## Basic information

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|---|---|
| **2014/2040(BUD)**<br>BUD - Budgetary procedure | Procedure lapsed or withdrawn |
| 2015 general budget: all sections<br>**Subject**<br>8.70.55 2015 budget | |

## Key players

European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| BUDE Budgetary Conciliation Committee | | |

| Former committee responsible | Former rapporteur | Appointed |
|---|---|---|
| BUDG Budgets | HOHLMEIER Monika (PPE)<br>GARDIAZABAL RUBIAL Eider (S&D) | 10/07/2014<br>10/07/2014 |

| Former committee for opinion | Former rapporteur for opinion | Appointed |
|---|---|---|
| AFET Foreign Affairs | BALČYTIS Zigmantas (S&D) | 15/07/2014 |
| DEVE Development | RÜBIG Paul (PPE) | 22/07/2014 |
| INTA International Trade | BÖGE Reimer (PPE) | 22/07/2014 |
| CONT Budgetary Control | PIEPER Markus (PPE) | 03/07/2014 |
| ECON Economic and Monetary Affairs | TORVALDS Nils (ALDE) | 15/07/2014 |
| EMPL Employment and Social Affairs | ARENA Maria (S&D) | 22/07/2014 |
| ENVI Environment, Public Health and Food Safety | LA VIA Giovanni (PPE) | 15/07/2014 |
| ITRE Industry, Research and Energy | BUZEK Jerzy (PPE) | 22/07/2014 |

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|---|---|---|---|
| IMCO | Internal Market and Consumer Protection | STIHLER Catherine (S&D) | 11/07/2014 |
| TRAN | Transport and Tourism | ZĪLE Roberts (ECR) | 07/07/2014 |
| REGI | Regional Development | VAUGHAN Derek (S&D) | 23/07/2014 |
| AGRI | Agriculture and Rural Development | JAHR Peter (PPE) | 16/07/2014 |
| PECH | Fisheries | MARINHO E PINTO António (ALDE) | 22/07/2014 |
| CULT | Culture and Education | COSTA Silvia (S&D) | 14/07/2014 |
| JURI | Legal Affairs | The committee decided not to give an opinion. | |
| LIBE | Civil Liberties, Justice and Home Affairs | ZDECHOVSKÝ Tomáš (PPE) | 22/07/2014 |
| AFCO | Constitutional Affairs | HÜBNER Danuta Maria (PPE) | 22/07/2014 |
| FEMM | Women's Rights and Gender Equality | The committee decided not to give an opinion. | 10/07/2014 |
| PETI | Petitions | The committee decided not to give an opinion. | |

Council of the European Union

| Council configuration | Meetings | Date |
|---|---|---|
| Economic and Financial Affairs ECOFIN | 3324 | 2014-06-20 |

European Commission

| Commission DG | Commissioner |
|---|---|
| Budget | LEWANDOWSKI Janusz |

**Key events**

| Date | Event | Reference | Summary |
|---|---|---|---|
| 20/06/2014 | Debate in Council | | Summary |

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|---|---|---|---|
| 24/06/2014 | Commission draft budget published | COM(2014)0300 | Summary |
| 02/09/2014 | Council position on draft budget published | 12608/2014 | Summary |
| 15/09/2014 | Committee referral announced in Parliament | | |
| 07/10/2014 | Vote in committee | | |
| 09/10/2014 | Budgetary report tabled for plenary | A8-0014/2014 | Summary |
| 21/10/2014 | Debate in Parliament | | |
| 22/10/2014 | Decision by Parliament | T8-0036/2014 | Summary |
| 22/10/2014 | Results of vote in Parliament | | |
| 22/10/2014 | Start of budgetary conciliation (Parliament and Council) | | |
| 14/11/2014 | Agreement not reached in budgetary conciliation | | |

## Technical information

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|---|---|
| **Procedure reference** | 2014/2040(BUD) |
| **Procedure type** | BUD - Budgetary procedure |
| **Procedure subtype** | Budget |
| **Stage reached in procedure** | Procedure lapsed or withdrawn |
| **Committee dossier** | BUDE/8/01879<br>BUDG/8/00589 |

## Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee opinion | AFCO | PE537.156 | 02/09/2014 | |
| Committee opinion | AFET | PE536.211 | 03/09/2014 | |
| Committee opinion | PECH | PE536.030 | 04/09/2014 | |
| Committee opinion | TRAN | PE536.133 | 04/09/2014 | |
| Committee opinion | INTA | PE536.196 | 04/09/2014 | |
| Committee opinion | ENVI | PE536.226 | 04/09/2014 | |
| Committee opinion | EMPL | PE536.227 | 04/09/2014 | |
| Committee opinion | ECON | PE536.152 | 05/09/2014 | |
| Committee opinion | AGRI | PE536.160 | 08/09/2014 | |
| Committee opinion | CONT | PE536.026 | 09/09/2014 | |
| Committee opinion | IMCO | PE536.197 | 09/09/2014 | |

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|---|---|---|---|---|
| Committee opinion | CULT | PE536.051 | 11/09/2014 | |
| Committee opinion | LIBE | PE536.206 | 24/09/2014 | |
| Committee opinion | REGI | PE537.191 | 24/09/2014 | |
| Committee opinion | DEVE | PE537.201 | 24/09/2014 | |
| Committee opinion | ITRE | PE537.273 | 25/09/2014 | |
| Committee draft report | | PE537.406 | 30/09/2014 | |
| Amendments tabled in committee | | PE539.614 | 03/10/2014 | |
| Budgetary report tabled for plenary, 1st reading | | A8-0014/2014 | 09/10/2014 | Summary |
| Budgetary text adopted by Parliament | | T8-0036/2014 | 22/10/2014 | Summary |

**Council of the EU**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Council position on draft budget | 12608/2014 | 02/09/2014 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Commission draft budget | COM(2014)0300 | 24/06/2014 | Summary |
| Document attached to the procedure | COM(2014)0637 | 15/10/2014 | Summary |

**Additional information**

| Source | Document | Date |
|---|---|---|
| European Commission | EUR-Lex | |

# 2015 general budget: all sections

2014/2040(BUD) - 15/10/2014 - Document attached to the procedure

The amending letter No 1 (AL 1) to the draft budget for 2015 (DB 2015) covers the following:

- **the updating of the estimated needs and appropriations for agricultural expenditure**. In addition to changing market factors, the AL 1/2015 also incorporates the impact of decisions in the agricultural sector since the DB 2015 was drawn up in June 2014, revised estimates of needs for some direct payments, as well as other proposals expected to have a significant effect during the budget year;
- **an update of the situation for Sustainable Fisheries Partnership Agreements**, to take account of the most recent information available;
- a **redeployment of payment appropriations**, which makes use of the reduced appropriations for agricultural expenditure in 2015 (amounting to EUR 448 million) to meet additional payment needs across headings 1a, 2, 3 and 4, so that obligations stemming from past and current commitments can be honoured and financial penalties avoided. The redeployment is made possible by the increased assigned revenues available for the European Agricultural Guarantee Fund (EAGF) in 2015, enabling a slightly higher level of EAGF expenditure to be financed with a reduced level of 'fresh' appropriations in the 2015 budget;
- **the adjustment of human and financial resources** in view of the foreseen delegation of the Fast Track to Innovation pilot scheme to the Executive Agency for Small and Medium-sized Enterprises (EASME) and the Agricultural promotion measures to the Consumers, Health and Food Executive Agency (CHAFEA);
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- **a transformation of posts in the establishment plans of the Commission, the European Ombudsman and the European Environment Agency (EEA)**. The requested conversion of Commission posts leads to a saving of administrative expenditure under heading 5 of EUR 470 000. The corresponding payment appropriations become available for redeployment. The net budgetary impact of these changes is a reduction of **EUR 448.5 million** in commitment appropriations compared to the draft budget 2015. The overall level of payments remains unchanged.

# 2015 general budget: all sections

2014/2040(BUD) - 24/06/2014 - Commission draft budget

PURPOSE: to present the Commission's draft budget for the 2015 financial year (all sections).

BACKGROUND: the draft budget (DB) for 2015 is the **first one to be prepared with the full budgetary framework** as foreseen by the Lisbon Treaty. However, it is facing the reality of scarce resources as reflected in low annual ceilings under the multiannual financial framework (MFF).

The key priority for 2015 will be to ensure that the EU budget is provided with the **required means** so that it can fully deliver its reinforced contribution to **growth and jobs** and to providing **solidarity between Member States and regions**.

The draft budget 2015 will focus on those measures that make a tangible difference to European citizens' lives by targeting support to employment, businesses, education and research, while proposing the ways to contain the increasing amounts of unpaid payment claims due to insufficient financial resources in recent years.

CONTENT: the 2015 budget, although it has reduced resources, is mainly designed to help Europe to recover from the crisis.

**The budget in a nutshell:** the 2015 draft budget reflects the political priorities set in the new programmes falling within the 2014-2020 MFF and includes all the necessary means to initiate their implementation. At the same time, the 2007-2013 programmes need to be brought progressively to a successful closure, for which an adequate level of payment appropriations is necessary, to meet obligations vis-à-vis the beneficiaries of EU funding.

With regard to the figures:

- the overall ceiling for **commitment appropriations** (CA) is set at **EUR 146 483 million**, which represents 1.05 % of EU gross national income (GNI),
- the ceiling for **payment appropriations** (PA) is **EUR 141 901 million**, or 1.02 % of GNI.

The year's main budget priorities:

- **recovery, growth and jobs:** here, the emphasis is on innovation and reform in order to create jobs and strengthen growth potential. Initiatives such as the Youth Employment Initiative (YEI) or the improvement of access to funding for SMEs (COSME programme) should help develop skills, training and employability and reinforce research and innovation with the aim of creating leverage effects at EU level;
- **strengthening the EU's responsiveness:** In the light of recent international developments and the ensuing discussions in the EU, it is clear that strengthening the EU's energy security also requires special attention. Relevant means and actions to put in place projects of common interest and measures to develop interconnections are included in this budget proposal (CEF-Energy programme); measures are also foreseen to assist **Ukraine**;
- **fulfilling the EU's obligations:** against the backdrop of high, and steadily growing, implementation levels and payment shortages in recent years, culminating in a **EUR 11.2 billion** reinforcement of payments in the course of 2013, the Commission proposed to make use of the flexibility provided for in the MFF Regulation, by requesting the full mobilisation of the Contingency Margin for payments (EUR 4 billion) in 2014, on top of the use of the unallocated margin still available under the payment ceiling for the year (EUR 711 million) – please refer to the summary of amending budget No 3/2014. This sum of EUR 4.7 billion is **essential** to allow the Union to meet its legal obligations. The additional needs in 2014 largely stem from the high level of payment claims for Cohesion policy received from Member States that remained outstanding (EUR 23.4 billion) at the end of 2013. Payment needs in 2015 will remain at a similarly high level. **That is why the Commission in its 2015 draft budget requests the full use of the 2015 payment ceiling** (EUR 141.9 billion, + 1.4 % over the 2014 budget as modified by draft amending budgets). This sum is EUR 2 billion below the level of the executed budget in 2013. At this stage of the procedure, the Commission does not propose to mobilise the Contingency Margin for payments in 2015, but **further action in this respect may be required in the course of 2015;**
- **showing administrative restraint:** the Commission proposes for the third consecutive year a **1% reduction of its staff levels** in the 2015 DB, in order to implement the 5% staff reduction over five years which was agreed in the framework of the Staff Regulations Reform. For **all institutions**, administrative expenditure will on average be kept stable in real terms.

**MAIN CHARACTERISTICS OF THE BUDGET BY HEADING:** the presentation that follows is structured by budget heading in the 2014-2020 multiannual financial framework:

**Heading 1:** ***Smart and inclusive growth:*** this heading is subdivided into two sub-headings:

- **1a Competitiveness for growth and jobs:** commitment appropriations are set at EUR 17 447.4 million. This is an increase of 5,8 % compared to the 2014 budget, which is mostly due to Horizon 2020, the Connecting Europe Facility (CEF) and the large infrastructure

projects 'ITER' and 'Copernicus' under this heading. This leaves a margin of EUR 218.6 million. Payment appropriations increase by 29.5% to EUR 15 582.6 million, in order to address the growing level of outstanding commitments and to allow the implementation of the new programmes;

- **1 b Economic, social and territorial cohesion:** commitment appropriations increase by 3.6% to EUR 49 226.8 million, leaving a margin of EUR 0.0 million. This is due to the additional structural funds foreseen for Cyprus, for which the Commission proposes the mobilisation of the Flexibility Instrument. Within this heading, the frontloading of commitment and payment appropriations are foreseen to be continued for the Youth Employment Initiative (YEI, specific top-up allocation), amounting to EUR 1 407.2 million and EUR 600 million, respectively. Payment appropriations decrease by -5 % compared to the 2014 budget as modified by draft amending budgets, to EUR 51 601.9 million. This may stabilise the high level of outstanding commitments for Cohesion Policy, with substantial parts of 2015 payment appropriations to be used to satisfy claims accumulated at the end of 2014, but will in all likelihood **not be sufficient for a notable reduction of this backlog of unpaid payment claims at year-end**.

**Heading 2:** ***Sustainable growth: natural resources:*** commitment appropriations of EUR 59.254 billion are proposed for heading 2. This level of expenditure represents a stabilisation at the level of the 2014 budget (0.0 %) and leaves a margin of EUR 345.3 million under the ceiling. Payment appropriations amount to EUR 56 907.3 million, with an increase of 0.6 % compared to 2014. A margin under the sub-ceiling for market measures and direct aids amounting to EUR 286.0 million is left. For rural development, payment appropriations decrease by -0.5 % compared to the 2014. For this heading likewise, the level of payment appropriations is **unlikely to be sufficient to reduce the expected backlog of unpaid payment claims at the end of 2014**.

**Heading 3:** ***Security and citizenship:*** this heading sees a decrease in commitment appropriations of -1.9 % to EUR 2 130.7 million, leaving a margin of EUR 115.3 million. Payment appropriations increase by 12.2 % to EUR 1 881.2 million, which is due to the start-up of the Asylum, Migration and Integration Fund and the Internal Security Fund.

**Heading 4:** ***Global Europe:*** this heading sees a decrease in commitment appropriations of 1.1 % to EUR 8 413.1 million, leaving an unallocated margin of EUR 335.9 million available under the ceiling. Payment appropriations increase by 7.1 % to EUR 7 327 million, mostly to take account of the rapidly growing level of outstanding commitments under this heading.

**Heading 5:** ***Administration*** *(expenditure of the European institutions and staff)*: Commitment and payment appropriations for all institutions combined including pensions and European schools increase by 2.5 %, with commitments set at EUR 8 612.2 million.

The corresponding increase (+ 1.5 %) includes additional administrative expenditure related to Croatia's accession, amounting to EUR 13.2 million for the Commission. Taking into account the changes made by the Commission to better align the draft estimates of expenditure for the Council, the Court of Justice and the Committee of the Regions to the expected level of inflation in 2015, the requested expenditure for the institutions leaves a margin of EUR 457.9 million under the sub-ceiling for administrative expenditure of the institutions (excluding pensions and European schools). This reflects the continued efforts of the Commission and the other institutions to limit their own administrative expenditure through the reduction in staffing levels and other savings, in line with the reduction of staff levels in all EU institutions and bodies by 5 % over five years.

**Heading 6:** ***Compensations:*** lastly, in accordance with Croatia's Accession Treaty, commitments and payments for Compensations are no longer foreseen in 2015.

# 2015 general budget: all sections

2014/2040(BUD) - 22/10/2014 - Budgetary text adopted by Parliament

The European Parliament adopted by 464 votes to 186, with 46 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2015.

Section III – Commission: overall, Parliament highlighted that Heads of States and Governments agreed once more in June 2014 on the need to invest and prepare Member States' economies for the future by addressing overdue investment needs in transport, energy and telecom infrastructure (including the completion of the digital single market by 2015) of Union significance as well as in energy efficiency, innovation and research, and skills. It stipulated that the Union budget should in no way be perceived and evaluated simply as a financial item added as a burden to national budgets but, on the contrary, is to be understood as an **opportunity to gear up those initiatives and investments that are of interest and of added value to the Union as a whole**.

**Council's position on the 2015 budget**: Parliament noted that the Draft Budget 2015 (DB) proposed by the Commission amounts to (including special instruments) EUR 145 599.3 million in commitment appropriations (CA) and EUR 142 137.3 million in payment appropriations (PA) and highlighted that the overall volume of the payment appropriations in the DB represents a moderate 1.4% increase over the 2014 Budget, and is still EUR 2 billion lower than the implemented 2013 budget. It noted that the Commission proposed to leave a total margin of EUR 1 478.9 million in commitment appropriations under the ceilings in its DB.

**Council's position on the draft budget 2015**: once again, Parliament deplored that the Council, in its reading, **reduced commitment appropriations by EUR 522 million and payment appropriations by EUR 2.1 billion**, thus setting the Union budget for 2015 at:

- EUR 145 077.4 million in commitments and;
- EUR 139 996.9 million in payments.

It is especially concerned about the **severe cuts in the payment appropriations of the funds for competitiveness for growth and jobs** under Heading 1a that represent an egregious breach of the Council's commitment to overcome the crisis and to reinvigorate economic growth.

It underlined once more that the Council's approach of fixing the level of payments in accordance with the inflation rate totally disregards the nature and function of the multiannual character of Union polices and renders the MFF totally irrelevant. It noted in this regard that the growing gap between payment and commitment appropriations exacerbates the problems with the backlog of outstanding commitments. It also underlined the negative impact that this approach has on the perception of the Union by its citizens; most of all reiterates that, in order to overcome the economic crisis, **the Union should increase its investments**.

**Council's budget cuts**: Parliament deplored the arbitrary cuts proposed by the Council to the administrative and support lines financing the implementation of key Union programmes. It is deeply concerned about the Council's use of double standards as regards the Union budget, where, on the one hand, it calls for an increase in Union funds in areas which can generate sustainable growth and, on the other hand, proposes major cuts in key areas such as research, innovation, space, infrastructures, SMEs and energy.

**Recurrent payment situation**: Parliament considered that the Council holds a strong political responsibility for the very tense situation in payments. It denounced the fact that this has progressively led to the creation of a structural deficit in the Union budget, which contradicts the Treaty provisions and which puts at risk the ability of the Commission to meet its legal obligations. It regretted the innate conflict between the Council on the one hand and the Parliament and Commission and called for ways to convert this tension in a more productive exchange of opinions in order to lead to structural changes that foster a balanced budget deal that reflects the ambitions and concerns of both the Parliament and the Council.

**Parliament's position**: Parliament decided to concentrate its efforts on the programmes which are at the core of the Europe 2020 strategy aimed at fostering growth, competitiveness and employment, namely Horizon 2020, COSME, Erasmus+, the Digital Agenda, Progress and the Social Agenda (including EURES and the Microfinance Facility) as these programmes are exemplary as to how the Union contributes to an innovative and prosperous economy across the continent. It also aimed to reinforce programmes that are instrumental to the delivery of the Union's external policy agenda, such as the Neighbourhood Policy, Development and Humanitarian Aid and insisted on the need to increase the financing of important programmes and policies to fight against inequalities, such as FEAD, Europe for Citizens, and the promotion of gender equality.

Parliament set the overall level of appropriations for 2015 at:

- EUR 146 380.9 million in commitment appropriations;
- EUR 146 416.5 million in payment appropriations.

Parliament supported the Commission's proposal to make full use of resources available under the 2015 payment ceiling thereby leaving no margin under the 2015 payment ceiling. **It restored all of the Council's cuts in payments on the basis of current and expected implementation patterns.**

It highlighted however, that even the full use of **the 2015 payment ceiling is not sufficient to adequately address the Union's ongoing payment problems** that have erupted since the 2010 Union budget. According to the Parliament, this issue needs to be effectively addressed without further delay. Hence, Parliament decided to go beyond the Commission's proposals in payments by **EUR 4 billion** for a number of budget lines, including the main '2007-2013 completion lines' of the Union structural funds and research programmes, where the situation in payments is very critical.

In this regard, Parliament called on the Commission to stand ready to put forward relevant proposals for the mobilisation of the flexibility mechanisms included in the MFF Regulation.

It stressed the fact that, in order to clearly identify the 2015 needs stemming from previous years, the **negotiations on the additional 2014 payment needs should be finalised before the conciliation on 2015 budget**. It reiterated that DABs 2, 3 and 4/2014 should be considered as a package and that the **Council cannot expect to benefit from the unexpected revenue** resulting from the budgetisation of the surplus and fines without delivering on the additional payment needs presented in DAB 3/2014.

Parliament stressed that in order to ensure adequate resources for the Union wide investment plans (as mentioned in the June 2014 European Council and highlighted as a major political priority of President-elect Juncker in his political guidelines), continuation of the Youth Employment Initiative, notably the European Youth Guarantee as of the 2016 budget, and in order to address the persistent problem of payment appropriations, the **post electoral revision of the MFF 2014-2020**, as provided for in Article 2 of the MFF Regulation, should be launched as soon as possible by the new Commission.

In regard to each of the budget headings, Parliament made the following remarks:

- **Heading 1a**: Parliament noted that this heading bears the largest share of Council's cuts both in commitments (EUR -323.5 million as compared to the DB) and in payments (EUR -1 335 million). It decided, therefore, as a general line to restore the level of the DB for 2015 for all cuts performed by the Council and to increase a selected number of lines within the programmes which correspond to the Parliament's priorities under Heading 1a (Horizon 2020, COSME, Erasmus+, Digital Agenda, Social Agenda) by exhausting the margin (total increases above DB of some EUR 200 million). It deemed necessary to increase above the DB the CEF-Energy lines by a total amount of EUR 34 million in order to partly mitigate the effect of the backloading of this programme for the second year in a row as a result of the MFF agreement. It also considered it also a priority to reinforce investments in the digital agenda and the broadband and consequently increases CEF-Telecommunication networks by EUR 12 million above the DB.
- **Heading 1b**: Parliament is deeply concerned that the Council, while maintaining the level of commitment appropriations at the DB level (EUR 49 227 million), has decreased the payment appropriations by EUR 220 million, setting the level of payments at EUR 51 382 million. It decided to **restore the DB in payments for budget lines dedicated to the new programmes**, cut by the Council, and to exceed the DB in payments for a number of lines notably concerning the completion of the 2007-2013 MFF programmes. Parliament stressed that **Heading 1b bears the biggest part of the current outstanding commitments** which is impeding reimbursement for resources already spent by the beneficiary Member States and regions. This practice caused serious consequences for Member States and regions mostly affected by crisis. It is for this reason that the Parliament decided to go above the level of the DB by an amount of EUR 20.2 million for the Fund for European Aid to the Most Deprived (FEAD) and PP/PAs. In an amendment adopted in plenary, Parliament stated that neither CAP appropriations nor any other appropriations from the budget should be used for financing **lethal bullfighting** activities.
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**Heading 2**: Parliament regretted the unjustified Council's cuts to the school fruit and school milk schemes and decided to increase the amount available for the school fruits scheme by EUR 7 million and school milk scheme by EUR 4 million above the draft budget of the Commission. It proposed to increase the Union co-financing for promotion measures in the Common Agricultural Policy by EUR 30 million in order to help producers find alternative sales opportunities.

- **Heading 3**: Parliament underlined that, while representing only 1.5% of the Union budget, Heading 3 covers issues of key concern to the European citizens as well as to the national governments, such as asylum and migration policies and internal security. It calls therefore on the Commission and the Council to keep increasing financial and political efforts in this heading in the coming years. It stressed the importance of maintaining the DB for the budget lines 'Ensuring the protection of rights and empowering citizens' and 'Promoting non-discrimination and equality', implementing the programme Rights, Equality and Citizenship 2014 – 2020 and adopted the general approach to **restore the DB on all lines under this heading**.
- **Heading 4**: Parliament deplored the Council's cuts to Heading 4 (-0.83% in commitment appropriations and -5.24% in payment appropriations) which **makes it the heading most severely affected by the Council's cuts to payment appropriations**. It strongly condemned the Council's cut to commitment appropriations for humanitarian aid. It emphasised its support for the Middle East Peace Process and its determination to ensure a sufficient amount of funding to UNRWA and the Palestinian Authority by increasing the level of commitment appropriations by **EUR 35.5 million above DB**. Parliament underlined the need to ensure support for countries in the Union's Eastern and Southern neighbourhood as well as the need for additional efforts needed to **respond to the situation in Ukraine**. It called therefore, for additional **EUR 203.3 million** above DB to be allocated to the European Neighbourhood Instrument to enable the Union to meet its responsibility in its Eastern and Southern neighbourhood.
- **Heading 5**: Parliament decided to restore, the DB on all the lines of the administrative and support expenditure and on all the lines in Heading 5 decreased by the Council. It decided to hold some appropriations in reserve until the Commission modifies the rules on expert groups and ensures their full implementation within all DGs.

**Other sections**: Parliament reiterated that the budget of each Union institution, due to its specific mission and situation, should be treated **individually**, without 'one-size-fits-all' solutions. It strongly disagreed with the Council's approach which horizontally inflates the vacancy rate by one percentage point, thus artificially increasing the margin. It underlined that this increase, in addition to the posts already suppressed by the 1% staff reduction, would force certain institutions, already impacted by the above mentioned staff reduction, to freeze recruitment to vacant posts, thus hampering their functioning.

It commended all other institutions on the **savings and efficiency gains** which they have already incorporated into their draft budgets. However, it maintains that the Parliament and the Council should set a sufficient level of appropriations to ensure the smooth functioning of the institutions.

**As far as the European Parliament's budget is concerned**, it recalled that the Parliament's estimates for 2015 were set at EUR 1 794 929 112, corresponding to an overall rate of increase of 2.24% over 2014. They stressed, however, that 0.67% of this increase is linked to the legally binding exceptional transitional allowance for the end of the Members' mandate and 0.4% to the agreement on the adjustment of the remunerations and pensions for 2011-2012. The level of other expenditure therefore increased by only 1.18 % over 2014. It decided to increase the appropriations for funding of the European political foundations by EUR 3 million to ensure that political foundations can fully execute their activities.

In addition, plenary stressed that the Parliament and the Council, in order to create long term savings in the Union budget, must address the need for a **roadmap to a single seat**.

Lastly, other technical amendments were approved for the other EU institutions.

# 2015 general budget: all sections

2014/2040(BUD) - 02/09/2014 - Council position on draft budget

On 2 September 2014, the Council adopted its position on the draft general budget of the European Union for the financial year 2015.

Following the discussions in Council, the main features of this position may be summarised as follows:

- **EUR 145 077.35 million in commitment appropriations;**
- **EUR 139 996.92 million in payment appropriations.**

Under the Council's position, commitment appropriations increase by +1.71% compared to the 2014 budget and payment appropriations increase by +3.32%.

The total amount of payment appropriations provided for in the Council's position on the DB for 2015 corresponds to **1% of the EU gross national income (GNI)**.

**A. Principles**: when adopting its position on the DB for 2015, the Council took into account the following principles:

- to follow an approach leading to a budget complying with budgetary discipline and sound financial management, as well as taking duly into account the ongoing economic and budgetary constraints in Member States;
- to provide adequate funding for the European Union's various priorities, determining appropriations on the basis of past and current budget implementation and **realistic absorption capacities**;
- to foresee the necessary appropriations enabling the taking-off of the new programmes in this second year of the MFF 2014-2020;
- to work within the framework of the budget guidelines established for the 2015 budgetary exercise in the Council conclusions adopted on 18 February 2014;

- to leave adequate margins under the ceilings of the headings and sub-headings of the MFF, with the exception of sub-heading 1b, in order to be able to cope with unforeseen situations;
- to **keep payment appropriations firmly under control** in all headings and sub-headings of the MFF and to create a sufficient margin to cover unforeseen events, **resulting in a reduction in payment appropriations in particular under (sub-)headings 1a, 1b, 2 and 4**.

**Administrative expenditure**: as regards administrative expenditure of the institutions, the Council recalls the importance of limiting the increase in 2015 and of reducing staff in line with the -5 % target over the period 2013-2017 set in the Interinstitutional Agreement of 2 December 2013 on budgetary discipline.

In this context, the administrative budgets of the institutions were examined on the following basis:

- to keep under strict control the volume of administrative expenditure of the institutions, in line with the approach followed by the Member States for their national civil services;
- to set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
- to carry out targeted reductions and increasing the standard flat rate abatement on salaries for some institutions and offices, taking into account their past and current budget implementation and vacancy rates;
- to retain the Commission's proposal to reduce staff by -1 % per year as from 2013.

This approach has resulted in an appropriate level of administrative expenditure ensuring a proper functioning of the institutions.

**Statement on payment appropriations**: in addition to the abovementioned principles, the Council approved a statement on payment appropriations in which it asks the Commission to submit as early as possible the **letter of amendment for agriculture** (including information about the possible carry-over of assigned revenue) in order to appropriately calibrate the level of resources in heading 2 (Sustainable growth: natural resources) in the 2015 budget.

Furthermore, the Council asks the Commission to :

submit a **draft amending budget if the payment appropriations entered in the 2015 budget are insufficient** to cover expenditure under sub-heading 1a (Competitiveness for growth and jobs), sub-heading 1b (Economic, social and territorial cohesion), heading 2 and heading 4 (Global Europe) of the multiannual financial framework;

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 main budget headings**:

**Heading 1: Smart and inclusive growth: EUR 66 351 million in commitments**:

**1a) Competitiveness for growth and jobs**: the amount is set at **EUR 17 124 million** in commitments, an increase of 3.88% compared to 2014.

The sub-heading is characterised by the following elements:

- establish the level of commitment appropriations, targeting a total reduction of -EUR 323.6 million in the appropriations requested in the DB for 2015 on a number of specific budget lines including administrative support expenditure;
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2015 by a total amount of -EUR 1 335 million**, of which -EUR 113 million in large infrastructure projects, -EUR 998 million in the Common Strategic Framework for Research and Innovation, -EUR 152 million in the Connecting Europe Facility and -EUR 73 million in other programmes;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies for a total amount of -EUR 2.9 million in commitment and payment appropriations under this sub-heading.

The margin available under sub-heading 1a is EUR 542.2 million.

**1b) Economic, social and territorial cohesion**: the Council provided EUR 49 227 million in commitments (an increase of 3.63% compared to 2014). Other main features of this sub-heading include:

- maintaining the level of commitment appropriations as requested in the DB for 2015;
- setting the level of payment appropriations, reducing the appropriations requested in the DB for 2015 for programmes under the new programming period by a total amount of -EUR 220 million, in particular in the field of:
    - Transition regions (-EUR 41.5 million),
    - Competitiveness (-EUR 90.5 million),
    - Outermost and sparsely populated regions (-EUR 5.0 million),
    - Cohesion Fund (-EUR 39.4 million),
    - Connecting Europe Facility (-EUR 5.4 million),
    - European territorial cooperation (-EUR 25 million),
    - Technical assistance and innovative actions (-EUR 8.2 million),
    - European Aid to the Most Deprived (-EUR 5 million) on the basis of available information, still resulting in an increase of +0.84 % in comparison with the 2014 budget.

The margin under sub-heading 1b is equal to zero and is left unchanged.

The Flexibility Instrument would be mobilised for an amount of **EUR 79.8 million** as proposed by the Commission to supplement the financing of the Structural Funds for Cyprus.

**Heading 2: Sustainable growth: natural resources**: the amount for this heading is set at EUR 59 183 million in commitments. This is a reduction of 0.14% compared to 2014. Market-related expenditure and direct payments shall represent EUR 43.8 billion.

The heading is characterised by the following elements:

- reduce the level of commitment appropriations requested in the DB for 2015 by -EUR 70.6 million on administrative support expenditure lines, on market-support expenditure lines and on operational lines under the European Agricultural Guarantee Fund, the European Maritime and Fisheries Fund and the Programme for Environment and Climate Action (LIFE);
- set the level of payment appropriations, **reducing the appropriations requested in the DB for 2015 by a total amount of -EUR 145.3 million**, of which -EUR 48.5 million in the European Agricultural Guarantee Fund, -EUR 45 million in the European Agricultural Fund for Rural Development, -EUR 30.1 million in the European Maritime and Fisheries Fund and the annual actions related to fisheries, and -EUR 21.6 million in the LIFE Programme, on the basis of past, current or expected budget implementation. These amounts - estimated on the basis of information currently available - may be reviewed in the light of the letter of amendment on agriculture expected in autumn. They also take account of reductions in contributions to decentralised agencies for an additional amount of -EUR 0.1 million in commitment and payment appropriations under this heading.

The margin available under heading 2 is EUR 415.9 million.

**Heading 3: Security and citizenship**: the amount of this heading is set at **EUR 2 100 million** in appropriations and sees a reduction of 3.29% compared to the 2014 budget. This heading is characterised by the following:

- the level of commitment appropriations with a **total reduction of -EUR 30.2 million of the appropriations requested in the DB for 2015** on a number of budget lines concerning administrative support expenditure (-EUR 455 000) and operational expenditure for new programmes (-EUR 25.8 million);
- the level of payment appropriations, including a total reduction of -EUR 28.5 million of the appropriations requested in the DB for 2015 on a number of budget lines concerning administrative support expenditure (-EUR 455 000) and operational expenditure for new programmes (-EUR 24 million); the reductions focused on new programmes with a low implementation rate at this early stage and taking into account their absorption capacity, as well as on support expenditure taking into consideration past implementation rates;
- the amounts mentioned above also take into account reductions in contributions to decentralised agencies of -EUR 4 million in commitment and payment appropriations under this heading.

The margin available under heading 3 is EUR 145.5 million.

**Heading 4: Global Europe**: the Council lays down an amount of **EUR 8 343 million** in commitments, an increase of 0.22% compared to 2014. It also decided to:

- establish the level of commitment appropriations, targeting a **total reduction by -EUR 70 million in the appropriations requested in the DB for 2015** on a number of specific budget lines;
- set the level of payment appropriations, reducing the appropriations requested in the DB for 2015 by a total amount of -EUR 384 million, of which -EUR 179 million in the Development Cooperation Instrument and -EUR 159.5 million in the Instrument for Pre-accession assistance, on the basis of past, current or expected budget implementation, as well as realistic absorption capacities.

The margin available under heading 4 is EUR 405.9 million.

**Heading 5: Administrative expenditure**: the administrative expenditure amounts to **EUR 8 585 million**, an increase of 2.14%. Each institution's budget is set out in the Council position with the budget variations from year to year.

As regards staff levels, the Council accepted the establishment plans as proposed by the Commission in the DB for 2015. However, a budgetary neutral technical adjustment was made to the establishment plans of the European Council and Council and the European External Action Service: One AST 4 post in the European Council and Council's establishment plan was transferred to the European External Action Service, following the transfer of the corresponding tasks.

The margin available under heading 5 is EUR 491.3 million.

**Decentralised agencies**: as regards decentralised agencies, the Council reduced the overall level of appropriations by -EUR 7 million. Only some of the agencies whose budgets increased in comparison to their respective 2014 budgets are affected by those reductions. The Council considered that the absorption capacities for these agencies will be lower than the forecasts made by the Commission.

# 2015 general budget: all sections

2014/2040(BUD) - 09/10/2014 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the joint report by Eider GARDIAZABAL RUBIAL (S&D, ES) (section III – Commission) and Monika HOHLMEIER (EPP, DE) (other sections) on the Council position on the draft general budget of the European Union for the financial year 2015 – all sections.

Section III – Commission: overall, Members stressed the need to **reinforce strategic investment** in actions with European added value (employment, youth employment, competitiveness, etc) and the need for Europe to invest and prepare Member States' economies for the future by addressing

overdue investment needs in transport, energy and telecom infrastructure (including the completion of the digital single market by 2015). It recalled the **unquestionable role of the European Union budget** in achieving these political objectives.

Members noted that the Draft Budget 2015 (DB) proposed by the Commission amounts to (including special instruments) EUR 145 599.3 million in commitment appropriations (CA) and EUR 142 137.3 million in payment appropriations (PA) and highlighted that the overall volume of the payment appropriations in the DB represents a moderate 1.4% increase over the 2014 Budget, and is still EUR 2 billion lower than the implemented 2013 budget. They noted that the Commission proposed to leave a total margin of EUR 1 478.9 million in commitment appropriations under the ceilings in its DB.

**Council's cuts**: once again, the committee deplored that the Council, in its reading, **reduced commitment appropriations by EUR 522 million and payment appropriations by EUR 2.1 billion** (reduction of 0.18% as compared to 2014), thus setting the Union budget for 2015 at EUR 145 077.4 million in commitments and EUR 139 996.9 million in payments. It is especially concerned about the severe cuts in the payment appropriations of the funds for competitiveness for growth and jobs under Heading 1a that represent an **egregious breach of the Council's commitment to overcome the crisis** and to reinvigorate economic growth.

Members disapproved of the Council's reading on the 2015 Budget which disregards the multiannual character of the Union's policies, and which would instead of tackling the issue further aggravate payments shortages and slowdown further the implementation of Union programmes.

They underlined once more that the Council's approach of fixing the level of payments in accordance with the inflation rate totally disregards the nature and function of the multiannual character of Union polices and renders the MFF totally irrelevant and that the growing gap between payment and commitment appropriations exacerbates the problems with the backlog of outstanding commitments.

They stressed the **negative impact** that this approach has on the perception of the Union by its citizens.

**Main priorities for 2015**: Parliament decided to concentrate its efforts on the programmes which are at the core of the Europe 2020 strategy aimed at fostering growth, competitiveness and employment, namely Horizon 2020, COSME, Erasmus+, the Digital Agenda, Progress and the Social Agenda (including EURES and the Microfinance Facility) as these programmes are exemplary as to how the Union contributes to an innovative and prosperous economy across the continent.

They, furthermore aim to reinforce programmes that are instrumental to the delivery of the Union's external policy agenda, such as the Neighbourhood Policy, Development and Humanitarian Aid. They also insisted on the need to increase the financing of important programmes and policies to fight against inequalities, such as FEAD, Europe for Citizens, and the promotion of gender equality.

**The 2015 budget in figures**: Members called on Parliament to set the overall level of appropriations for 2015 at:

- EUR 146 348.9 million in commitment appropriations;
- EUR 146 416.5 million in payment appropriations.

**Payment crisis**: Members supported the Commission's proposal to make full use of resources available under the 2015 payment ceiling thereby leaving no margin under the 2015 payment ceiling.

They **restored all of the Council's cuts in payments** on the basis of current and expected implementation patterns.

They highlighted however, that even the full use of the 2015 payment ceiling is **not sufficient to adequately address the Union's ongoing payment problems** that have erupted since the 2010 Union budget (notably, the huge backlog in payments).

They stressed, therefore, that the recurrent **problem of shortage of payments** needs to be effectively addressed without further delay. Against this background, they decided to **go beyond the Commission's proposals in payments by EUR 4 billion for a number of budget lines**, including the main "2007-2013 completion lines" of the Union structural funds and research programmes, where the situation in payments is very critical.

In this respect, they called on the Commission to stand ready to put forward relevant proposals for the mobilisation of the **flexibility mechanisms** included in the MFF Regulation.

They stressed the fact that, in order to clearly identify the 2015 needs stemming from previous years, the **negotiations on the additional 2014 payment needs should be finalised** before the conciliation on 2015 Budget.

Members also pointed out that in order to ensure adequate resources for the Union wide investment plans (major political priority of President-elect Juncker), continuation of the Youth Employment Initiative, notably the European Youth Guarantee as of budget 2016, and in order to address the persistent problem of payment appropriations, the **post electoral revision of the MFF 2014-2020**, as provided for in Article 2 of the MFF Regulation, should be launched as soon as possible by the new Commission.

In regard to each of the budget headings, Members had the following remarks:

- **Heading 1a**: Members noted that Heading 1a bears the **largest share of Council's cuts** both in commitments (EUR -323.5 million as compared to the DB) and in payments (EUR -1 335 million). They highlighted that some of these cuts are not in line with the agreement on the MFF 2014-2020, in so far as they heavily decrease Horizon 2020 (by EUR 190 million in commitments against the DB) that was significantly frontloaded by EUR 200 million in 2014, as well as the ITER programme (EUR -11.2 million), which should instead be frontloaded in 2015 to compensate its backloading in 2014. They called for the alignment of the spending objectives of energy funds under Horizon 2020 with the commitments made during the legislative process. They decided, therefore, as a general line to **restore the level of the DB for 2015 for all cuts performed by the Council**, both in commitments and in payments.

- **Heading 1b**: Members are deeply concerned that the Council, while maintaining the level of commitment appropriations at the DB level (EUR 49 227 million), has decreased the payment appropriations by EUR 220 million, setting the level of payments at EUR 51 382 million. They stated that Heading 1b bears the biggest part of the current outstanding commitments which is impeding reimbursement for resources already spent by the beneficiary Member States and regions. They decided to go above the level of the DB by an amount of EUR 20.2 million for the Fund for European Aid to the Most Deprived (FEAD) and PP/PAs.
- **Heading 2**: Members regretted the unjustified Council's cuts to the school fruit and school milk schemes and decided to increase the amount available for the school fruits scheme by EUR 7 million and school milk scheme by EUR 4 million above the draft budget of the Commission.
- **Heading 3**: they underlined that, while being the smallest heading of the MFF in terms of financial allocation, Heading 3 covers issues of key concern to the European citizens as well as to the national governments, such as asylum and migration policies and internal security. They called therefore on the Commission and the Council to keep increasing financial and political efforts in this heading in the coming years.
- **Heading 4**: again, Members deplored the Council's cuts to Heading 4 (-0.83 % in commitment appropriations and -5.24 % in payment appropriations). They strongly condemned the Council's cut to commitment appropriations for humanitarian aid. They are astonished that the Council has once again reduced the DB payment appropriations for UNRWA and the Palestinian Authority by EUR 2.4 million without clear justification and considers this line under-budgeted already in the DB. They called for an additional EUR 203.3 million above DB to be allocated to the European Neighbourhood Instrument to enable the Union to meet its responsibility in its Eastern and Southern neighbourhood.
- **Heading 5**: Members decided to restore, the DB on all the lines of the administrative and support expenditure and on all the lines in Heading 5 decreased by the Council.

**Other sections**: Members reiterated that the budget of each Union institution, due to its specific mission and situation, should be treated individually, without 'one-size-fits-all' solutions. They commended all other institutions on the **savings and efficiency gains** which they have already incorporated into their draft budgets.

**As far as the European Parliament's budget is concerned**, Members reiterated the need for a roadmap to a **single seat**.

They recalled that the Parliament's estimates for 2015 were set at EUR 1 794 929 112, corresponding to an overall rate of increase of 2.24% over 2014. They stressed, however, that 0.67% of this increase is linked to the legally binding exceptional transitional allowance for the end of the Members' mandate and 0.4% to the agreement on the adjustment of the remunerations and pensions for 2011-2012. The level of other expenditure therefore increased by only 1.18 % over 2014.

Other technical amendments were approved for the other EU institutions.

# 2015 general budget: all sections

2014/2040(BUD) - 20/06/2014

The Council took note of the presentation by the Commission of its draft for the EU's general budget for 2015. It held an **exchange of views.**

The Council asked the Permanent Representatives Committee to examine the draft, to enable it to establish its position.

The Commission's draft provides for:

- payments totalling EUR 142.1 billion (+ 4.9% compared with the 2014 budget) and
- commitments amounting to EUR145.6 billion (+ 2.1%).

On 18 February 2014, the Council set out its priorities for the 2015 budget. These will be used by the Italian presidency as the basis for negotiations with the European Parliament and the Commission later in the year.

The Council is expected to adopt its position on the draft budget in September 2014, and the Parliament in late October. If their positions diverge, a three-week conciliation process will start on 28 October 2014.