

## Basic information

2012/2092(BUD)

BUD - Budgetary procedure

2013 general budget: all sections

### Subject

8.70.60 Previous annual budgets

Procedure lapsed or withdrawn

## Key players

European  
Parliament

### Committee responsible

**BUDE**

Budgetary Conciliation Committee

### Rapporteur

### Appointed

### Former committee responsible

**BUDG**

Budgets

### Former rapporteur

LA VIA Giovanni (PPE)

VAUGHAN Derek (S&D)

### Appointed

10/05/2012

10/05/2012

### Former committee for opinion

**AFET**

Foreign Affairs

### Former rapporteur for opinion

JÄÄTTEENMÄKI Anneli  
(ALDE)

### Appointed

06/03/2012

**DEVE**

Development

MITCHELL Gay (PPE)

25/01/2012

**INTA**

International Trade

ŠŤASTNÝ Peter (PPE)

29/05/2012

**CONT**

Budgetary Control

The committee decided not  
to give an opinion.

**ECON**

Economic and Monetary Affairs

FOX Ashley (ECR)

29/11/2011

**EMPL**

Employment and Social Affairs

BOULLAND Philippe (PPE)

15/09/2011

**ENVI**

Environment, Public Health and Food Safety

HAUG Jutta (S&D)

08/05/2012

**ITRE**

Industry, Research and Energy

BÜTIKOFER Reinhard (Verts  
/ALE)

18/06/2012

<b>IMCO</b>	Internal Market and Consumer Protection	DE JONG Dennis (GUE /NGL)	29/02/2012
<b>TRAN</b>	Transport and Tourism	MEISSNER Gesine (ALDE)	23/01/2012
<b>REGI</b>	Regional Development	STAVRAKAKIS Georgios (S&D)	26/01/2012
<b>AGRI</b>	Agriculture and Rural Development	DE LANGE Esther (PPE)	05/10/2011
<b>PECH</b>	Fisheries	RIVELLINI Crescenzo (PPE)	24/01/2012
<b>CULT</b>	Culture and Education	LØKKEGAARD Morten (ALDE)	23/01/2012
<b>JURI</b>	Legal Affairs	The committee decided not to give an opinion.	
<b>LIBE</b>	Civil Liberties, Justice and Home Affairs	IACOLINO Salvatore (PPE)	20/03/2012
<b>AFCO</b>	Constitutional Affairs	GUERRERO SALOM Enrique (S&D)	28/02/2012
<b>FEMM</b>	Women's Rights and Gender Equality	The committee decided not to give an opinion.	
<b>PETI</b>	Petitions	SALAVRAKOS Nikolaos (EFD)	08/05/2012

Council of the European Union	<b>Council configuration</b>		<b>Meetings</b>	<b>Date</b>
	Economic and Financial Affairs ECOFIN		3197	2012-11-13
	Economic and Financial Affairs ECOFIN		3167	2012-05-15
European Commission	<b>Commission DG</b>		<b>Commissioner</b>	
	Budget		LEWANDOWSKI Janusz	

#### Key events

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Date	Event	Reference	Summary
15/05/2012	Debate in Council		
25/05/2012	Commission draft budget published	COM(2012)0300 	Summary
25/07/2012	Council position on draft budget published	12749/2012	Summary
10/10/2012	Vote in committee		
12/10/2012	Budgetary report tabled for plenary	A7-0311/2012	Summary
22/10/2012	Committee referral announced in Parliament		
22/10/2012	Debate in Parliament		
23/10/2012	Decision by Parliament	T7-0359/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	Start of budgetary conciliation (Parliament and Council)		
09/11/2012	Debate in Council		Summary
13/11/2012	Agreement not reached in budgetary conciliation		

Technical information	
Procedure reference	2012/2092(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	BUDE/7/11125 BUDG/7/09512

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee opinion		PE489.648	04/09/2012	
Committee opinion		PE491.339	05/09/2012	
Committee opinion		PE492.610	05/09/2012	
Committee opinion		PE489.677	06/09/2012	
Committee opinion		PE491.232	06/09/2012	
Committee opinion		PE492.574	06/09/2012	
Committee opinion		PE491.320	07/09/2012	

Committee opinion	<a href="#">ENVI</a>	<a href="#">PE491.336</a>	07/09/2012	
Committee opinion	<a href="#">AFET</a>	<a href="#">PE492.784</a>	12/09/2012	
Committee opinion	<a href="#">IMCO</a>	<a href="#">PE491.367</a>	17/09/2012	
Committee opinion	<a href="#">AGRI</a>	<a href="#">PE494.603</a>	18/09/2012	
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE494.632</a>	19/09/2012	
Committee opinion	<a href="#">REGI</a>	<a href="#">PE491.318</a>	20/09/2012	
Committee opinion	<a href="#">PETI</a>	<a href="#">PE489.496</a>	21/09/2012	
Committee opinion	<a href="#">CULT</a>	<a href="#">PE491.270</a>	24/09/2012	
Committee opinion	<a href="#">ITRE</a>	<a href="#">PE496.384</a>	25/09/2012	
Committee draft report		<a href="#">PE496.481</a>	02/10/2012	
Amendments tabled in committee		<a href="#">PE497.798</a>	08/10/2012	
Budgetary report tabled for plenary, 1st reading		<a href="#">A7-0311/2012</a>	12/10/2012	<a href="#">Summary</a>
Budgetary text adopted by Parliament		<a href="#">T7-0359/2012</a>	23/10/2012	<a href="#">Summary</a>

#### Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	<a href="#">12749/2012</a>	25/07/2012	<a href="#">Summary</a>

#### European Commission

Document type	Reference	Date	Summary
Commission draft budget	<a href="#">COM(2012)0300</a> 	25/05/2012	<a href="#">Summary</a>
Document attached to the procedure	<a href="#">COM(2012)0624</a> 	19/10/2012	<a href="#">Summary</a>

#### Additional information

Source	Document	Date
European Commission	<a href="#">EUR-Lex</a>	

## 2013 general budget: all sections

2012/2092(BUD) - 12/10/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the joint report on the Council position on the draft general budget of the European Union for the financial year 2013 by Giovanni LA VIA (EPP, IT) – (section III – Commission) and Derek VAUGHAN (S&D, UK) (other Sections).

Members stress that **the priorities expressed in the opinions given by its specialised committees**, as well as those which emerged on the occasion of the meetings with the Rapporteurs specialising in budgetary matters, have as far as possible been taken into account in the present draft resolution.

**Section III – Commission:** the committee recalls that Parliament's priorities for the 2013 budget, as detailed in its resolution of 4 July 2012 on the mandate for the trilogue, consist in: support for **sustainable growth, competitiveness and employment, particularly for SMEs and youth**. It points out that the Commission's draft budget (DB) reflects Parliament's priorities and is aware of the severe difficulties arising from the state of the national economies and of the need for a responsible and realistic reading. Members **cannot accept, however, the approach according to which the EU budget is made the source for possible savings with the same proportion and logic applied to the national budgets**, given the substantial difference in nature, objectives and structure. They highlight that decreasing EU resources will surely result in a lack of investment and liquidity in the Member States.

Members underline that the **EU budget is to be seen as a complementary instrument of support for Member States' economies**, capable of concentrating initiatives and investment in areas strategic for growth and the creation of jobs as well as and of bringing about a leverage effect in sectors overcoming national boundaries. Such a role is legitimised by the same Member States, who, together with Parliament, are responsible for the decisions from which most of the EU law stems.

Recalling that 2013 is the last year of the current multiannual financial framework (MFF), Members deplore the decision of the Council to proceed again this year with the usual approach of **horizontal cuts to the DB**, aimed at artificially reducing the level of the EU's resources for 2013 by an overall total of EUR 1 155 million (-0.8%) in commitment appropriations (CA) and **EUR 5 228 million** (-3.8%) in payment appropriations (PA).

They are surprised that the Council has not taken into account latest Commission's forecasts for programmes' implementation, based on estimates of the same Member States. The report warns about the **severe risk of shortages of payments, in particular under Headings 1a, 1b and 2**, entailing a risk that sufficient funds are not made available to enable the EU to honour its debts.

**Reductions damaging for growth:** Members underline that the current procedures for assessing the real needs for payment appropriations for Member States take place in total obscurity. The committee has examined the Council's cuts, noting that Headings 1a and 1b are particularly affected as regards payments (-EUR 1.9 billion and -EUR 1.6 billion respectively as compared to the DB), i.e. the headings under which most of the programmes and initiatives responsible for delivery of the objectives of the Europe 2020 strategy are concentrated. It underlines that **these cuts are fully at odds with the conclusions of the June 2012 European Council**, which identified the EU budget as "a catalyst for growth and jobs across Europe" and decided to concentrate resources, including EUR 55 billion coming from the Structural Funds, on growth-enhancing measures. Members consider that that decision, taken at the highest political level of the EU, needs to be translated into a sufficient level of payments for 2013 in favour of programmes and actions underpinning this priority. They also reject the Council's argument that these cuts correspond to under-implemented or low-performing programmes, (e.g. the Lifelong Learning Programme and the Competitiveness and Innovation Framework Programme (CIP) under Heading 1a and the Competitiveness and Employment objective under Heading 1b), since such criteria completely disregard the multiannual character of the EU's policies, and of cohesion policy in particular, characterised by a rising profile of payments towards the end of the MFF.

Furthermore, the substantial reduction in the level of payments as compared to commitments set by the Council would logically result in a further increase of the RAL by EUR 4.1 billion, especially considering that the largest shares of the RAL relate to cohesion policy (65.6%) and to R&D sector (10.5%).

**Restoring at the level of DB payment appropriations to enable the main EU programmes to function:** due to recent experience, the committee does not deem the declaration of payments proposed by the Council in its reading as a sufficient guarantee that an adequate level of payments will eventually be made available for all headings. The **Budgets Committee takes the general approach, therefore, of restoring, at the level of DB payments cut by Council in all headings** and increasing payment appropriations over DB on a selected number of lines characterised by high levels of implementation within each heading, in particular Headings 1a and 4, to cover the real needs of the corresponding programmes, as identified by the Commission. It calls on the European Parliament to mandate its **delegation for the Budget 2013 conciliation not to accept** any level of payments both for the Amending budget 6/2012 and the Budget 2013 **that does not fully cover the payment needs for 2012 and 2013**, as estimated by the Commission. Members recall that Council completely disregarded Parliament's priorities, as expressed in Parliament's mandate for the trilogue but that Parliament's reading is based instead upon benchmarks arising from that mandate.

**More Europe and not less Europe:** the report underlines that the answer to the crisis must be 'more Europe and not less Europe' in order to restart investment, boost the creation of jobs and help rebuild confidence in the economy. Members cannot, therefore, accept Council's decision to reduce commitment appropriations further down to 1.27% compared to budget 2012. They set the overall level of appropriations for 2013 to:

- **EUR 151 151.84 million in commitment appropriations and**
- **EUR 137 898.15 million in payment appropriations.**

With regard to each of the budget headings, Members make the following points:

**Heading 1a:** they deplore that Heading 1a bears practically the totality of the Council's cuts in commitments (-2.9% compared to DB in Heading 1) and is the most affected as regards decreases in payments (-EUR 1.9 billion or **-14% compared to DB**). They decide to undo almost all cuts by Council and to reinforce above DB in commitment and payment appropriations only a selected number of lines directly linked to the objectives of the Europe 2020 Strategy.

Members make the following amendments to the budget:

- increase commitment and payment appropriations in favour of the Competitiveness and Innovation Framework Programme (CIP) Entrepreneurship and Innovation Programme and CIP Intelligent Energy Europe;
- partly compensate decreases to ITER by setting commitments above DB on a selected number of operational FP7 lines directly underpinning the Europe 2020 strategy and characterised by excellent levels of implementation and strong absorption capacity;
- finance this partial offset above the available margin through the mobilisation of the Flexibility Instrument for an amount of EUR 50 million;
- increase appropriations for Lifelong Learning and Erasmus Mundus programmes which, against modest financial envelopes, provide great returns in terms of effective implementation and positive image of the Union vis-à-vis its citizens;
- the level of commitments and payments proposed in the DB for projects of common interest in the Trans-European transport network;

- restore DB payments for the European Globalisation Adjustment Fund (EGF).

**Heading 1b:** Members strongly deplore the substantial cuts in payments (-EUR 1.6 billion or -3.3% as compared to the DB) by the Council affecting the Regional Competitiveness and Employment objective (-12.9%), the European Territorial Cooperation objective (-18.7%) and the Cohesion Fund (-4.7%). Recalling the doubts expressed in its mandate for the trilogue as to whether the level of payments proposed in the DB will be sufficient to reimburse the totality of the expected payment claims in the absence of an amending budget this year, the committee rejects the cuts introduced by the Council on Heading 1b, which would lead to a much more serious shortage in payments than already expected and would also lead to a strong increase in the level of RAL by the end of next year. It does not consider the Council's declaration asking the Commission to submit a draft amending budget in case of insufficient payments under Heading 1b as a sufficient guarantee that an adequate level of payments will be made available in 2013, given that similar commitments have been already undertaken and disregarded by the Council in the past two years. **Members ask the Council Presidency to make a public statement and explain the discrepancy between the Council's reading on payments and the actual needs of Member States**, as expressed in their estimates.

In sum, the committee decides to restore the DB in commitments and in payments for all budget lines cut by Council under this heading. It urges the Council to agree on Draft amending budget 6/2012 presented by the Commission with the aim to compensate the shortage of payment appropriations this year and to avoid blocking the execution of running projects at the end of the programming period.

**Heading 2:** Members consider that the Commission's estimates of budgetary needs are more realistic than the Council's forecast figures, and restore, therefore, Council's cuts under this Heading to a level of EUR 60 307.51 million, which is 0.6% above the 2012 budget. They reject the increase of the so-called negative expenditure line (clearance of accounts) as this appears to be set artificially high compared to Heading 2 appropriations and partly restores the Commission's proposal, allowing a more realistic approach.

They also make the following adjustments to the budget:

- granting an adequate level for producer groups for preliminary recognition;
- increase in the Union's contribution to the crisis fund within operational funds for producer organisations;
- increased support for the school milk programme and the continued support for programme concerning school fruit;
- maintaining the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the with Members welcoming the effort made by the Commission in finding a political and legal solution to continue with the programme in 2013;
- continued support on a commensurate level for the LIFE+ programme,
- maintaining financing of the CFP at the proposed DB levels, in view of its upcoming reform.

Members state they support the sharp reduction of some budget lines on refunds, and in some cases even to zero, as this instrument is politically controversial.

**Heading 3a:** Members reject the cuts performed by the Council in payment appropriations in the following areas:

- European Return Fund (-EUR 18 million),
- European Refugee Fund (-EUR 1.8 million),
- European Fund for the Integration of third-country nationals (-EUR 3.2 million) and
- Fundamental Rights and Citizenship (-EUR 1 million).

They decide, therefore, to restore the level of the DB on the corresponding lines. They also increase the payment appropriations of the DAPHNE programme above the level of the DB, emphasising the positive role of the programme.

Members also **reject the Council's unilateral decision to change the legal basis of the proposal on the "Schengen evaluation mechanism"** from the ordinary legislative procedure to Article 70 of the Treaty on the Functioning of the European Union. They support the Conference of Presidents' decision to block cooperation with the Council on the 2013 budget as regards internal security aspects and endorse, therefore, the position taken by the Committee on Civil Liberties, Justice and Home Affairs to put into the reserve some budgetary lines in Title 18 which relate to internal security (in commitment and payment appropriations) until a satisfactory outcome is achieved on the Schengen governance package.

**Heading 3b:** emphasising the need to encourage cross-cultural communication and EU citizenship within the next generation, the committee has decided to increase funding for the Youth in Action programme compared to DB. It also reinforces appropriations for the European Year of Citizens 2013 together with the latter's communication activities.

**Heading 4:** Members highlight that cut in payments brought by the Council to Heading 4 (-EUR 1 billion or -14.1% as compared to DB) represent approximately 20% of the overall cuts across all headings. They consider that **such a massive reduction would impede the Union to respect the commitments to which it has committed itself on the world scene** and they decide to restore the level of both commitment and payment appropriations in most budget lines to the levels proposed in the DB.

Members consider, however, that some decreases compared to the DB can be accepted in some budget lines, such as

- macro-Financial Assistance,
- membership of international organisations in the field of customs and tax and
- cooperation with Greenland.

They propose a small increase in the level of commitment and payment appropriations above the DB for budget lines in the areas of geographical development cooperation, as well as for the Electoral Observation Mission and the Global Fund to Fight Aids, Tuberculosis and Malaria.

Pointing out that increased funding for Palestine and UNRWA is crucial for ensuring that UNRWA is given the necessary resources it needs to provide the essential services for which it has been mandated by the UN General Assembly and to safeguard the safety and livelihood of refugees, the

committee increases the relevant funding. It also increases appropriations for the support to the economic development of the Turkish Cypriot Community.

**Heading 5:** taking note of the Council's position decreasing the Commission's proposal on Heading 5 by EUR 146 million overall, despite the institutions' efforts towards budget consolidation of administrative expenditure, Members welcome the efforts of most institutions, including Parliament and the Commission, which complied with and even overstepped their commitment to restrict their administrative budgets to an increase below the expected inflation rate.

For all the institutions, apart from the Council, as well as for the European Schools, they decide to restore (or in the case of the Court of Justice, add) in reserve the amounts corresponding to the 1.7% 2011 salary adjustment for budget year 2013, pending the Court's ruling. This is sound budgeting, given the likelihood of a ruling in favour of the Commission. The committee warns the Council that, in this event, the budgetary authority will need to accommodate the retroactive effect of such ruling for years 2011 and 2012, including late interest.

It also undoes other cuts brought by the Council on specific items of administrative expenditure, notably, within the Commission, on ICT equipment and services and some offices.

While restoring or maintaining the Commission's and, partly, other institutions' requests for posts on the basis of a case-by-case approach, Members call for an in-depth impact assessment to be carried out on the planned staff reductions by 2018, taking full account of, inter alia, the Union's legal obligations and the institutions' new competences.

They note with concern that staff cuts were made within the Commission and ask the Commission to include in its annual staff screening report an assessment of the impact. They also set a number of reserves on some budget lines with a view to obtaining specific information.

**Agencies:** Members endorse, as a general rule, the Commission's estimates of agencies' budgetary and staff needs and notes that the Commission had already considerably reduced the agencies' initial requests. They consider that any further cuts as proposed by the Council would endanger the proper functioning of the agencies and would not allow them to fulfil the tasks they have been assigned. They decide to increase the 2013 budget appropriations for the three financial supervision agencies.

Members are aware that certain agencies (such as Europol, EASA, ACER) have to implement additional tasks in 2013 which might not be reflected in the allocated budget or establishment plan for 2013 and request the Commission, in case of necessity, to propose timely an Amending Budget for the relevant agency. They also expect the Commission to present a new financial statement when a legislative procedure has been finalised by Parliament and the Council extending the mandate of an agency.

### Other sections

The committee is concerned by the Council's position of a nominal freeze across all EU institutions, believing that each institution should be dealt with on a case-by-case basis, taking into account the needs and specific situation of each institution. It welcomes efforts made by the institutions to find additional savings and restrict their budgets bearing in mind the costs of the enlargement to Croatia.

**European Parliament:** Members point out that the level of its 2013 budget is 1.9% above the 2012 budget including the costs for Croatian accession but that due to the current inflation rate of 1.9%, there is a real decrease of the operating budget, despite recently added competences, new posts and actions, the financing of Croatia's accession and the costs for preparing the 2014 elections. They approve the following adjustments to the estimates:

- reduction in the appropriations in the contingency reserve,
- internalisation of the security service in a budget-neutral manner,
- pursuit of the internalisation of ICT activities
- adjustment in the appropriations for the European Parliamentary Association;
- reduction of appropriations for the House of European History by EUR 5.3 million.

Members believe that, like every directly elected parliament, the **European Parliament should have the right to decide on its own seat and working place arrangements** and declare, therefore, that Parliament's seat and places of work for Members and officials should be decided upon by Parliament itself.

They go on to make other remarks on Parliament's internal organisation, travel, ICT expenditure and translation.

**Other institutions:** lastly, Members make a series of recommendations on the other institutions and bodies of the EU calling generally for the restoration of certain appropriations allocated to each in order to enable them to carry out their tasks and meet the needs of enlargement to Croatia.

## 2013 general budget: all sections

2012/2092(BUD) - 19/10/2012 - Document attached to the procedure

PURPOSE: presentation of Amending Letter No 1 to the Draft General Budget 2013 (DB 2013).

CONTENT: this Amending Letter No 1 to the Draft General Budget 2013 relates to:

- the line by line updating of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL also incorporates the impact of legislative decisions adopted in the agricultural sector since the DB 2013 was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have a significant effect during the coming budget year;
- an update of the situation for International Fisheries Agreements.

The budgetary impact of these adjustments is a reduction in commitment and payment appropriations of **EUR 25.1 million** compared to the Draft Budget 2013.

## 2013 general budget: all sections

2012/2092(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 492 to 123 votes, with 82 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2013 (all Sections).

Parliament stresses that the priorities expressed in the opinions given by its specialised committees, as well as those which emerged on the occasion of the meetings with the Rapporteurs specialising in budgetary matters, have as far as possible been taken into account in this resolution.

Noting the [Amending Letter No 1 to the Draft General Budget 2012](#), Parliament sets the overall level of appropriations for 2013 at:

- **EUR 151 151 840 000** for commitment appropriations and
- **EUR 137 898 015 000** for payment appropriations.

Parliament's resolution may be summarised as follows:

### **Section III – Commission:**

Parliament recalls that its priorities for the 2013 budget, as detailed in its [resolution of 4 July 2012](#) have been taken into account: they consist in support for **sustainable growth, competitiveness and employment, particularly for SMEs and youth**. It welcomes the fact that the Commission's draft budget (DB) reflects Parliament's priorities and is aware of the severe difficulties arising from the state of the national economies and of the need for a responsible and realistic reading.

Parliament **cannot accept, however, the approach according to which the EU budget is made the source for possible savings with the same proportion and logic applied to the national budgets**, given the substantial difference in nature, objectives and structure. It considers that decreasing EU resources will surely result in a lack of investment and liquidity in the Member States.

In Parliament's view, **the EU budget is to be seen as a complementary instrument of support for Member States' economies**, capable of concentrating initiatives and investment in areas strategic for growth and the creation of jobs as well as and of bringing about a leverage effect in sectors overcoming national boundaries. Such a role is legitimised by the same Member States, who, together with Parliament, are responsible for the decisions from which most of the EU law stems.

Recalling that 2013 is the last year of the current multiannual financial framework (MFF), Parliament deplores the decision of the Council to proceed again this year with the **usual approach of horizontal cuts to the DB**, aimed at artificially reducing the level of the EU's resources for 2013 by an overall total of EUR 1 155 million (-0.8%) in commitment appropriations (CA) and **EUR 5 228 million** (-3.8%) in payment appropriations (PA).

Parliament is also surprised that the Council has not taken into account the latest Commission's forecasts for programme implementation, based on estimates of the same Member States. It warns about the **severe risk of shortages of payments, in particular under Headings 1a, 1b and 2**, entailing a risk that sufficient funds are not made available to enable the EU to honour its debts.

**Reductions damaging for growth:** underlining that the current procedures for assessing the real needs for payment appropriations for Member States take place in total obscurity, Parliament has examined the Council's cuts, noting that Headings 1a and 1b are particularly affected as regards payments (-EUR 1.9 billion and -EUR 1.6 billion respectively as compared to the DB), i.e. the headings under which most of the programmes and initiatives responsible for delivery of the objectives of the Europe 2020 strategy are concentrated. It underlines that **these cuts are fully at odds with the conclusions of the June 2012 European Council**, which identified the EU budget as "a catalyst for growth and jobs across Europe" and decided to concentrate resources, including EUR 55 billion coming from the Structural Funds, on growth-enhancing measures. Parliament considers that that decision, taken at the highest political level of the EU, needs to be translated into a sufficient level of payments for 2013 in favour of programmes and actions underpinning this priority.

Parliament also rejects the Council's argument that these cuts correspond to under-implemented or low-performing programmes, (e.g. the Lifelong Learning Programme and the Competitiveness and Innovation Framework Programme (CIP) under Heading 1a and the Competitiveness and Employment objective under Heading 1b), since such criteria completely disregard the multiannual character of the EU's policies, and of cohesion policy in particular, characterised by a rising profile of payments towards the end of the MFF.

Furthermore, the substantial reduction in the level of payments as compared to commitments set by the Council would logically result in a further increase of the RAL by EUR 4.1 billion, especially considering that the largest shares of the RAL relate to cohesion policy (65.6%) and to R&D sector (10.5%).

**Restoring at the level of DB payment appropriations to enable the main EU programmes to function:** Parliament doubts that the increase in payments by 6.8 % proposed in the DB will be sufficient to cover reimbursements of payment claims awaited by Member States under the various headings – and in particular for Headings 1a and 1b – in the absence of an amending budget covering payment needs for 2012. **It will therefore reject any attempt to reduce the level of payment appropriations as compared to the DB proposal.** From experience, Parliament does not deem the declaration of payments proposed by the Council in its reading as a sufficient guarantee that an adequate level of payments will eventually be made available for all headings. It therefore **takes the general approach, therefore, of restoring, at the level of DB payments cut by Council in all headings** and increasing payment appropriations over DB on a selected number of lines characterised by high levels of implementation within each heading, in particular Headings 1a and 4, to cover the real needs of the corresponding programmes, as identified by the Commission. It calls on the European Parliament to

mandate its **delegation for the Budget 2013 conciliation not to accept** any level of payments both for the Amending budget 6/2012 and the Budget 2013 **that does not fully cover the payment needs for 2012 and 2013**, as estimated by the Commission. It recalls that Council completely disregarded Parliament's priorities that it expressed in the trilogue and that Parliament's reading is based instead upon the latest figures and relevant benchmarks.

**More Europe and not less Europe:** Parliament underlines that the answer to the crisis must be 'more Europe and not less Europe' in order to restart investment, boost the creation of jobs and help rebuild confidence in the economy. It cannot, therefore, accept Council's decision to reduce commitment appropriations further down to 1.27% compared to budget 2012. It even intends to increase commitment appropriations above the DB on a few selected budget lines directly related to the delivery of the Europe 2020 priorities and in line with traditional Parliament's priorities;

As far as each of the budgetary headings is concerned, Parliament's views are as follows:

**Heading 1a:** Parliament regrets that Heading 1a bears practically the totality of the Council's cuts in commitments (-2.9% compared to DB in Heading 1) and is the most affected as regards decreases in payments (-EUR 1.9 billion or **-14% compared to the DB**). It has decided to reverse almost all cuts by Council. It introduces the following amendments to the budget:

- increase commitment and payment appropriations in favour of the Competitiveness and Innovation Framework Programme (CIP) Entrepreneurship and Innovation Programme and CIP Intelligent Energy Europe;
- partly compensate decreases to ITER by setting commitments above DB on a selected number of operational FP7 lines directly underpinning the Europe 2020 strategy and characterised by excellent levels of implementation and strong absorption capacity;
- **finance this partial offset above the available margin through the mobilisation of the Flexibility Instrument for an amount of EUR 50 million;**
- increase appropriations for Lifelong Learning and Erasmus Mundus programmes which, against modest financial envelopes, provide great returns in terms of effective implementation and positive image of the Union vis-à-vis its citizens;
- maintain the level of commitments and payments proposed in the DB for projects of common interest in the Trans-European transport network;
- restore DB payments for the European Globalisation Adjustment Fund (EGF).

**Heading 1b:** once again, Parliament strongly regrets the substantial cuts in payments (-EUR 1.6 billion or -3.3% as compared to the DB) by the Council affecting the Regional Competitiveness and Employment objective (-12.9%), the European Territorial Cooperation objective (-18.7%) and the Cohesion Fund (-4.7%). According to Parliament, such cuts would definitely hamper the correct execution of projects during the last year of the programming period, with dramatic consequences, especially for the Member States which are already under social, economical and financial constraints, thereby substantially increasing the RAL.

Recalling the doubts expressed in its mandate for the trilogue as to whether the level of payments proposed in the DB will be sufficient to reimburse the totality of the expected payment claims in the absence of an amending budget this year, Parliament rejects the cuts introduced by the Council on Heading 1b, which would lead to a much more serious shortage in payments than already expected and would also lead to a strong increase in the level of RAL by the end of next year. It does not consider the Council's declaration asking the Commission to submit a draft amending budget in case of insufficient payments under Heading 1b as a sufficient guarantee that an adequate level of payments will be made available in 2013, given that similar commitments have been already undertaken and disregarded by the Council in the past two years. In this context, **Parliament asks the Council Presidency to make a public statement and explain the discrepancy between the Council's reading on payments and the actual needs of Member States**, as expressed in their estimates. In sum, Parliament decides to restore the DB in commitments and in payments for all budget lines cut by Council under this heading. It urges the Council to agree on Draft amending budget 6/2012 with the aim to compensate the shortage of payment appropriations this year and to avoid blocking the execution of running projects at the end of the programming period.

Parliament also decides to increase commitment and payment appropriations above the DB for the technical assistance to the Baltic Sea Strategy.

**Heading 2:** Parliament considers that the Commission's estimates of budgetary needs are more realistic than the Council's forecast figures, and restores, therefore, Council's cuts under this Heading to a level of EUR 60 307.51 million, which is 0.6% above the 2012 budget. In an amendment adopted in Plenary, Parliament calls on the Commission to increase its efforts to define clear priorities under this Heading that favour sustainable farming systems which preserve biodiversity, protect water resources and soil fertility, respect animal welfare and support employment. It rejects the increase of the so-called negative expenditure line (clearance of accounts) as this appears to be set artificially high compared to Heading 2 appropriations and partly restores the Commission's proposal.

Parliament also makes the following budgetary adjustments:

- granting an adequate level for producer groups for preliminary recognition;
- increase in the Union's contribution to the crisis fund within operational funds for producer organisations;
- increased support for the school milk programme and the continued support for programme concerning school fruit;
- maintaining the budget allocation dedicated to the Food Distribution Programme for the Most Deprived Persons in the with Members welcoming the effort made by the Commission in finding a political and legal solution to continue with the programme in 2013;
- continued support on a commensurate level for the LIFE+ programme,
- maintaining financing of the CFP at the proposed DB levels, in view of its upcoming reform.

Parliament supports the sharp reduction of some budget lines on refunds, and in some cases even to zero, as this instrument is politically controversial.

**Heading 3a:** Parliament rejects the cuts performed by the Council in payment appropriations in the following areas:

- European Return Fund (-EUR 18 million),
- European Refugee Fund (-EUR 1.8 million),
- European Fund for the Integration of third-country nationals (-EUR 3.2 million) and
- Fundamental Rights and Citizenship (-EUR 1 million).

It decides, therefore, to restore the level of the DB on the corresponding lines. It also increases the payment appropriations of the DAPHNE programme above the level of the DB, emphasising the positive role of the programme.

**Parliament also rejects the Council's unilateral decision to change the legal basis of the proposal on the "Schengen evaluation mechanism"** from the ordinary legislative procedure to Article 70 of the Treaty on the Functioning of the European Union. It supports the Conference of Presidents' decision to block cooperation with the Council on the 2013 budget as regards internal security aspects and confirms it will place in the reserve some budgetary lines in Title 18 which relate to internal security (in commitment and payment appropriations) until a satisfactory outcome is achieved on the Schengen governance package.

**Heading 4:** Parliament highlights that cut in payments brought by the Council to Heading 4 (-EUR 1 billion or -14.1% as compared to DB) represent approximately 20% of the overall cuts across all headings. It considers that **such a massive reduction would impede the Union to respect the commitments to which it has committed itself on the world scene.** It decides, therefore, to restore the level of both commitment and payment appropriations in most budget lines to the levels proposed in the DB.

It considers, however, that some decreases compared to the DB can be accepted in some budget lines, such as

- macro-Financial Assistance,
- membership of international organisations in the field of customs and tax and
- cooperation with Greenland.

It proposes a small increase in the level of commitment and payment appropriations above the DB for budget lines in the areas of geographical development cooperation, as well as for the Electoral Observation Mission and the Global Fund to Fight Aids, Tuberculosis and Malaria.

Pointing out that increased funding for Palestine and UNRWA is crucial for ensuring that UNRWA is given the necessary resources it needs to provide the essential services for which it has been mandated by the UN General Assembly and to safeguard the safety and livelihood of refugees, Parliament increases the relevant funding. It also increases appropriations for the support to the economic development of the Turkish Cypriot Community.

**Heading 5:** taking note of the Council's position decreasing the Commission's proposal on Heading 5 by EUR 146 million overall, despite the institutions' efforts towards budget consolidation of administrative expenditure, Parliament welcomes the efforts of the institutions, including the Commission, which complied with and even overstepped their commitment to restrict their administrative budgets to an increase below the expected inflation rate.

For all the institutions, apart from the Council, as well as for the European Schools, Parliament decides to restore (or in the case of the Court of Justice, add) in reserve the amounts corresponding to the 1.7% 2011 salary adjustment for budget year 2013, pending the Court's ruling. This is sound budgeting, given the likelihood of a ruling in favour of the Commission. Parliament warns the Council that, in this event, the budgetary authority will need to accommodate the retroactive effect of such ruling for years 2011 and 2012, including late interest. Parliament also undoes other cuts brought by the Council on specific items of administrative expenditure, notably, within the Commission, on ICT equipment and services and some offices.

While restoring or maintaining the Commission's and, in part, other institutions' requests for posts on the basis of a case-by-case approach, Parliament calls for an in-depth impact assessment to be carried out on the planned staff reductions by 2018, taking full account of, inter alia, the Union's legal obligations and the institutions' new competences.

Parliament notes with concern that staff cuts were made within the Commission and asks the Commission to include in its annual staff screening report an assessment of the impact. It also sets a number of reserves on some budget lines with a view to obtaining specific information. Lastly, deploring the cuts made by the Council on the administrative and research support lines, Parliament considers underlines that these would be likely to affect the swiftness and quality of budgetary implementation of the multi-annual programmes to which they are related. It decides therefore to restore the DB for those lines.

**Agencies:** Parliament endorses, as a general rule, the Commission's estimates of agencies' budgetary and staff needs and notes that the Commission had already considerably reduced the agencies' initial requests. Parliament considers that any further cuts as proposed by the Council would endanger the proper functioning of the agencies and would not allow them to fulfil the tasks they have been assigned. They decide to increase the 2013 budget appropriations for the three financial supervision agencies. Aware that certain agencies (such as Europol, EASA, ACER) have to implement additional tasks in 2013 which might not be reflected in the allocated budget or establishment plan for 2013, Parliament requests the Commission, in case of necessity, to propose timely an Amending Budget for the relevant agency. It also expects the Commission to present a new financial statement when a legislative procedure has been finalised by Parliament and the Council extending the mandate of an agency.

#### **Other sections**

Parliament is generally concerned by the Council's position of a nominal freeze across all EU institutions, believing that each institution should be dealt with on a case-by-case basis, taking into account the needs and specific situation of each institution. It welcomes efforts made by the institutions to find additional savings and restrict their budgets bearing in mind the costs of the enlargement to Croatia.

**European Parliament:** concerning its own budget, Parliament points out that the level of its 2013 budget is 1.9% above the 2012 budget including the costs for Croatian accession but that due to the current inflation rate of 1.9%, there is a real decrease of the operating budget, despite recently added competences, new posts and actions, the financing of Croatia's accession and the costs for preparing the 2014 elections. Parliament's budget is thus set at **EUR 1 750 463 939 for 2013.**

Parliament approves the following adjustments to the estimates:

- reduction in the appropriations in the contingency reserve,
- internalisation of the security service in a budget-neutral manner,

- pursuit of the internalisation of ICT activities
- adjustment in the appropriations for the European Parliamentary Association;
- reduction of appropriations for the House of European History by EUR 5.3 million.

Other specific demands are made in regard to the internal organisation of Parliament's work, travel and ICT and translation expenditures.

#### The question of Parliament's seat: Parliament

Parliament believes that, like every directly elected parliament, the **European Parliament should have the right to decide on its own seat and working place arrangements**. It declares, therefore, that Parliament's seat and places of work for Members and officials should be decided upon by Parliament itself. It urges the two arms of the budgetary authority (the Council and Parliament), in order to make financial savings and to promote a more sustainable climate- and environmentally-friendly solution, **to raise the issue of a single seat and Parliament's working places for Members and officials in the upcoming negotiations on the next MFF for 2014-2020**. It urges the Member States to revise the issue of Parliament's seat and working places in the next revision of the Treaty by amending Protocol 6. Furthermore, it calls on the Council to start elaborating a road-map with the Parliament towards a single seat and a more efficient use of Parliament's working places, taking into account specific up-to-date figures detailing the cost of each place of work and working conditions for staff, as well as economic, societal and environmental factors – to be presented in a report by 30 June 2013.

**Other institutions:** lastly, Parliament makes a series of recommendations on the other institutions and bodies of the EU calling generally for the restoration of certain appropriations allocated to each in order to enable them to carry out their tasks and meet the needs of enlargement to Croatia.

## 2013 general budget: all sections

2012/2092(BUD) - 09/11/2012

### Blockage on the 2113 Budget negotiations

The two branches of the budgetary authority, meeting within the Conciliation Committee, could not yet reach agreement on the 2013 EU budget and other related items.

**Key sticking points:** despite a certain convergence of views on elements of the package, **divergent views persisted** in particular as to the extent by which the 2012 EU budget needs to be increased in order to **bridge the gap** between the payments jointly agreed last year and actual implementation.

#### Budget benchmarks:

- **in its draft budget, the Commission** proposed for 2013 an amount of EUR 150.93 billion in commitments and EUR 137.92 billion in payments, leading to an increase by respectively 2.05% and 6.85% compared to 2012;
- **in its position adopted on 24 July, the Council** agreed to limit the EU budget for next year to EUR 132.70 billion in payments (corresponding to 0.99% of the EU's Gross National Income (GNI). This represents an increase of 2.79% compared to 2012, which is well above inflation and reflects the fact that 2013 is the last year of the current multiannual financial framework. As regards commitments, the Council's position amounts to EUR 149.78 billion, representing an increase of 1.27%;
- **in its position adopted on 23 October, the European Parliament** requested an amount of EUR 151.15 billion in commitments (+2.20%) and EUR 137.90 billion in payments (+6.82%).

**Blockage in conciliation:** while the Council and the European Parliament shared the same priority for focusing the EU 2013 budget on growth and jobs-enhancing measures, the Council wished to ensure that the current budgetary constraints of all Member States concerned are also taken into account.

**Divergent views** persisted notably on the extent by which the 2012 EU budget needs to be increased in order to bridge the gap between the payments jointly agreed last year and actual implementation (draft amending budget no 6 for 2012 aimed at increasing this year's budget by **EUR 9.0 billion in payment appropriations** in order to close the gap between the amount agreed last year and the actual implementation) and on the question whether the Commission proposal exploited all possibilities for redeployment.

However, the Conciliation Committee reached agreement on the **mobilisation**, as soon as possible, of the EU's Solidarity Fund **in favour of Italy for an amount of EUR 670 million** as proposed by the Commission in [amending budget no 5 for 2012](#), which will be finalised in the overall agreement.

**Next steps:** the Cypriot Presidency will continue its efforts for finding a compromise. The 21-day-conciliation-period provided for by the Lisbon Treaty expires on **13 November 2012**. If an agreement can be reached by then, the Council and the European Parliament have 14 days to formally approve the agreement, following the finalisation of the text. If conciliation fails, the Commission has to present **a new draft budget for 2013**.

In line with Article 315 of the Treaty on the Functioning of the EU, should the budget not be adopted at the beginning of 2013, a sum equivalent to not more than **one twelfth of the budget appropriations for 2012** or of the draft budget proposed by the Commission, whichever is smaller, may be spent each month for any chapter of the budget.

## 2013 general budget: all sections

2012/2092(BUD) - 25/05/2012 - Commission draft budget

PURPOSE: to present the draft Commission budget for the financial year 2013 (all budget sections).

CONTENT: the Commission adopted the draft EU budget for 2013. It will be the **last annual budget of the present Multiannual Financial Framework 2007-2013**. Aware of the current economic situation, the Commission presents a budget fully geared to use its funding potential for growth and jobs in line with the Europe 2020 strategy.

Investment is a crucial component of spurring this growth. The EU budget, with its high investment focus, has an important role to play as a **leverage tool to Member States' recovery policies**, which will benefit economic activity across the Union.

In preparing its Draft Budget, the Commission has followed a **rigorous approach** in which:

- **an overall increase in the level of commitment appropriations that is restricted** to inflation correction (+ 2.0%) is combined with;
- **a targeted significant increase in the level of payment appropriations** (+ 6.8%).

This approach contributes directly to growth and jobs in Europe, and which on the other hand is necessary to allow the EU budget to meet its contractual obligations of current and previous years.

In terms of **commitment appropriations**, the total expenditure proposed in the draft budget (DB) 2013 is EUR 150 931.7 million, corresponding to 1.13% of GNI, that is EUR 3 031.5 million more than in 2012 (+ 2.0%). The restriction of the increase in the overall level of commitment appropriations to inflation correction (+ 2.0 %) leaves a combined total margin of EUR 2 420.4 million under the various ceilings of the MFF.

For **payment appropriations**, the total amounts to EUR 137 924.4 million, corresponding to 1.04% of GNI. This is an increase of EUR 8 818.3 million compared to payment appropriations in the 2012 budget (+ 6.8%), and leaves a margin of EUR 6 182.6 million under the ceiling of the MFF.

The main priorities have been established for the 2013 Draft Budget: in 2013. The EU will pursue its support to **investment and to actions in favour of job-friendly growth**. This key political priority is reflected in the level of commitment appropriations requested in the Draft Budget. Competitiveness for growth and employment, with EUR 16 billion in commitment appropriations, and Cohesion for growth and employment, with EUR 54.5 billion in commitment appropriations, support the EU economy by shaping the conditions for sustainable growth and growth-friendly consolidation, both immediately and in the longer term.

At the present final stage of the current financial framework, the Draft Budget for 2013 is established on the basis of a **two-fold approach**:

1. appropriations for programmes and initiatives enhancing **Growth and Jobs** are maximised within the existing framework. Programmes supporting growth and job creation fall mainly under heading 1a "Competitiveness for growth and employment" and heading 1b "Cohesion for growth and employment". Overall, the proposed **commitment appropriations directly linked to the objectives of the Europe 2020 strategy in 2013 increase by 2.7% to EUR 64.5 billion**. In particular, key programmes in support of Growth and Investments, SMEs, Employment and Youth which have proved their efficiency, as well as the possible reprogramming of structural funds in eight Member States as announced in the European Council of January 2012, are expected to streamline funding to investments in the most critical areas and reinforce the efforts undertaken to address youth unemployment and support SMEs. These efforts are further complemented by new initiatives, mainly the proposed pilot phase for **project bonds in the fields of transport, energy and ICT**, as well as the proposed new risk-sharing instrument under the Structural Funds which aims at addressing liquidity problems faced by financial institutions, with a view to facilitating investment and growth;
2. the allocation of appropriations is guided by the application of efficiency savings and reductions of administrative expenditure. The Commission's draft budget request for 2013 incorporates a 1% reduction in human resources, in accordance with the Communication "Budget for Europe 2020" which proposes a 5% staff reduction for all institutions over five years.

#### **Other characteristics of the 2013 budget:**

1. **a responsible and realistic budget:** in the final year of the current financial framework, the required level of payment appropriations is largely determined by the project cycle. Consequently, the 2013 Draft Budget foresees **significant increases – compared to 2012 – in payment appropriations for key policy areas geared towards investment**, where programmes are now being implemented at full speed. In particular, increased payment levels for the Research Framework Programmes (+ 28.1% to EUR 9 billion) and for the Structural and Cohesion Funds (+ 11.7% to EUR 49 billion);
2. **increased payment appropriations:** the proposed increase in the overall level of payment appropriations (+ **6.8%**) results from a thorough and rigorous analysis of needs in all policy areas. The proposed level of expenditure is a necessary consequence of the Union's contractual obligation to honour the growing level of outstanding commitments of current and previous years, now that the actual implementation of major programmes is clearly shifting into a higher gear;
3. **scrutinising performance:** the Commission has carried out an in-depth examination of programmes and actions, in particular on the basis of past implementation and performance. The Commission's proposal reflects the best possible use of the available appropriations for actions that carry the required EU added value, meet the Union's political objectives and deliver results. A rigorous approach to programmes and actions experiencing implementation difficulties as well as to support expenditure has allowed the Commission to contain the budgetary requests under the various expenditure headings, while refocusing appropriations towards the Union's political priorities such as small and medium-sized enterprises (SMEs), Youth and Employment and restricting the administrative expenditure including the administrative requirements for the accession of Croatia.

#### **Key aspects of the draft budget 2013 by financial framework headings:**

**Heading 1:** Sustainable growth: this heading covers the expenses relating to competitiveness and employment as well as cohesion:

- **Heading 1a: Competitiveness for growth and employment:** this sub-heading comprises the key policies in the implementation of the strategy "Europe 2020". Given the importance of spending on growth, a special effort was made for the Research Framework Programme (increased payment levels for the Research Framework Programmes (+ 28.1% to EUR 9 billion); the Competitiveness and Innovation Framework

Programme (CIP) will see a significant increase in the level of payment appropriations (+ 47.8% to EUR 546.4 million); for the Lifelong Learning programme, a substantial increase in the level of payment appropriations is proposed (+ 15.8% to EUR 1 186.0 million).

- Commitment appropriations for this heading are set at EUR 16 032.0 million, which is an increase of 4.1% compared to the 2012 budget. This leaves a margin of EUR 91 million. Payment appropriations increase by 17.8% to EUR 13 552.8 million. This significant increase is in part due to **additional payment needs** to cover pre-financing payments for the growing level of commitment appropriations for research, and in part to cover intermediate and final payments on **outstanding commitments**;
- **Heading 1b: Cohesion for growth and employment:** for 2013, total commitment appropriations for heading 1b amount to EUR 54 498.9 million, an increase of 3.3% relative to 2012. Of these, EUR 42 144.7 million are for the Structural Funds (ERDF and ESF), an amount similar to the 2012 envelope, and EUR 12 354.2 million for the Cohesion Fund. Overall payment appropriations are set at EUR 48 975.0 million, an increase of 11.7% over 2012. **The substantial increase** in the level of payments shows the momentum of the 2007-2013 Cohesion policy on the ground, with the expected positive impact on investments, economic growth and job creation in the EU.

**Heading 2: Preservation and Management of Natural Resources:** commitment appropriations of EUR 60 307.5 million are proposed for this heading. This level of funding represents an increase of 0.6% compared to 2012 and leaves a margin of EUR 981.5 million under the ceiling. Payment appropriations amount to EUR 57 964.9 million, which is an increase of 1.6% compared to 2012. Within this heading the amount foreseen for market related expenditure and direct aids reaches EUR 44 130.3 million in commitment appropriations, and EUR 44 112.9 million in payment appropriations.

**Heading 3: Citizenship, freedom, security and justice:** this heading is split into two sub-headings:

- **Heading 3a: Freedom, Security and Justice:** this sub-heading sees an increase in commitment appropriations of 1.8%, rising to EUR 1 392.2 million, and leaving a margin of EUR 268.8 million. Payment appropriations increase by 11.1% to EUR 928.3 million, mostly due to the four Funds under Solidarity and management of migration flows, which have now reached cruising speed and require substantial pre-financing payments to Member States.
- **Heading 3b: Citizenship:** commitment appropriations decrease by 3.6% to EUR 689.4 million, leaving a margin of EUR 25.6 million. Payment appropriations for this heading decrease by 3.1% to EUR 646.3 million. If the EU Solidarity Fund (EUR 18.1 million for commitment and payment appropriations in 2012) is excluded from this comparison, commitment and payment appropriations decrease by 1.2% and 0.4% respectively. The annual ceiling for this heading, which supports various actions close to European citizens, remains broadly stable in the current financial framework.

**Heading 4: the EU as a Global Player:** this heading sees an increase in commitment appropriations of 0.7 % to EUR 9 467.2 million, leaving an unallocated margin of EUR 391.9 million available under the ceiling. Payment appropriations on the other hand increase by 5.1 % to EUR 7 311.6 million, mostly due to **increases under IPA, ENPI, Humanitarian aid and CFSP**, at a time when many instruments are reaching cruising speed.

**Heading 5: Administrative expenditure:** both commitment and payment appropriations for this heading for all Institutions combined increase by 3.2%, with commitments set at EUR 8 544.4 million and payments at EUR 8 545.5 million. This increase includes additional administrative expenditure related to Croatia's accession, amounting to EUR 32.9 million for all Institutions. The administrative expenditure related to Croatia is included as from the beginning of 2013, so as to allow recruitments in due time. This remaining margin amounts to EUR 636.6 million.

The Commission continues its efforts to limit its own administrative expenditure by reducing expenditure less affected by automatic adjustments. Moreover, further to its proposals to reduce the staffing numbers of all Institutions and bodies by 5% over the years 2013-2017, **the Commission has reduced by 1% the number of posts in its establishment plans** and has contained appropriations for its external personnel financed under all headings (including in the six executive agencies), leading to a total staff reduction of 1%. As a result, when excluding pensions and European schools (both of which concern interinstitutional expenditure), **the increase in the Commission's administrative expenditure has been limited to 1.2% (1.5% when including Croatia's accession) i.e. well below inflation.**

The Commission's strict approach to administration is to a large degree followed by the **other Institutions**, leading to an **overall increase of administrative appropriations for the other Institutions of 2.6%** (3.3% including Croatia). The requested increases in expenditure for 2013 (including Croatian enlargement) compared to the 2012 budget range from 1.2% for the Council to 8.4% for the Court of Justice, with most Institutions having an increase (excluding Croatia) of around or below inflation. Similar to the Commission's approach, a 1% reduction in human resources is also incorporated by the Council, the Court of Justice and the Court of Auditors. When preparing the Draft Budget, the Commission has modified the request of the Committee of the Regions, so as to align its requested increase (excluding the impact of the accession of Croatia) to the expected rate of inflation (+ 1.9%). This has resulted in a reduction of EUR 0.4 million, as compared to the draft statement of estimates of the Committee of the Regions.

**In conclusion**, the Commission's approach represents **a responsible and coherent budgetary proposal which is refocused on Growth and Jobs**. It is coherent with current restraints, efficient spending and the obligations of the Union. It provides a proposal which is both credible for a smooth and timely adoption of the 2013 budget and responsible for the future by **containing the accumulation of outstanding commitments**.

## 2013 general budget: all sections

2012/2092(BUD) - 25/07/2012 - Council position on draft budget

The Council adopted its position on the draft budget of the European Union for 2013.

The main features of the position are as follows:

- **EUR 149 776.77 million in commitment appropriations;**
- **EUR 132 695.47 million in payment appropriations.**

Under the Council's position on the draft budget for 2013, commitment appropriations increase by 1.27% compared to the 2012 budget and payment appropriations increase by 2.79%.

The total amount of payment appropriations provided for in the Council's position on the draft budget for 2013 corresponds to **0.99% of EU GNI**.

**A. Generalities:** the Council's position on the draft budget for 2013:

- 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 2013 budget in the [Council conclusions adopted in February 2012](#);
- is an approach resulting in a budget that is both realistic and comprehensively balanced, that meets the conditions of **budgetary discipline and sound financial management in seeking to make additional efforts in comparison to the draft budget put forward by the Commission**;
- provides adequate funding for the European Union's various priorities, by determining appropriations on the basis of the budget implementation rate in 2011, budget forecast alerts in 2012 and realistic absorption capacities, given the particularities of the various financial years. This approach was also followed with regard to allocations for administrative expenditures relating to the operational programmes and expenditures of the executive agencies;
- **ensures a limited and controlled growth of payment appropriations** in line with 2012 under all headings and sub-headings of the multiannual financial framework, adjusting the amounts on the basis of an analysis of the 2011 budget implementation and the 2012 budget forecast alerts. This approach should be seen in the context of the budgetary constraints applied in all Member States;
- applies the same approach as that adopted in relation to the institutions' administrative expenditures to those of the decentralised agencies;
- **leaves adequate margins under the ceilings of the headings and sub-headings of the multiannual financial framework**, with the exception of sub-heading 1b, in order to be able to cope with unforeseen situations while respecting, as far as possible, the amounts in commitment appropriations proposed by the Commission regarding co-decided programmes.

**Statement on payment appropriations:** besides the abovementioned principles, the Council also approved a statement on payment appropriations calling on the Commission to submit as early as possible **the letter of amendment for agriculture** (including information about the possible carry-over of assigned revenue) and, if necessary, **a letter of amendment concerning sub-heading 1b** in order to appropriately calibrate the level of resources in heading 2 (Preservation and management of natural resources) and sub-heading 1b in the 2013 budget.

Furthermore, the Council asks the Commission to submit a draft amending budget if the payment appropriations entered in the 2013 budget are insufficient to cover expenditure under:

- sub-heading 1a (Competitiveness for growth and employment),
- sub-heading 1b,
- heading 2 and
- **heading 4** (EU as a global player).

It urges the Commission to present as early as possible updated figures concerning the state of affairs and estimates regarding payment appropriations under sub-heading 1b and, if necessary, to present a draft amending budget for this sole purpose. The Council will take position on the draft amending budget as quickly as possible in order to avoid **any shortfall in payment appropriations**.

**B. Expenditure by heading of the financial framework:** as to expenditure under the different headings of the financial framework the Council's position is as follows:

**Heading 1: Sustainable growth (EUR 70.055 billion in commitments):**

**Sub-heading 1a:** as regards **competitiveness for growth and employment** expenditure, the amount of this sub-heading totals **EUR 15.563 billion** in commitment appropriations, thus a reduction of EUR 469.15 million in the appropriations requested in the DB in respect of a number of specific budget lines under this sub-heading, of which EUR 35.51 million resulting from the approach taken in regard to administrative expenditure.

The sub-heading is characterised by the following:

- the fixing of the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 2.77 million in commitments and payments as a result of the approach followed for these agencies (a total of 111 temporary posts are accepted);
- the setting of the level of payment appropriations, **targeting a total reduction of EUR 1 897.65 million in the appropriations requested in the DB** of which EUR 151 million in the field of competitiveness, EUR 63.05 million in the field of transport, EUR 1 237.09 million in the field of research, EUR 104 million in the field of education and training, EUR 13.4 million in the field of social policy, EUR 202 million on budget lines related to the European economic recovery plan, EUR 50 million on the budget line for the European Globalisation Adjustment Fund and EUR 77.1 million on various other budget lines, on the basis of an analysis of past and current budget implementation and realistic absorption capacities.

The margin available under sub-heading 1a would be EUR 560.1 million.

**Sub-heading 1b):** expenditures on **cohesion for growth and employment:** the Council has foreseen an amount of **EUR 54.492 billion** in commitments. The other main points about this sub-heading are the following:

- the establishment of the level of commitment appropriations, targeting a total reduction of EUR 7.4 million in the appropriations requested in the DB in respect of a number of specific budget lines related to administrative expenditure under this subheading;

- the setting of the level of payment appropriations, **reducing the appropriations requested in the DB by a total of EUR 1 599.74 million, resulting in an increase of 8.07 % in comparison with 2012.** This amount represents a reduction in payment appropriations concentrated in the fields of the European Regional Development Fund (EUR 310 million), the European Social Fund (EUR 831 million) and the Cohesion Fund (EUR 459 million), representing an adjustment on the basis of the available information.

The margin available under sub-heading 1b would be EUR 32.45 million.

**Heading 2: expenditure for preservation and management of natural resources:** the amount for this heading is set at **EUR 59.971 billion** in commitment appropriations, thus involving a total reduction of EUR 336 million in commitment appropriations requested in the DB, of which EUR 67 million in the field of agriculture, EUR 264 million on the budget line for clearance of accounts and EUR 4 million on the budget line for public awareness, on the basis of past and current budget implementation.

Market-related expenditures and direct aids are set at EUR 43.795 billion (in commitment appropriations) by the Council, i.e. a reduction of 0.4% in comparison with 2012.

Other points in regard to this budgetary heading include:

- the fixing of the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 1.07 million in commitments and payments as a result of the approach followed for these agencies, (a total of 29 temporary posts accepted);
- the setting of the level of payment appropriations, **reducing the appropriations requested in the DB by a total of EUR 490.57 million**, of which EUR 67 million in the field of agriculture, EUR 264 million on the budget line for clearance of accounts, EUR 100 million in the field of rural development, EUR 38 million in maritime affairs and fisheries, and EUR 20.5 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 1 317.55 million.

**Heading 3: Citizenship, freedom, security and justice:** the allocation for this heading has been set at **EUR 2.057 billion** in commitment appropriations, divided between two sub-headings:

**3a)** in regard to **freedom, security and justice expenditure (EUR 1.377 billion** in commitment appropriations), the Council requests:

- the setting of the level of commitment appropriations, reducing by a total of EUR 14.95 million commitment appropriations requested in the DB in respect of a number of specific budget lines under this sub-heading, on the basis of past and current budget implementation and realistic absorption capacities;
- the fixing of the level of the appropriations for subsidies for decentralised agencies, reducing the appropriations requested in the DB by a total of EUR 2.83 million in commitments and payments as a result of the approach followed for these agencies (a total of 45 temporary posts accepted);
- the level of payment appropriations, targeting **a total reduction of EUR 50.97 million in the appropriations requested in the DB** on a number of budget lines on the basis of past and current budget implementation;

The margin available under sub-heading 3a would be EUR 283.72 million.

**3b)** as regards **citizenship** expenditure (**EUR 680 million** in commitment appropriations), the Council has sought to:

- set the level of commitment appropriations, reducing by a total of EUR 9.52 million the commitment appropriations requested in the DB in respect of a number of specific budget lines under this sub-heading on the basis of past and current budget implementation and 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 0.84 million in commitments and payments as a result of the approach followed for these agencies;
- set the level of payment appropriations, **reducing by a total amount of EUR 9.55 million the appropriations requested in the DB** in a targeted manner over a series of budget lines, on the basis of past and current budget implementation.

The available margin under sub-heading 3b would be EUR 35.10 million.

**Heading 4: the EU as a global player,** the Council envisages a total amount of **EUR 9.295 billion** in commitment appropriations. It thus decided to:

- set the level of commitment appropriations, reducing by a total amount of EUR 171.7 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 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 0.21 million in commitments and payments as a result of the approach followed for these agencies;
- set the level of payment appropriations, **reducing by a total of EUR 1 034.29 million the appropriations requested in the DB**, of which on the one hand EUR 924.29 million in a targeted manner over a series of budget lines, on the basis of past and current budget implementation as well as realistic absorption capacities, while, on the other hand, **not retaining the amount of EUR 110 million proposed in the DB for the Emergency Aid Reserve.**

The margin available under Heading 4 would be EUR 563.64 million to cover any additional needs at a later stage.

**Heading 5: administrative expenditure:** these amount to **EUR 8.398 billion** in commitment appropriations. The Council has decided to:

- keep under strict control the volume 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, **reducing by a total amount of EUR 146.18 million the commitment and payment appropriations requested in the DB;**
- increase the standard flat rate abatement on salaries for certain institutions and offices;
- **not accept the 1.7 % increase related to the 2011 salary adjustment;**
- apply the Commission's proposal to reduce staff by 1% per year as from 2013 to all institutions, with the exception of the very small institutions (European Ombudsman and European Data Protection Supervisor) and the recently created European External Action Service;
- not accept the new posts requested by the European Ombudsman and the European Data Protection Supervisor;
- accept the requested conversions, transformations, upgradings and transfers of posts, with the exception of non-obligatory transformations of posts requested by the Court of Justice of the European Union;
- **accept all additional staff requests related to the Croatia enlargement.**

This approach has resulted in an appropriate level of administrative expenditure ensuring a proper functioning of the institutions. A margin of EUR 782.77 million remains available under the ceiling of heading 5 of the multiannual financial framework. The Council also focused on administrative expenditure linked to operational programmes and on administrative expenditure of the executive agencies. In this respect, it was decided to carry out targeted reductions on the basis of a similar approach as the one followed for the institutions.

**Agencies:** as regards the decentralised agencies, the Council also applied a similar approach as for the institutions. Therefore, a 1% reduction was retained in the contribution to Titles 1 and 2 of all agencies. As regards posts, a 1% reduction to the establishment plan was applied for the agencies at "cruising speed". Regarding agencies in charge of new tasks, only half of the new posts requested were accepted. For agencies in the "start-up" phase, the accepted new posts were limited to three-quarters of the requests.