support provided by EU to efforts in developing countries to address climate change (€65 million); (c) a new framework to support the economic and social development of the Turkish Cypriot community (€25 million).

Heading 5: ***Administration***: commitments and payments increased by 4.4%, the first amounting to EUR 8255.4 million and the second to €8.256 million. Thus there remains a margin of €160.6 million. The Commission has made special efforts to reduce its administrative expenditure, which grew 2.9%, resulting partly from an increase in wages which were higher than expected in 2009. This moderate increase in administrative expenditure results also in the fact that the Commission is not requesting any additional posts. The Commission expects to achieve its priority objectives, including those arising from the entry into force of the Treaty of Lisbon by a major redevelopment effort. Section 5 also covers the administrative expenditure of other institutions based on their respective estimates. These estimates take into account the additional requirements associated with entry into force of the Lisbon Treaty, particularly as regards the Parliament, the European Council and the Council, the Economic and Social Committee and the Committee of Regions. The Commission's draft budget was established without prejudice to the creation of the European External Action Service (EEAS). This means that the funds and staff of the Commission who will be part of the EEAS will be included in the Commission's request. Subsequently, when the EEAS will be established and the relevant section of the budget created, the posts and appropriations should be transferred from the relevant sections of the Commission and the Council by the use of a letter of amendment related to the draft budget 2011.

New budget procedure: the Draft Budget for 2011, as presented by the new Commission, marks the beginning of the first full budgetary procedure under the completely revised Lisbon Treaty provisions, on the basis of which a **single reading** of each arm of the budgetary authority will culminate in a Conciliation procedure in the autumn.

2011 budget: all sections, first version

2010/2001(BUD) - 25/10/2010

The Council decided **not to approve all amendments to its position on the draft budget for 2011** voted by the European Parliament.

In accordance with Article 314 of the Treaty on the Functioning of the EU, a conciliation committee will now be convened in order to agree on a joint text within 21 days.

2011 budget: all sections, first version

2010/2001(BUD) - 11/10/2010 - Document attached to the procedure

PURPOSE: presentation of amending budget N° 2 to the draft general budget 2011 for the EU - Section III – Commission.

CONTENT: the Amending Letter No 2 (AL 2) to the Draft Budget for 2011 (DB 2011) covers the following:

- a reinforcement of the EU contribution to Europol by EUR 552 000, as well as modifications to the establishment plan of Europol, reflecting a request for four additional establishment plan posts (all AD posts);
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- a reinforcement of the EU contribution to the three Financial Supervision Authorities (EBA, EIOPA and ESMA) by EUR 1 224 000, as well as modifications to the establishment plans of the Authorities, reflecting a request for six additional establishment plan posts for EBA (of which 3 AD posts and 3 AST posts), six additional establishment plan posts for EIOPA (of which 5 AD posts and 1 AST post), and fifteen additional establishment plan posts for ESMA (of which 10 AD posts and 5 AST posts);
- the creation of a new budget item 01 04 01 03 for the guarantee provided by the European Union in accordance with the provisions of Article 122(2) of the Treaty on the Functioning of the European Union (TFEU) and, correspondingly, a new article 802 on the revenue side. This has no budgetary implications.

The net financial impact of this amending letter is **EUR 1 776 000**, both in commitment appropriations and payment appropriations.

2011 budget: all sections, first version

2010/2001(BUD) - 20/10/2010 - Budgetary text adopted by Parliament

The European Parliament adopted by 546 votes to 88, with 39 abstentions a resolution on the Council's position on draft general budget of the European Union for the financial year 2011 – all sections. Overall, Parliament proposes an increase in commitments of 0.8% in comparison with the 2010 budget. Aware of the pressures on Member States' national budget, as a result of the crisis, Parliament broke with the tradition that it proposes a budget considerably higher than that proposed by the Commission.

The amounts are as follows: **EUR 130.56 billion in payments** and **EUR 143.07 billion in commitments** (in comparison with the Commission's proposal which provided for EUR 130.14 billion in payments and EUR 142.56 billion in commitments). Parliament considers, however, that an arbitrary reduction in credits would compromise the implementation of the Union's policies. This is why the reductions proposed by the Council, in the form of budget cuts, were rejected.

As far as **Section III of the budget** (Commission) is concerned, the key elements and the 2011 budgetary priorities may be summarised as follows:

A new procedure and a high-level commitment: Parliament is firmly convinced that the budgetary procedure under the new Treaty on the Functioning of the European Union (TFEU) requires **full and high-level political involvement** of all institutions concerned. It underlines that the conciliation procedure aims at reconciling the views of both branches of the budgetary authority and that the Joint Text on Budget 2011 will still have to be approved by both branches. It considers, in particular, the written procedure for the adoption of the Council's position to be particularly inappropriate for the budgetary procedure, and questionable in the absence of public and clear political endorsement by the Council at ministerial level.

A necessary "Lisbonisation" of the budget: overall, the plenary considers that the entry into force of the TFEU, which strengthens EU policies and creates new fields of competence - notably Common Foreign and Security Policy, competitiveness and innovation, space, tourism, the fight against climate change, social policy, energy policy, justice and home affairs - implies a "lisbonisation" of the budget and therefore requires that **the EU should be endowed with the necessary financial means to attain its objectives** and, therefore, requires both branches of the budgetary authority to be coherent and consistent as regards increased financial capacities.

New own resources: in an amendment adopted in plenary, Parliament recalls that, since 2007 (see resolution on the future of the European Union's own resources), it has underlined that the current system of EU own resources - where 70 % of the Union's revenue comes directly from national budgets - results in the contribution to the European Union being perceived as an additional burden on national budgets. It calls for a clear and binding timetable to be set in order to agree on a new system of own resources before the entry into force of the next post-2013 Multiannual Financial Framework (MFF). It also expresses its willingness to explore all possible avenues in that respect and recalls, once more, that the EU budget should in no way be perceived and evaluated as a simple financial item added as a burden to national budgets but, on the contrary, is to be understood as an opportunity to gear up those initiatives and investments that are of interest and of added value to the EU as a whole.

Too restricted a budget to meet the challenges: the resolution recalls that, despite consecutive Treaty changes and increased responsibilities transferred to Union level, the EU budget amounts to a modest 1% of GNI. **It opposes consequently the severe cuts adopted by the Council**. It calls on the EU institutions to define a proper mechanism to evaluate and assess the 'cost of non Europe' which would highlight the savings in national budgets generated by the pooling of resources.

Vital budget priorities to facilitate economic recovery: Parliament recalls that youth-, education- and mobility-related policies have been identified by Parliament as its most important priorities for the 2011 budget. It reiterates its firm conviction that, in a context of scarce funds and global economic slowdown, the financing of EU policies should be **closely monitored** in order to avoid any expenditure which is not driven by a clear and identifiable objective. It also emphasises that an overwhelming part of EU budget expenditures supports long-term investments necessary to stimulate EU economic growth.

A budget with no room for manoeuvre: Parliament points out that the margins stemming from the MFF do not allow real room for manoeuvre, especially in subheadings 1a and 3b and heading 4, and reduce the capacity of the EU to react to policy changes and unforeseen needs while maintaining its priorities. It also points out that the scope of the challenges the EU faces, would require means **well beyond** the current ceilings of the MFF.

It recalls, in that respect, that a substantial budget review is absolutely needed and that an immediate revision of the ceilings of the current MFF, as well as some provisions of the Interinstitutional Agreement (IIA) of 17 May 2006 on budgetary discipline and sound financial management has been **rendered unavoidable** by the various challenges and new priorities that have arisen. The plenary also recalls that the financing of its priorities and of the new policies stemming from the entry into force of the TFEU is rendered impossible by the ceilings of the current MFF. Parliament stresses that, in order to ease the negotiation on the budget within the Conciliation Committee, it has, at the price of severe compromises, proposed the financing of these policies within the ceilings. It points out, nevertheless, that this can only be managed through the **decrease of appropriations on other, specific and carefully chosen, budget lines**.

Creation of a guarantee fund: the plenary calls for the creation of a guarantee fund in the EU budget linked to the European Financial Stabilisation Mechanism. Both arms of the budgetary authority could be involved in decisions concerning the activation of this mechanism. Any possible budgetary needs linked to this mechanism should be financed through an ad-hoc revision of the current MFF 2007-13 or the IIA to ensure that sufficient involvement of the budgetary authority is guaranteed on time.

Payment appropriations outstanding: as far as the payment appropriations are concerned, Parliament refuses to consider an overall figure of the Council's position as a final target arrived at by decreasing or increasing expenditure on different lines **without in-depth assessments of the real needs**. It points out that this practice of the Council may impact on the execution rate for commitments for the same year, by slowing down the rate of signing new contracts, especially in the final quarter, therefore disturbing multiannual life cycles of the EU programmes.

More concretely, the analysis of the budget line by line is as follows:

- **Heading 1a (EUR 13.485 billion)**: the Parliament reaffirms its priorities for 2011, which are youth, education and mobility and indicates that these require substantial sums. This is why it increases the appropriations relating to the related programmes as follows: Lifelong Learning Programme (+ EUR 18 million), the Entrepreneurship and Innovation Programme (+ EUR 10 million) and Intelligent Energy — Europe programme (+ EUR 10 million). It also increases the appropriations for the European Employment Service (e.g. preparatory action 'Your first EURES job' and compensates for these increases by cutting the fusion energy research project "ITER" by EUR 47 million;
- **Heading 1b (EUR 50.98 billion)**: Parliament deplores Council's restrictive approach on payments, which were cut by EUR 1 075 million (half of which for the completion of the 2006-2010 programming period) as compared to Commission's forecasts of payment needs for 2011. These payments were already considered by the Parliament to having been underestimated. It restores Council's cuts in payment appropriations to the level of the draft budget (DB), while sticking to its initial position that Commission and Council should present and adopt swiftly an amending budget in case payment appropriations happen not to be sufficient to cover the needs. Parliament granted an increase of EUR 2.5 million increase for the Baltic Strategy;
- **Heading 2 (EUR 59.875 billion)**: given that the CAP's primary goal should be to provide market stability, food security, fair prices revenues for farmers, Parliament calls on the Commission to provide in the 2011 budget a financial buffer for the means necessary to make access to funding uncomplicated, should the market experience volatility in 2011. It also wants a new budget line for the dairy sector (+ EUR 300 million) fund to provide support for modernisation, diversification and restructuring and to improve marketing and the bargaining position of dairy farmers in the food chain. Parliament also increased appropriations for the School Fruit Scheme and the School Milk Scheme, as well as the programme for deprived persons. It also increased appropriations for the LIFE+ Programme (+ EUR 6.7 million) and support for fisheries management (+ EUR 2 million);
- **Subheading 3a (EUR 1.139 billion)**: here, Parliament focuses on the funding of actions for the fight against violence against women and children (+EUR 2.35 million) and for prevention of terrorism (+ EUR 1 million). Due to the poor level of information on the next steps of the SIS II project presented to Parliament,it considers a reserve for appropriations to be the most appropriate means of obtaining the requested information on necessary improvements;
- **Subheading 3b (EUR 683 million)**: Parliament recalls that heading 3b includes policies which have a direct impact on the daily lives of European citizens. It increases appropriation to support the World Special Olympics in Athens (+ EUR 4 million) to the Youth in Action programme (+ EUR 3 million). The plenary also awaits the Commission's presentation of a comprehensive strategy on improved communication with EU citizens and on the creation of a European public sphere ;
- **Heading 4 (EUR 8.683 billion)**: once again, Parliament draws attention to the limited margins within which it is convinced that the role of the EU as a global player cannot be properly financed. It recalls that a review of the MFF and the revision of the ceiling of heading 4 to take into account the needs that have arisen and which could not have been foreseen in 2006 is a condition sine qua non for the manageability and sustainability of this heading. The financing of priorities can only be guaranteed through selected decreases of appropriations on a limited number of budget lines, in particular by reducing assistance to rehabilitation of Afghanistan and restoring appropriations for the Common and Foreign Security Policy at the level of Budget 2010. Parliament does not reduce appropriations for assistance to Palestine, the peace process and UNRWA even if the discrepancy between its global financial assistance and its limited influence in the region and in the Peace Process poses a problem. It reiterates its opposition to the proposed redeployment of appropriations from several instruments and programmes to Bananas Accompanying Measures and to the Instrument for Cooperation with Industrialised Countries (ICI+), the financing of which was not foreseen at the time of the adoption of the current MFF. Parliament decides to i) put part of the appropriations for environment and sustainable management of natural resources, including energy, in reserve, pending a presentation by the Commission of a politically binding document demonstrating that the 'fast start' climate finance package is truly additional, ii) initiate a mainstreamed approach on EU support to Fair Trade across budgetary titles; iii) request the creation of a specific budget line on 'Cooperation with the United States; iv) demand an increase of the financial envelope to support the Turkish Cypriot community. Concerning the establishment of the European External Action Service (EEAS), Parliament asks for an enhanced identification of CFSP and CDSP missions, in the interests of improved transparency and the facilitation of budgetary overview. Consequently, it decides to split certain budget lines in order to create separate budget lines for EUMM Georgia, EULEX Kosovo and EUPOL Afghanistan, which are the major missions conducted under CFSP/CDSP for the year 2011. The main changes are as follows: +EUR100 million to Palestine, the peace process and UNRWA, compensated by cuts in the Banana accompanying measures (-EUR 18 million), in the Cooperation activities other than Official Development Assistance (-EUR 23.5 million) and in the Common Foreign and Security Policy (CFSP - EUR 45.7 million). It should be noted that in an amendment adopted in plenary, Members ask why payments are still being made to retired Commissioners when they subsequently have alternative employment. They request the Commission to undertake a detailed review of current procedures and submit a detailed report to Parliament by 30 April 2011;
- **Heading 5 (EUR 8.223 billion)**: Parliament rejects outright Council's general position on heading 5 expenditure, which consists in an overall reduction of more than EUR 115 million. It stresses that such a restrictive approach, while resulting in short-term savings for the EU budget and the Member States, endangers the implementation of EU policies and programmes. It restores generally the cuts made by the Council, while putting in reserve the amounts corresponding to the 1.85% salary adjustment pending the judgment of the Court of Justice on this matter. It restores the Commission's Draft budget for all other abovementioned cuts except the one in respect of conferences, meetings and committees. It considers the cuts made to the budget of the European Schools to be unacceptable. It requests the Council to adopt quickly Amending Letter No 1/2011, so that the European External Action Service can start functioning with adequate resources at the very beginning

of 2011. It decides to put appropriations in reserve pending further consultation of Parliament's relevant bodies by the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on the priorities to be realised by the resources freed by the merging of current Commission and Council structures.

As far as other sections of the budget are concerned, the resolution points to minor changes made to the budget as a result of the creation of new posts directly as a result of the entry into force of the Lisbon Treaty. The Parliament has restored some of the sums rejected by the Council in the budget for the institutions until the needs for each one are considered fully justified.

As regards the **specific budget of the European Parliament**, Parliament indicates that its budget will increase in 2011 to a bit over EUR 1.7 billion, 20.21% share of expenditure under heading 5 (administrative appropriations) of the MFF, i.e. in line with its previous resolutions to the effect that expenditure should be situated around the 20% mark. It stresses, in this respect that considerable increases of competences under the Lisbon Treaty with the resulting needs for personnel and other resources, have been absorbed into this amount (this budget has been reduced by EUR 25 million compared to the EP Bureau's initial budget proposals). Overall, Parliament maintains its position that, in any event, **a policy of identifying savings wherever possible and the continued pursuit of reorganisation and redeployment of existing resources are crucial elements of its budgetary policy**, especially in this time of economic crisis.

2011 budget: all sections, first version

2010/2001(BUD) - 15/10/2010 - Amending/supplementary letter on draft budget

On 15 September 2010, the Commission submitted to the Council letter of amendment No 1 to the draft budget (DB) for 2011. This concerns expenditure in Section II (European Council and Council), Section III (Commission) and new Section X (European External Action Service (EEAS)) of the EU budget and modifications to the corresponding establishment plans.

It relates to the creation of **Section X (EEAS)** in the DB 2011 with the appropriate budgetary structure and establishment plan.

The proposed expenditure amounts to EUR 475.80 million in c/a and p/a (of which EUR 82.15 million transferred from Section II, EUR 359.19 million from Section III, and EUR 34.46 million additional expenditure compared to the DB 2011). The establishment plan of Section X (EEAS) shall include the posts transferred from other institutions (411 posts transferred from Section II and 1 114 posts from Section III), as well as the creation of 118 additional posts compared to the DB 2011 (100 of these 118 additional posts were already accepted by the Council in its position on draft amending budget No 6/2010).

At the end of its examination, the Council **agreed on its position on this letter of amendment**. Letter of amendment No 1 to the DB 2011 as presented by the Commission is **modified** in order to take into account the Council's position on DB 2011. The total expenditure in new Section X (EEAS) will thus amount to **EUR 469.85 million**, by including:

- the reduction in c/a and p/a (-EUR 5.60 million) already made in the Council's position on DB 2011 in Section II and Section III. In compensation, an equal reduction of the amounts to be transferred from Section II (-EUR 2.50 million) and Section III (-EUR 3.10 million), both in c/a and p/a, is made;
- a further reduction in c/a and p/a related to 118 additional posts (for a total amount of EUR 0.35 million) as **the Council did not accept to include the 1.85 % increase linked to the adjustment of the 2009 salaries**, pending the decision of the Court of Justice.

Council also agreed on the following Council statement on **budget neutrality of the EEAS**: the concept of budget neutrality should be seen in the context of resources within the EU budget, including when deciding on any new premises. It expects a report on an efficiency savings/redeployment plan early in 2011 outlining concrete steps to be taken in the short- as well as medium-term to progress towards budget neutrality.

The Council adopted its position on letter of amendment No 1 to the draft budget for the financial year 2011 on the basis of the aforementioned elements and as set out in the technical annex to this explanatory memorandum (see Council Doc 15000/10 ADD 1).

2011 budget: all sections, first version

2010/2001(BUD) - 15/09/2010 - Document attached to the procedure

PURPOSE: presentation of the amending letter No. 1 to the EU's Draft General Budget 2011 - Sections II (European Council and Council), III (Commission) and X (European External Action Service - EEAS).

CONTENT: the Treaty of the European Union (TEU) provides for the creation of a European external action service (or EEAS) to support the High Representative for Foreign Affairs and Security Policy in fulfilling her mandate. The EEAS was formally created on 26 July 2010 with the adoption of Council Decision 2010/427/EU establishing the organisation and functioning of the European External Action Service.

In order to become established, this new institution needs to have its own budget structure. However, the draft budget for 2011 was adopted without an EEAS section. This amending letter therefore proposes, in line with the amending budget No. 6/2010 to **create for the EEAS, this new budget section**, with corresponding expenditures, effective from 1 January 2011.

The present amending letter provides the budgetary resources allowing a viable and efficient start-up in view of an autonomous EEAS as from 2011, by creating a fully-fledged budget section for the EEAS, while ensuring the smooth functioning and continuity of all ongoing activities.

The EEAS will operate with the means transferred from the Commission and Council, which have been responsible for most of the tasks to be performed by the EEAS until now. This implies that this proposal does not only create the 2011 draft budget for the EEAS, but also amends the budget sections of the Commission and the Council.

An efficient organisational structure within a context of fiscal consolidation:the establishment of the EEAS has to be guided by the principles of cost-efficiency, budget neutrality, and sound and efficient management, also taking into account the impact of the current economic crisis on national public finances and the required efforts for fiscal consolidation. Transitional arrangements and **gradual build-up of capacity** will have to be used in the setting up of this service. Upon their transfer to the EEAS, each official will be assigned to a post in the function group corresponding to his/her grade. In addition, the EEAS will be gradually staffed with diplomats from Member States (temporary agents) and support staff. Once it reaches cruising speed, staff originating from the national diplomatic services is expected to represent one third of all AD staff.

Proposed budget for the EEAS in 2011: this proposal covers the transfer of staff and related appropriations from the budget sections of the Commission (Section III) and the Council (Section II) to the budget section of the EEAS (Section X). The budget sections of the Commission and the Council are reduced accordingly.

The amending letter also includes the full-year cost related to the additional staff requested in draft amending budget 6/2010 (see BUD/2010/2094), an additional requests for **18 additional new posts at headquarters** (EUR 2 million additional expenditure in 2011) and for **upgraded security of the EEAS premises** (EUR 3.275 million additional expenditure in 2011).

The resulting administrative expenditure for the EEAS in 2011 amounts to **EUR 475.8 million**, of which EUR 184.9 million at headquarters (Titles 1 and 2 of the section X of the general budget) and EUR 290.9 million in delegations (Title 3).

Staffing: the total number of posts in the establishment plan of the EEAS is **1 643**: 1 114 posts are transferred from the Commission, 411 from the Council, 100 new posts requested in draft amending budget 6/2010, and 18 new posts requested in this amending letter. The additional 18 new post are requested at this stage to address the most urgent needs in relation to increased workload resulting from taking over tasks previously carried out by the rotating presidency and other tasks flowing from the Lisbon Treaty, and to consolidate the EEAS's capacity to function autonomously.

In addition to the 1 643 posts in its own establishment plan, the EEAS will also have another estimated 2 077 full-time equivalent (FTE) human resources, including seconded national experts, contract agents, agency staff, and local agents (the latter only in delegations).

The establishment plans of Section II (European Council and Council) and Section III (Commission) of the general budget are reduced by the number of posts transferred to the EEAS, i.e. 1 114 posts from the Commission and 411 posts from the Council. The related appropriations are transferred to the EEAS from the relevant budget lines in the Council and Commission budget which are reduced accordingly.

Conclusion: this amending letter proposes amending Sections II (European Council and Council) and III (Commission) of the general budget to create a new section, Section X (European External Action Service) in the draft 2011 budget.

The proposed establishment plan of the EEAS includes:

- 1 643 posts, of which 1 114 are transferred from the Commission, 411 from the Council, + 1**00 new posts requested in draft amending budget 6/2010, and 18 additional new posts requested for 2011**;
- 2 077 full-time equivalent human resources, including seconded national experts, contract agents, agency staff, and local agents (the latter in delegations).

The resulting administrative expenditure for the EEAS in 2011 amounts to EUR 475.8 million, of which

- EUR 82.2 million transferred from Section II (European Council and Council),
- EUR 359.2 million from Section III (Commission),
- **EUR 29.2 million requested as additional appropriations in relation to the full-year cost of the new human resources** (100 new AD posts, 60 local agents in delegations and 10 contract agents at headquarters) requested in draft amending budget 6/2010,
- **EUR 5.2 million requested for 18 additional posts and strengthened security of the EEAS definitive premises in 2011.**

In total, amending letter 1/2011 provides for an increase to the 2011 budget of **EUR 34, 461,399**.

2011 budget: all sections, first version

2010/2001(BUD) - 12/08/2010 - Document attached to the procedure

This document is to be annexed to Council's position on the draft budget for the financial year 2011. It presents estimates of commitments, payments and contributions for the period 2010 to 2011, taking into account the forecasts of the European Investment Bank (EIB) concerning the Investment Facility.

As in previous years, this document sets out:

- implementation of the EDFs (8th to 10th) at 31.12.2009;
- financial implementation forecasts for the current year;
- expenditure forecasts for 2011.

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 2010 and 2011 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.

As regards the financial implementation forecasts for 2010 and 2011, the report notes that:

- that the **new forecasts for the 2010 contributions confirm the Commission's needs at €3 500 millionand the EIB's at €240 million**. Note that these amounts are the same as those decided by the Council in November 2009;
- co**ntributions for 2011 are forecast at €3 690 million for the Commissionand €210 million for the EIB**. The ceiling for the amount of contributions for 2011 is the result of a compromise proposal between the Member States and the Commission and the EIB.

2011 budget: all sections, first version

2010/2001(BUD) - 20/10/2010 - Document attached to the procedure

PURPOSE: presentation of a Letter of Amendment No 3 to the Draft General Budget 2011 – Section III (Commission).

CONTENT: the Amending Letter No 3 (AL 3) to the Draft Budget for 2011 (DB 2011) covers the following:

- the line by line updating of the **estimated needs for agricultural expenditure**. In addition to changing market factors, the AL also incorporates legislative decisions adopted in the agricultural sector since the DB 2011 was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have effect during the coming budget year. Commitment and payment appropriations are **decreased by EUR 346 million**;
- an update of the situation for **International Fisheries Agreements**, **decreasing commitment appropriations by EUR 1 million**;
- the creation of a **new budget item 32 04 14 04 - Energy projects to aid economic recovery** - Energy efficiency and renewable initiatives.

Updating agricultural needs: the purpose of the AL 3 is to ensure that the agricultural budget is based on the most up-todate economic data and legislative framework. As in the past, the Commission has carefully reviewed all its estimates of agricultural expenditure line by line. As well as taking into account market factors, this AL 3 also incorporates any legislative decisions adopted in the agricultural sector since the DB was drawn up, as well as proposals made by the Commission. The Commission concludes that:

- EAGF appropriations are decreased by EUR 346 million. This is mostly due to **lower needs in chapter 05 02 Intervention in Agricultural markets** (- EUR 136 million) and to a modification in the level of EAGF assigned revenue available in 2011. Firstly, additional assigned revenue received in 2010 amounting to EUR 210 million will be carried over from 2010 to 2011. Secondly, the Commission expects some increase in the assigned revenue generated in 2011 (+ EUR 19 million), so that the total increase in available assigned revenue is EUR 229 million;
- total commitment appropriations requested for agricultural expenditure financed by the EAGF are EUR 43 401 million, lower than in the DB 2011 (- EUR 346 million), resulting in a margin under the EAGF sub-ceiling which is now EUR 1 065 million. The new margin for heading 2 in total is EUR 1 199 million.

Energy projects: in May 2010, the Commission proposed an amendment to Regulation (EC) 663/2009 to use the uncommitted funds under Chapter II of the EERP Regulation for the creation of a dedicated financial instrument to support energy efficiency and renewable initiatives. The financial facility shall support the development of bankable energy efficiency and renewable energy projects and facilitate the financing of investments in energy efficiency and renewable energy, in particular in urban settings. In compliance with the EERP Regulation, the facility should be limited to the financing of measures that have a rapid, measurable and substantial impact on economic recovery within the EU, increased energy security and reduction of greenhouse gas emissions. Therefore, the Commission proposes the creation of a new budget item 32 04 14 04 – Energy projects to aid economic recovery - Energy efficiency and renewable initiatives. The budget item is created under the new Title 32 "Energy". The creation of the same budget item is proposed in Amending Budget 10/2010 under Title 6 "Energy and Transport as line 06 04 14 04.

Conclusion: on a budgetary note, the consequences of the AL 3/2011 is characterised by a decrease of EUR 347.2 million in commitment appropriations and a decrease of EUR 346.2 in payment appropriations.

2011 budget: all sections, first version

2010/2001(BUD) - 18/05/2010

The Council took note of the presentation by the Commission of its draft for the EU's general budget for 2011.

It asked the Permanent Representatives Committee to examine the draft, with a view to enabling the Council to establish its position.

On 16 March, the Council set out principles for preparation of the 2011 budget (doc. 6794/10).

These will be used by the incoming Belgian presidency as a reference in negotiations later in the year with the European Parliament and the Commission.

In its draft budget, the Commission proposes a total of **EUR 142.6 billion** in commitment appropriations (+0.8% compared with 2010) and **EUR 130.1 billion** in payment appropriations (+5.9% compared with 2010). Commitment appropriations represent 1.15% of EU gross national income, and payment appropriations amount to 1.05%.

The key objective is to support **economic recovery in Europe** by reinforcing growth and employment opportunities, in line with the new "Europe 2020" strategy for growth and jobs. To accelerate the recovery process, the draft budget provides for significant increases in payment appropriations for activities under sub-headings 1a (competitiveness for growth and employment) and 1b (cohesion for growth and employment).

2011 budget: all sections, first version

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

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

The main features of the position are as follows:

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

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

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

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

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

The following principles have also been respected:

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

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

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

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

- fixing the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 3.04 million as a result of the approach followed for these agencies. A total of 184 temporary posts for new agencies and agencies in charge of new tasks were accepted;

- setting the level of payment appropriations, targeting a total reduction of EUR 891.14 million in the appropriations requested in the DB of which EUR 62.40 million in the field of competitiveness, EUR 121.80 million in the field of transports, EUR 545.97 million in the field of research, EUR 50 million on the budget line for the European Globalisation Adjustment Fund and EUR 110.97 million on various other budget lines, on the basis of an analysis of the 2009 budget implementation and the 2010 budget forecast alerts.

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

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

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

Heading 2: Preservation and management of natural resources: the amount of this heading is set at **EUR 59.011 billion** in commitments, that is a total reduction of EUR 474.64 million in commitment appropriations requested in the DB, of which EUR 38.75 million in the field of interventions in agricultural markets, EUR 420 million on the budget line for clearance of accounts and EUR 15.89 million on various other budget lines, on the basis of past and current budget implementation and taking into account the available information related to some specific agricultural areas. The Council has decided to:

- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 0.46 million in commitments and EUR 0.31 million in payments
- as a result of the approach followed for these agencies. One temporary post was accepted;
- set the level of payment appropriations, reducing the appropriations requested in the DB by a total of EUR 820.71 million, of which EUR 38.75 million in the field of interventions in agricultural markets,EUR 420 million on the budget line for clearance of accounts, EUR 143 million in the field of Rural development, EUR 142.90 million in the field of European Fisheries Fund and EUR 76.06 million on various other budget lines, on the basis of past and current budget implementation.

These amounts estimated on the basis of past budget implementation and available information may be reviewed in the light of the Autumn letter of amendment.

The margin available under heading 2 would be EUR 1 326.40 million.

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

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

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

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

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

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

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

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

- set the level of commitment appropriations, reducing by a total amount of EUR 93.74 million the commitment appropriations requested in the DB on a number of specific budget lines under this heading, on the basis of past and current budget implementation and on realistic absorption capacities;
- fix the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 0.9 million as a result of the approach followed for these agencies;

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

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

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

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

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

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