Basic information

2010/2290(BUD) BUD - Budgetary procedure	Procedure completed
2011 general budget: all sections, second version **Subject** 8.70.60 Previous annual budgets	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	BUDG Budgets	TRÜPEL Helga (Verts /ALE)	02/12/2010
Council of the European Union	**Council configuration**	**Meetings**	**Date**
	Competitiveness (Internal Market, Industry, Research and Space)	3057	2010-12-10

Key events

Date	Event	Reference	Summary
26/11/2010	Commission draft budget published	COM(2010)0750	Summary
26/11/2010	Additional information		Summary
08/12/2010	Vote in committee		Summary
10/12/2010	Council position on draft budget published	17635/2010	Summary
10/12/2010	Budgetary report tabled for plenary	A7-0369/2010	
10/12/2010	Draft budget approved by Council		
13/12/2010	Committee referral announced in Parliament		
14/12/2010	Debate in Parliament		
15/12/2010	Decision by Parliament	T7-0475/2010	Summary
15/12/2010	Results of vote in Parliament		
15/12/2010	End of procedure in Parliament		
15/03/2011	Final act published in Official Journal		

Technical information

Procedure reference	2010/2290(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/04703

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE454.478	02/12/2010	
Amendments tabled in committee		PE454.521	07/12/2010	
Budgetary report tabled for plenary, 1st reading		A7-0369/2010	10/12/2010	
Budgetary text adopted by Parliament		T7-0475/2010	15/12/2010	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	17635/2010	10/12/2010	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2010)0750	26/11/2010	Summary
Follow-up document	C(2011)0984	11/02/2011	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32011B0125R(01)
OJ L 172 30.06.2011, p. 0015

Budget 2011/0125
OJ L 068 15.03.2011, p. 0001 Summary

2011 general budget: all sections, second version

2010/2290(BUD) - 15/12/2010 - Final act

PURPOSE: definitive adoption of the European Union's general budget for the financial year 2011.

LEGISLATIVE ACT: 2011/125/EU, Euratom.

CONTENT: on 15 December 2010 the European Parliament voted the EU budget 2011 – the first EU budget under the Lisbon Treaty.

Elements of the procedure and application of the Lisbon of Treaty's new rules: the Council adopted its position on the new EU draft budget for the financial year 2011, approving the informal agreement reached between the Belgian Presidency and the European Parliament at the trilogue of 6 December 2010. Negotiations on a first draft budget for 2011 submitted by the Commission in spring this year failed within the Conciliation Committee on 15 November 2010. Having regard to the fact that the Conciliation Committee did not agree on a joint text, the Commission presented a new draft general budget of the European Union for the financial year 2011 on 26 November 2010, in accordance with Article 314(8) of Treaty on the Functioning of the European Union (TFEU). This draft was finally agreed upon by the European Parliament and the Council.

The procedure under Article 314 of the Treaty on the Functioning of the European Union is complete and the European Union's general budget for the financial year 2011 has been definitively adopted.

The 2011 budget

- the total payments for the EU budget 2011, as accepted by the Council, amount to **EUR 126.527 billion** (+2.9% compared to 2010), corresponding to 1.01% of the Gross National Income (GNI) of the EU;
- the commitments for 2011 amount to **EUR 141.909 billion** (+0.3%) leaving a margin of EUR 1.891 billion under the total ceiling of the financial framework.

The EU budget foresees a **14.5% increase in payment appropriations** for measures aimed at **boosting economic growth** (€41.7 billion, heading 1b – Cohesion for growth and employment) as well as a 10.1% increase in the area of Freedom, security and justice (€813 million, heading 3a). The increase in the level of payments for Cohesion is mainly due to the fact that many projects in regions across Europe are reaching cruising speed and that the Commission will have more bills to pay since it co-finances these programmes.

On the other hand, other parts of the budget are reduced compared to 2010:

I. agriculture and the environment (EUR 56.4 billion, heading 2 – Preservation and management of natural resources) would decrease by 3%;

II. citizenship (EUR 646 million, heading 3b) would see a drop of 3.9%;

III. the EU as a global player (EUR 7.2 billion, heading 4) would be reduced by 7.1%.

IV. Heading 5 of the budget (administration) remains at less than 6% of the total budget.

Main budgetary priorities: with issues such as energy, the environment, climate, trade, growth and financial stability best tackled at European than national levels, this budget is essential to start the year with the required tools. It will allow the continuation of investment in the EU's future through **growth- and employment**-enhancing measures.

There is also the matter of another important budgetary priority called for by Parliament: **Youth**. A series of concrete initiatives will be set in place in terms of this objective, in particular:

- education and lifelong learning programmes which will have EUR 1.2 billion to fund more than 290,000 individual scholarships enabling recipients to work and train abroad;
- the Youth in Action programme with a budget of EUR 130 million which will permit more than 120 000 young people to participate in youth exchange and intercultural democracy projects, as well as more than 5 300 to participate in the European Voluntary Service programme;
- ERASMUS for young entrepreneurs which will have EUR 2 million available to fund more than 1 200 partnerships between young professionals and established businesses.

The 2011 budget: heading by heading:

Heading 1 - SUSTAINABLE GROWTH: to stimulate the European economy, this heading has a record amount of **EUR 64.5 billion** in commitment and some EUR 53.3 billion in payment appropriations. It includes two specific sub-headings and accounts for 45.5% of the budget:

- **1a Competitiveness for growth and employment**: this sub-heading comprises the main actions of the European Economic Recovery Plan and includes commitments amounting to EUR 13.5 billion (a fall of 9% compared with 2010 in commitments but an increase of 2.5% in terms of payments with EUR 11.6 billion). This heading also covers the 7th RTD Framework Programme with EUR 8.6 billion which finances pan-European research and companies that are trying to tackle important societal challenges, such as climate change and the ageing of the population. Trans-European transport and energy networks will benefit from EUR 1.5 billion to optimise the safety and efficiency of passenger and goods transport and less polluting energy. The framework programme for competitiveness and innovation (CIP) will devote more than EUR 500 million to strengthening SMEs' innovation capacity, in particular in the area of services bases on information and communication technologies and environmentally-friendly solutions.

- **1b Cohesion for growth and employment**: with EUR 51 billion in commitments and some EUR 41.7 billion in payment appropriations, this sub-heading focuses on the union's structural actions and environment and spatial planning policy. In comparison with 2010,

payment appropriations have increased by 14.5%. In the context of this sub-heading, EUR 31.4 billion will go towards investments designed to modernise and diversify the economic structures of Europe's least developed regions and territories (in particular, the development of rail transport). The aid will also enable almost a million people to benefit from water treatment and improvements in information and communication infrastructures. In order to allow Europeans to adapt to a changing economic environment, training programmes in new skills and information on employment possibilities will be funded by the European Social Fund to an amount of EUR 10.9 billion.

Heading 2 – PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES: agricultural expenditures see a small fall in comparison with 2010, with an allocation of close to **EUR 42.9 billion** in commitments for market-related and direct payment expenditures. The overall 'natural resources' heading only covers 41.3% of the budget, thus barely more than 30% for market expenditure and 11% for rural development, environment and fishing. This heading will permit the stabilisation of the financial situation of 7 million farmers who respect strict environmental standards by assisting with soil, water and air quality in Europe. In addition, EUR 14.4 billion will go towards economic diversification in rural areas where 50% of the EU's population lives. The European Fisheries Fund will have EUR 658 million to support the competitiveness and sustainability of the European fishing sector while maintaining reasonable prices for consumers. Lastly, some EUR 333 millions will be used to finance projects in the context of the LIFE+ programme relating to waste managements, atmospheric pollution and biodiversity loss.

Heading 3 – CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE: this heading now accounts for 1.3% of the Union's budget with **EUR 1.8 billion** in commitment – an increase of 8% in comparison with 2010 – and EUR 1.5 billion in payment appropriations. The heading comprises the two following sub-headings (excluding the Union's Solidarity Fund):

- **Heading 3a – Freedom, security and justice:** EUR 1.1 billion in commitment. This sub-heading covers the management of migratory flows that will mobilise at EU level some EUR 612 million (made available to Member States to help them to reinforce measures to combat illegal immigration and to design programmes for the integration of eligible migrants). To strengthen the safety and wellbeing of European citizens, the Security and Safeguarding Liberties programme will spend EUR 134 million on combating crime and terrorism, designing efficient crisis management systems, exchanging information and improving cooperation between law enforcement services;
- **Heading 3b – Citizenship** (including funding for youth and culture) with EUR 700 million in commitments. To promote a dynamic cultural area in Europe, the MEDIA and CULTURE programmes with jointly allocate EUR 168 million in support for the European film industry, transborder cooperation between artists and the promotion of European cultural capitals.

Heading 4 – THE EU AS A GLOBAL PLAYER: in 2011, this heading amounts to **EUR 8.8 billion** in commitments (and EUR 7.2 billion in payments). It now accounts for 6.2% of the Union's budget. It includes instruments such as the Financing Instrument for Development Cooperation (DCI) which will have EUR 2.6 billion to respond to the basic needs of the populations of 47 developing countries in Latin America, Asia, Central Asia, the Middle East and South Africa . In addition, in the event of a humanitarian crisis, EUR 825 million are allocated to humanitarian aid of millions of people affected by crisis caused by man or natural catastrophes. Countries in Eastern Europe, the southern Caucasus and the southern Mediterranean that border on the Union will benefit from funding of EUR 1.8 billion via the European Neighbourhood and Partnership Instrument which promotes good governance and equitable economic and social development. The Pre-Accession Instrument will benefit from EUR 1.6 billion of support for EU candidate countries (Croatia, Turkey and the former Yugoslav Republic of Macedonia) and potential candidate countries in their efforts to introduce European standards and policies. It should be noted that with the entry into force of the Lisbon Treaty a new service has been established: the **European External Action Service** (EEAS). Composed of Commission, Council and Member State staff, the EEAS assists the High Representative/Vice President Catherine Ashton in the coordination and harmonisation of the European Union's external actions.

Heading 5 – ADMINISTRATION: this last heading represents 5.7% of the EU's total budget and comprises almost **EUR 8.2 billion** (in commitments and in payments) covering the expenditures of all the European institutions.

2011 general budget: all sections, second version

2010/2290(BUD) - 15/12/2010 - Budgetary text adopted by Parliament

The European Parliament adopted by 508 votes to 141, with 19 abstentions, a resolution aiming to definitively approve the draft general budget of the European Union for the financial year 2011, all sections, as modified by the Council (all sections).

Parliament is of the opinion that, although the draft budget as modified by Council does not entirely meet the real need for a sustainable, coherent and efficient Union budget, Parliament's objective is to provide the Union with a budget that can be fully and predictably implemented from the beginning of the financial year.

Necessary reform of own resources: Parliament considers the way the EU system of own resources has evolved, gradually being replaced by national contributions and consequently being perceived as an excessive burden on national public finances, **renders its reform more necessary than ever**. It reiterates nevertheless the importance of the Commission presenting by 1 July 2011 **substantive proposals for new own resources for the EU**, based on Article 311 TFEU. It also calls for a commitment by the **Council to discuss these proposals with Parliament within the negotiating process for the next multiannual financial framework (MFF)**.

Reserves: Parliament considers some reserves on appropriations to be necessary to help the Commission to improve transparency of information and implementation of appropriations under Section III of the budget.

In parallel, Parliament approved the joint statement on payment appropriations as set out in the Council draft budget (please refer to the summary dated 10 December 2010). The European Parliament and the Council urge the Commission to present by the end of September 2011 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b and under heading 2, and, if necessary, to present a draft amending budget for this sole purpose.

They will take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations.

Regarding the overall figures, MEPs accepted the levels proposed in the Commission's draft budget of 26 November 2010:

- EUR 141.8 billion in commitment appropriations;
- EUR 126.5 billion in payments.

The 2011 budget, as adopted by the full Parliament, includes more funding for the priorities set out by MEPs, including youth, innovation, the Middle East peace process and Palestine. Some examples include:

- **Competitiveness for growth and employment** (heading 1a): MEPs won more money for the Lifelong Learning Programme (+ EUR 18 million), the Entrepreneurship and Innovation Programme (+ EUR 10 million) and Intelligent Energy — Europe programme (+ EUR 10 million);
- **Cohesion for growth and employment** (heading 1b): MEPs added a new line, worth + EUR 2.5 million, for the Baltic Sea strategy;
- **Preservation and management of natural resources** (heading 2): MEPs increased the environment programme Life+ by + EUR 6.7 million and support for the management of fishery resources by + EUR 2 million;
- **Freedom, security and justice** (heading 3a): MEPs won + EUR 2.35 million for the Daphne programme for the fight against violence against women and children and + EUR 1 million for prevention of terrorism;
- **Citizenship** (heading 3b): MEPs obtained + EUR 4 million to support the World Special Olympics in Athens and + EUR 3 million to the Youth in Action programme;
- **The EU as a global partner** (heading 4): an extra amount of + EUR 100 million for Palestine, the peace process and UNRWA (through the Flexibility Instrument).

2011 general budget: all sections, second version

2010/2290(BUD) - 10/12/2010 - Council position on draft budget

On 16 June 2010, the Commission submitted a proposal containing the draft budget for the financial year 2011, regarding which no agreement was reached under the conciliation procedure provided for in Article 314(4) to (6) of the Treaty on the Functioning of the European Union.

In application of Article 314(8) of the Treaty on the Functioning of the European Union, the Commission submitted a new draft budget on 26 November 2010 for the same financial year.

This new draft budget for 2011 is based on the latest state of play of the negotiations in the Conciliation Committee on 15 November 2010, subject to some changes to take into account new elements which were not known at that time:

- **payment appropriations** are set at the level retained in the Council position of August 2010: **EUR 126.527 billion**, which represents an increase of 2.9 % compared to the budget for 2010 (amending budgets 1 to 7 included). The criteria used for the breakdown of payment appropriations between the various headings and sub-headings of the financial framework remain unchanged. A draft joint statement on payment appropriations was also agreed in which the European Parliament and the Council ask the Commission to submit an amending budget if the appropriations entered in the 2011 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), heading 3 (Citizenship, freedom, security and justice) and heading 4 (EU as a global player). They also urge the Commission to present by the end of September 2011 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b and rural development under heading 2, and, if necessary, to present a draft amending budget for this sole purpose;
- **commitment appropriations increase only by 0.24% instead of 0.48%** on 15 November. This decrease is mainly due to a reduction of the appropriations in heading 2 (Preservation and management of natural resources) resulting from letter of amendment No 1 to draft amending budget No 10/2010;
- a mobilisation of the Flexibility Instrument for an amount of **EUR 34 million** beyond sub-heading 1a and EUR 71 million beyond heading 4 is proposed.

On 10 December 2010, the Council reached an agreement on the **new draft budget for 2011 amended as follows**:

- appropriations for the **salary adjustment in 2011 are included in the new draft budget for a total amount of EUR 91.1 million**;
- **payment appropriations related to budget lines other than those for heading 5 are reduced by EUR 91.1 million** by using the same criteria as for the breakdown of payment appropriations in the new draft budget;
- as regards fifteen budget lines, seven transfers of appropriations to the reserve, six transfers of appropriations to the budget line, as well as two technical adjustments are included as set out in an Addendum to the budget.

The total revenue needs to be updated taking into account the Council's position at the time of the adoption of the new draft budget for 2011.

On 10 December 2010, the Council adopted its position on the new draft budget of the European Union for 2011 on the basis of the above-mentioned information.

2011 general budget: all sections, second version

2010/2290(BUD) - 26/11/2010 - Commission draft budget

PURPOSE: presentation of a **new draft budget** of the European Union for the financial year 2011.

CONTENT: this document constitutes the second version of the draft budget for 2011, following the failure to reach an agreement at conciliation.

Background: the 2011 draft budget is the first to be negotiated under the new arrangements put in place by the Lisbon Treaty.

- The Commission transmitted the draft budget for 2011 in all the official languages on 15 June 2010.
- The Council completed its reading of the draft budget on 12 August, while the European Parliament voted its reading on 20 October.
- As the European Parliament adopted amendments to the draft budget which could not be accepted by the Council, a **Conciliation Committee was convened**, in accordance with Article 314 §4(c) of the Treaty on the Functioning of the European Union (TFEU).

The Conciliation Committee worked over a period of twenty-one days, between 26 October and 15 November and came very close to an agreement on the elements of the draft budget for 2011. However, it was finally not possible to reconcile the positions of the European Parliament and Council within the time period allowed, and so, in accordance with Article 314 §8 of the TFEU, **a new draft budget was submitted by the Commission**.

New version of the budget heading by heading: the Commission presents this new proposal for a draft budget for 2011, in line with the positions as expressed by both Council and European Parliament in conciliation.

In terms of *commitment* appropriations, the total expenditure proposed in the 2011 draft budget is EUR 141 818.3 million, corresponding to 1.13 % of GNI, that is EUR 332.0 million more than in 2010. This leaves a combined margin of EUR 1 984.1 million under the ceilings.

***Payment* appropriation**s are set at the level retained by Council in August, i.e. EUR 126 527.1 million, corresponding to 1.01 % of GNI. This is an increase of EUR 3 571.2 million compared to payment appropriations in the 2010 budget, and leaves a margin of EUR 7 934.9 million under the ceiling. Parliament expressed its understanding for Council's position given the budgetary constraints that Member States currently face. The Commission repeats its firm belief that **this level of payments can only be agreed to, if it is accompanied by the commitment of the budgetary authority to act promptly on requests for additional payment appropriations through amending budgets or transfers**, in order to avoid any shortfall in payment appropriations.

Heading by heading budget analysis:

- **Heading 1a: Competitiveness for Growth and Employment**: commitment appropriations for heading 1a are proposed at EUR 13 520.6 million, which is a decrease of 9.0 % compared to the 2010 budget. As these amounts exceed the ceiling of heading 1a, the Commission proposes simultaneously to mobilise the Flexibility Instrument by EUR 34 million. Payment appropriations increase by 2.7 % to EUR 11 645.8 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. Once this element is excluded, commitment and payment appropriations increase by 5.0 % and 3.0 % respectively.
- **Heading 1b: Cohesion for Growth and Employment**:commitment appropriations increase by 3.2 % to EUR 50 980.6 million, leaving a margin of EUR 6.4 million. Payment appropriations increase by 14.6 %, to EUR 41 682.5 million. The substantial increase in the level of payments reflects the cruising speed reached by the Cohesion policy programmes related to the 2007 – 2013 programming period, thus contributing to economic recovery in Europe.
- **Heading 2: Preservation and Management of Natural resources**: commitment appropriations of EUR 58 659.2 million are proposed for this heading, which is a decrease of 1.4 % compared to the 2010 budget and leaves a margin of EUR 1 680.3 million under the ceiling. Payment appropriations decrease by 3.0 % to amount to EUR 56 409.3 million. Within this heading the amount foreseen for market related expenditure and direct aids reaches EUR 42 891.2 million in commitment appropriations, and EUR 42 786.6 million in payment appropriations.
- **Heading 3a: Freedom, Security and Justice**: this headingsees an important increase in commitment appropriations of 13.2 %, rising to EUR 1 139.0 million, leaving a margin of EUR 67.0 million. Payment appropriations also increase significantly, by 10.2 % to EUR 814.3 million.
- **Heading 3b: Citizenship**: commitment appropriations amount to EUR 682.9 million, leaving nearly no margin (EUR 0.1 million). Payment appropriations for this heading decrease by 3.9 % to EUR 646.0 million. The decrease is due to the mobilisation of the Solidarity Fund in 2010 (EUR 13.0 million), that has been added to the original budget in the course of the year.
- **Heading 4: the EU as a Global Player** sees an increase in commitment appropriations of 7.5 % to EUR 8 754.3 million, exceeding the ceiling on heading 4. The Commission proposes simultaneously to mobilise the Flexibility Instrument by EUR 71 million. Payment appropriations decrease by 6.9 % to EUR 7 249.0 million. The total amount of payment appropriations is lower compared to 2010, since outstanding commitments (the so-called 'RAL', *reste à liquider*) on many 'completion' lines for previous programmes that are being closed have diminished substantially.
- **Heading 5: Administration**: commitment and payment appropriations for Administrative expenditure increase by overall 2.2 %, with commitments set at EUR 8 081.7 million and payments at EUR 8 080.4 million. This leaves a margin of EUR 334.3 million.

Non-agreement at conciliation: the changes now proposed reflect the discussions which have already taken place between the two arms of the Budgetary Authority. These discussions have led to an important degree of convergence, and these elements of compromise are retained in the Commission's new proposal, with a view to facilitating a swift agreement on Budget 2011. The consequences of non-agreement on the budget would be detrimental to the implementation of key policies and programmes, and would send a **damaging message to the citizens of Europe at a time of economic uncertainty**. The credibility of EU at international level would also be hindered. It is with this imperative in mind that the Commission is seeking to reconcile the positions of the two arms of the Budgetary Authority in this proposal for a new draft budget.

Main changes proposed:

Payment appropriations: a major adaptation is that of the level of payment appropriations. In the original 2011 draft budget, the Commission proposed an increase of 5.8 % for payments, compared to the 2010 budget on the basis of an evaluation of the payment needs for programmes. Since then the economic difficulties facing Europe have become more apparent, and a general consensus has developed across the Member States on the need to apply austerity measures. Therefore, this new draft budget proposes an overall level of payment appropriations of **EUR 126.5 billion**, as proposed by the Council. There were converging views during the conciliation that this amount could be an essential element of a possible overall agreement.

After taking into account the consequences of the adjustments proposed for non differentiated appropriations and for specific payment reinforcements, the **overall reduction in payment appropriations**, as compared to the Commission's draft budget including amending letters, has been broken down between the various headings as follows:

- One third on heading 1b,
- One third on heading 2,
- One third on headings 1a, 3a and 4,
- No impact on heading 3b.

Expenditure heading changes:

- **Heading 1a**: the Commission proposes to increase the level of commitment appropriations for a number of actions (see table), while maintaining the same level as proposed in the original draft budget for most others. The increases reflect the European Parliament priorities in relation to Youth, SMEs and research. This creates a situation where the level of commitment appropriations exceeds the ceiling of the multi-annual financial framework, and so **the Commission proposes to mobilise the Flexibility Instrument for an amount of EUR 34 million for heading 1a**.
- **Heading 1b**: the level of commitment appropriations remains unchanged compared to the original draft budget, with one exception: a new budget article 13 03 31 "Technical assistance and dissemination of information on the EU strategy for the Baltic Sea Region and an improved knowledge of macro-regions strategy", which is created for an amount of EUR 2.5 million in commitment (with no payments). Payment appropriations have been adapted so that the limit of EUR 126.5 billion for the total draft budget.
- **Heading 2**: the new proposal integrates some priorities of the European Parliament such as reinforcements for School milk, Life+, the Community Fisheries Control Agency and Animal Health, and partially includes the Council's position on the Clearance of accounts. These adjustments are set out in the table below. For non-differentiated appropriations, payments are set at the same level as commitments. This draft budget includes also EUR 540 million of assigned revenue for EAGF carried over from 2010 to 2011. This amount is higher than the amount of EUR 210 million which was foreseen in the amending letter 3/2011 to the original 2011 draft budget because a reduced use of assigned revenue generated in 2010 in the execution of the budget 2010.
- **Heading 3a**: the Commission’s proposal remains largely unchanged (decreased budget for Frontex).
- **Heading 3b**: commitment appropriations are set at the level proposed in the original draft budget, with some increases, reflecting the European Parliament's priorities with regard to Youth and communication.
- **Heading 4**: the most significant change relates to **Palestine** for which an additional amount of **EUR 100 million** is proposed. These adjustments lead to a situation where the level of commitment appropriations exceeds the ceiling of the multi-annual financial framework, and so **the Commission proposes to mobilise the Flexibility Instrument for an amount of EUR 71 million for heading 4 to cover additional needs for Palestine**. Payment appropriations for Palestine are also increased by EUR 100 million while for the other lines for which commitments are increased, payments are maintained at the level of the original draft budget. The Commission also proposes to limit the payments for the Emergency Aid Reserve (EAR) to EUR 100 million, in line with the emerging compromise in the Conciliation Committee. Cooperation with Asian and Latin America is also strengthened.
- **Heading 5**: the proposed new draft budget excludes the appropriations related to the outstanding 2009 salary adjustment (1.85 %) for all institutions, pending the adoption of the new Council decision following the judgment of the Court of Justice on 24 November 2010 in favour of the Commission. A draft amending budget will be presented in 2011. In the meantime, a sufficient margin shall be left unused under the ceiling of heading 5. For the Commission, the new draft budget is based on the position following amending letter 1/2011 (European External Action Service), where, in the spirit of compromise, the appropriations are set at the lower level jointly agreed by both arms of the Budgetary Authority in their respective readings. For the institutions other than the Commission, after taking into account the salary-related corrections, the new draft budget reflects the reading of the European Parliament, except for the Council, where it is the Council's own position that is followed following amending letter 1/2011 (European External Action Service). Regarding the institutions other than the European Parliament, the Council and the Commission, the additional posts compared to 2010 are as follows: Court of Justice of the European Union (+29), European Economic and Social Committee (+11), Committee of the Regions (+18), European Ombudsman (+1), and European Data Protection Supervisor (+2).