



**COUNCIL OF
THE EUROPEAN UNION**



16014/1/09 REV 1 (Presse 333)

PRESS RELEASE

2975th meeting of the Council

Economic and Financial Affairs

Budget

Brussels, 18 November 2009

President

Mr Hans Lindblad

State Secretary to the Swedish Ministry for Finance

P R E S S

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Main results of the Council

*The Council unanimously agreed at second reading on the EU's **draft general budget for 2010**. The agreement will be formally adopted on the Agriculture and Fisheries Council on 20 November 2009.*

*Following an agreement with the European Parliament, the second reading of the Council includes the funding of the **second part of the European Economic Recovery Plan (EERP)** (EUR 2.4 billion), an **exceptional milk action** (EUR 300 million), the financing of the Common **Foreign and Security Policy** (EUR 281.5 million) and the **decommissioning of the Kozloduy nuclear power plant** in Bulgaria (EUR 75 million).*

*For the financing of the EERP, the Council and the European Parliament approved the **revision of the multiannual financial framework** while respecting the overall ceiling of the financial framework, and agreed to mobilise EUR 120 million within the **flexibility instrument** and to **redeploy** EUR 81 million. Furthermore, the Council accepted to spend EUR 16.5 million from its own administrative expenditure in order to contribute to the recovering from the current economic crisis.*

*The Council and the European Parliament agreed to set **the total amount of payment appropriations** for the 2010 budget at **EUR 122.937 billion**, corresponding to 1.04% of the Gross National Income (GNI) of the EU. The agreement reflects the wish of the Council to give a stimulus to the European economy while taking into account the current constraints on the national budgets.*

*The Council and the European Parliament adopted four joint statements, one of which concerns the continuity of the 2010 budgetary procedure in view of the entry into force of the **Lisbon Treaty**.*

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OTHER ITEMS APPROVED*none*

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

The governments of the member states and the European Commission were represented as follows:

Belgium:

Mr Melchior WATHELET

State Secretary for the Budget, attached to the Prime Minister, and State Secretary for Family Policy, attached to the Minister for Employment and, for matters relating to law of persons and family law, attached to the Minister for Justice

Bulgaria:

Ms Ana MIHAYLOVA

Deputy Minister for Finance

Czech Republic:

Mr Bohdan HEJDUK

Deputy Minister for Finance, Public Budgets Section

Denmark:

Mr Poul Skytte CHRISTOFFERSEN

Permanent Representative

Germany:

Mr Edmund DUCKWITZ

Permanent Representative

Estonia:

Mr Raul MÁLK

Permanent Representative

Ireland:

Mr Martin MANSERGH

Minister of State at the Department of Finance, including special responsibility for the Office of Public Works, and at the Department of Arts, Sport and Tourism with special responsibility for the Arts

Greece:

Mr Theodoros N. SOTIROPOULOS

Permanent Representative

Spain:

Mr Carlos BASTARRECHE SAGÜES

Permanent Representative

France:

Mr Philippe ETIENNE

Permanent Representative

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Mr Andreas D. MAVROYIANNIS

Permanent Representative

Latvia:

Mr Mārtiņš BIČEVSKIS

State Secretary, Ministry of Finance

Lithuania:

Mr Rolandas KRIŠČIŪNAS

Deputy Minister for Finance

Luxembourg:

Mr Christian BRAUN

Permanent Representative

Hungary:

Mr Tamás KATONA

State Secretary, Ministry of Finance

Malta:

Mr Richard CACHIA CARUANA

Permanent Representative

Netherlands:

Mr Frans TIMMERMANS

Minister for European Affairs

Austria:

Mr Reinhold LOPATKA

State Secretary, Federal Ministry of Finance

Poland:

Mr Jacek DOMINIK

Deputy State Secretary, Ministry of Finance

Portugal:

Mr Manuel LOBO ANTUNES

Permanent Representative

Romania:

Mr Mihnea Ioan MOTOC

Permanent Representative

Slovenia:

Mr Igor SENČAR

Permanent Representative

Slovakia:

Mr Ivan KORČOK

Permanent Representative

Finland:

Ms Mari KIVINIEMI

Minister for Public Administration and Local Government

Sweden:

Mr Hans LINDBLAD

State Secretary to the Minister for Finance

United Kingdom:

Mr Ian PEARSON

Economic Secretary to the Treasury

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Commission:

Algirdas ŠEMETA

Member

ITEMS DEBATED**MANAGEMENT OF THE EU BUDGET- ANNUAL REPORT FROM THE COURT OF AUDITORS**

The Council took note of the presentation by the President of the Court of Auditors, Mr Vítor Caldeira, of the annual report from the Court on the implementation of the EU budget, which covers the financial year 2008.

It asked the Permanent Representatives Committee to examine the report, with a view to drawing up a recommendation to the European Parliament on the discharge to be given to the Commission for implementation of the budget for 2008.

CONCILIATION MEETING WITH THE PARLIAMENT ON THE 2010 BUDGET

Before agreeing in second reading on the draft budget for 2010, the Council held its usual conciliation meeting with a delegation from the European Parliament, in accordance with the Interinstitutional Agreement on budgetary discipline and sound financial management.

At this meeting the Council and the European Parliament reached agreement on the following issues:

- The second part (EUR 2.4 billion) of the European Economic Recovery Plan (EERP) amounting in total to EUR 5 billion is financed through a combination of different sources:
 1. EUR 1 779 million in commitments are secured through a **revision of the multiannual financial framework** by increasing the ceiling of sub-heading 1a (competitiveness for growth and employment) for 2010 and reducing the ceilings of other headings in total by the same amount:
 - the ceiling of five headings in 2009 are reduced by a total amount of EUR 1 488.5 million, of which EUR 1 306 million under heading 2 (preservation and management of natural resources), EUR 173.5 million under heading 5 (administration), of which a net amount of EUR 16.5 million is contributed by the Council; the remaining EUR 9 million stem from a decrease of the ceiling in heading 1a (EUR 3 million), heading 1b (cohesion for growth and employment: EUR 1 million) and heading 3a (freedom, security and justice: EUR 5 million);

- three headings in 2010 are decreased by a total amount of EUR 290.5 million, of which EUR 158 million in heading 2, EUR 126.5 million in heading 5 and EUR 6 million in sub-heading 1b (cohesion for growth and employment).

(in EUR million, in commitment appropriations)

Heading or sub-heading	2009	2010	Total
1a (competitiveness for growth and employment)	- 3	+ 1 779	+ 1 776
1b (cohesion for growth and employment)	- 1	- 6	- 7
2 (preservation and management of natural resources)	- 1 306	- 158	- 1 464
3a (freedom, security and justice)	-5		- 5
5 (administration)	- 173.5	- 126.5	- 300
Total change	- 1 488.5	+ 1 488.5	0

2. EUR 420 million in commitments are financed within rural development under heading 2 and are made available for broadband internet and "new challenges" (such as the restructuring of the dairy sector);
3. EUR 81 million in commitments are secured by a reallocation of credits under heading 1a (competitiveness for growth and employment);

4. EUR 120 million in commitments are financed through the flexibility instrument, leaving an amount of EUR 115 million for unforeseen events in 2010.

(in EUR million, in commitment appropriations)

Revision of the multiannual financial framework	1 779
Amount for broadband internet and "new challenges", financed by the margin under heading 2	420
Redeployment within heading 1a	81
Flexibility instrument	120
Second part of the EERP (commitment appropriations)	2 400

- For the financing of exceptional measures in the dairy sector, additional EUR 300 million are made available within the agricultural budget, whereby EUR 20 million are shifted from the budget line for milk export refunds, for which the Commission proposed an increase by the same amount in its amending letter No 2 for 2010.
- EUR 75 million in commitments are made available for the decommissioning of the Kozloduy nuclear power plant in Bulgaria, financed from the flexibility instrument
- The amount of the budget for the Common Foreign and Security Policy is fixed at EUR 281.5 million in commitments.
- The total amount of payment appropriations for the 2010 budget are set at EUR 122.937 billion, corresponding to 1.04% of the Gross National Income (GNI) of the EU and representing an increase of 5.7% compared to the 2009 budget, as amended by amending letters Nos 1-9.

The agreement reached between Council and European Parliament forms a package which includes the acceptance of:

- preliminary draft amending budget No 10 for 2009 as updated by the Commission on 11 November 2009 and as modified during the conciliation meeting;

- letter of amendment No 2 for 2010 as proposed by the Commission and after taking into account the agreement reached on the exceptional milk action, the financing of the EERP, the mobilisation of the flexibility instrument and the redeployments within sub-heading 1a;
- the revision of the multiannual financial framework for the years 2009 and 2010 in order to allow the full financing of the EERP in 2010.

The Council and the European Parliament also discussed the practical implications of the entry into force of the Lisbon Treaty on 1 December 2009 in the budgetary field. They agreed on a joint declaration on the continuity of the 2010 budgetary procedure.

The text on the continuity of the 2010 budgetary procedure can be found in the annex, together with the joint declarations adopted by the Council and the European Parliament on the following issues:

- building policy of EU institutions and bodies;
- simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis;
- heading 5 in 2010.

The two institutions also committed to adopt before 1 December 2009 a joint declaration on the transitional budgetary measures (such as the adoption of amending budgets and the decision of transfers) to be applied until the new legislation for transposing the Lisbon Treaty is adopted.

The Council adopted unilateral declarations on the following issues which can also be found in the annex:

- payment appropriations
- letter of amendment No 2/2010
- recruitment in relation with the 2004 and 2007 enlargement
- letter of amendment No 3/2010.

The Commission adopted declarations (cf. annex) on:

- sub-heading 1b
- heading 2.

Poland adopted a unilateral declaration on sub-heading 1b (cf. annex).

COUNCIL'S SECOND READING OF THE DRAFT BUDGET FOR 2010

Following its meeting with the European Parliament, and on the basis of the preparatory work by the Permanent Representatives Committee, the Council reached an agreement on the second reading of the draft general budget for 2010, which overall confirms its first reading as amended by amending letters Nos 1 to 2 ([16329/09](#) + [16329/09 ADD 1](#) + [16328/09](#) + [16328/09 ADD 1](#)).

The Council also agreed on the revised preliminary draft amending budget No 10 to the general budget for 2009, as agreed with the European Parliament at the conciliation meeting, as proposed by the Commission ([16327/09](#) + [16327/09 ADD 1](#)).

Furthermore, the Council agreed on the revision of multiannual financial framework in order to secure the full financing of the EERP in 2010 ([17045/09](#) + [16794/09](#) + [16794/09 COR 1](#)).

The Council approved the letter of amendment No. 3 to the draft general budget of the European Union for the financial year 2010 ([16763/09](#) + [16763/09 ADD 1](#)).

The detailed amounts for each heading and policy area as agreed by the Council in its second reading are set out in the following tables.

Council's 2nd reading of 2010 budget

(in EUR)

Heading	2nd reading in the Council (including AL 1 to 3/2010)		% variation in relation to the 2009 Budget (including AB 1-9/2009)		Margin (after revision MFF)
	Commitments	Payments	Commitments	Payments	
1. Sustainable growth					
1a. Competitiveness for growth and employment	14 245 189 253	10 972 022 303	+7.3	+0.9	+116 810 747
1b. Cohesion for growth and employment	49 382 092 092	36 089 285 000	+2.0	+3.2	+5 907 908
Total	63 627 281 345	47 061 307 303	+3.1	+2.7	+122 718 655
European Globalisation Adjustment Fund	500 000 000				
2. Preservation and management of natural resources	59 449 553 302	58 068 145 809	+4.7	+11.0	+505 446 698
of which Market related expenditure and direct aids	43 818 801 768	43 698 207 586			
3. Citizenship, freedom, security and justice					
3a. Freedom, security and justice	974 270 370	692 113 370	+12.5	+12.1	+50 729 630
3b. Citizenship	634 128 000	613 530 500	-49.9	-52.6	+33 872 000
Total	1 608 398 370	1 305 643 870	-24.6	-31.7	+84 601 630
4. The EU as a global player	7 685 053 270	7 223 220 753	-2.2	-10.6	+207 946 730
Emergency Aid Reserve	248 882 000				
Total	7 933 935 270	7 223 220 753	-2.1	-13.2	
5. Administration	7 852 697 094	7 853 192 094	+2.1	+2.1	+108 802 906
6. Compensation	p.m.	p.m.			
GRAND TOTAL	140 971 865 381	121 511 509 829	+2.8	+4.5	
Payment appropriations as a % of GNI		1.03%			

Annex**JOINT STATEMENTS****Continuity of the 2010 budgetary procedure**

"The European Parliament, the Council and the Commission note that, up to 30 November 2009, the budgetary procedure for the 2010 budget has been conducted under the Treaty of Nice.

With the entry into force of the Treaty of Lisbon on 1 December 2009, the procedure will be completed under Article 314(9) created by that Treaty, with the declaration by the President of the European Parliament that the budget has been definitively adopted.

The three institutions consider the budgetary procedure a continuum under the two abovementioned Treaties; they therefore agree that the stages of the procedure completed under the Nice Treaty constitute completed stages of the procedure within the meaning of Article 314 created by the Lisbon Treaty.

In keeping with that transition, the three institutions consider that the agreement reached by the European Parliament and the Council at the conciliation meeting on 18 November 2009, followed by the Council's second reading, on the 2009 and 2010 budgets and the outcome of the European Parliament's second reading may be considered in substance as agreement on a joint draft budget within the meaning of Article 314 TFEU, in full compliance with the multiannual financial framework."

Building policy of EU Institutions and bodies

"The European Parliament and the Council recall their respective conclusions on the Court of Auditors' special report No. 2/2007 concerning the Institutions' expenditure on buildings and, acknowledging that building costs represent a significant part of overall administrative expenditure of the EU Institutions, reaffirm that sound financial management of building expenses is essential.

They reiterate the importance of effective interinstitutional cooperation in this field and invite the Institutions to further enhance such cooperation and, whenever appropriate, without hindering each Institution's functioning, to share facilities. They welcome efforts already made by the institutions in this field.

They stress that the establishment of medium to long-term building strategies is essential from the point of view of sound planning and sound financial management.

They underline that transparent and controllable procedures are essential to achieve effective and efficient solutions and sound financial management.

They encourage the Institutions to continue and to intensify energy efficiency and environmental measures in their buildings, including certification according to environmental standards, wherever this is appropriate and feasible with the given resources, and warmly welcome progress already achieved in this field.

With respect to the provisions of the Financial Regulation, notably consultations under Article 179, they attach great importance to receive all the information concerning the project, required for decision-making, in good time. Notwithstanding the formal deadlines, this information should be made available so that both arms of the budgetary authority can establish their positions without time pressure. The information should include needs assessments and cost benefit analyses for the various alternatives, outlining the options to rent or buy, as well as transparent information concerning the alternative financing possibilities, the long-term financial consequences, and compatibility with the MFF.

They welcome the work undertaken by the Commission on alternative financing methods and await the coming report.

They call on the secretaries-general of the Institutions to provide comprehensive information on building matters with the preliminary draft budget/estimates.

While recognising each Institutions' specific needs and the particular character of each project, they ask the Institutions to pursue work towards harmonising such information through common definitions and indicators to allow comparisons of building space and building costs, including a common understanding of the method for calculating annual costs of property spread over the entire period of utilisation. In this context they note with satisfaction the agreement on common guidelines for defining and measuring building space recently reached by interinstitutional working groups.

They recall that, when applicable, these observations apply equally to the specific situations of executive and decentralised agencies.

They take note of the excellent cooperation between the Institutions and the administrations of the host Member States."

Simplification and a more targeted use of structural and cohesion funds in the context of the economic crisis

"The European Parliament and the Council recall the joint declarations of the three institutions on the implementation of the Cohesion policy of November 2008 and April 2009 and underline the necessity to further accelerate the implementation of structural and cohesion funds. They note that the approval rate of Management and Control Systems (MCSs) and Major Projects (MPs) has gradually improved, but consider that the pace of approval was too slow. They urge the Commission to continue efforts to simplify implementing procedures in close cooperation with Member States and in particular, to speed up the approval of MPs, and thus accelerate payments.

The European Parliament and the Council believe that all opportunities provided by the use of structural funds, could be mobilised for more targeted actions that facilitate overcoming the effects of the economic crisis, particularly those which support growth and competitiveness and limit job losses. The European Parliament and the Council underline that the possibility of adaptation and revision of the operational programmes already exists under the present regulation. The European Parliament and the Council call on the Commission to enable, by means of efficient and fast procedures, the undertaking of such requests by the Member States. Moreover the European Parliament and the Council recall the importance of full and efficient use of the available appropriations."

Heading 5

"Noting that the adoption of letter of amendment No 3/2010 concerning Section II - Council - for the financing of the European Council in 2010 for an amount of EUR 23.5 million is without prejudice to the use of the margin under heading 5 which remains at EUR 72 million, the European Parliament, the Council and the Commission agree that given the tight margin of heading 5 in 2010 and the need to ensure the full financing of the European Economic Recovery Plan (EERP), the priority for the use of the available margin of heading 5 should be given to financing additional expenditure directly stemming from the entry into force of the Lisbon Treaty. In this regard, the three Institutions will aim to cover all administrative needs related to staff remuneration with the appropriations budgeted in their respective sections of the 2010 budget.

The European Parliament and the Council call on the other institutions to make all the possible efforts to finance the administrative needs related to their staff remunerations within the appropriations budgeted in their respective sections of the 2010 budget. Requests for additional appropriations will be considered only after they showed that all the possibilities for internal redeployment have been exhausted."

COUNCIL DECLARATIONS

(1) Payment appropriations

"The Council asks the Commission to submit an amending budget if the appropriations entered in the 2010 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources) and heading 4 (EU as a global player)."

(2) Letter of amendment No. 2/2010

- (a) "The Council declares that its agreement to the Commission's proposal in relation to the financing of the decommissioning of the Kozloduy nuclear power plant, appearing in letter of amendment No 2/2010, does not prejudice the outcome of the examination of the legal basis currently under discussion."
- (b) "The Council declares that its agreement to the Commission's proposal in relation to the financing of exceptional Milk action, appearing in letter of amendment No 2/2010, does not prejudice the outcome of the examination of the legal basis currently under discussion."

(3) Recruitment in relation with the 2004 and 2007 enlargement

"The Council stresses again the importance of a full recruitment on all posts related to the 2004 and 2007 enlargement, especially for middle and high management level, and insists that all efforts should be made by the institutions and specifically by EPSO to ensure that the necessary action is taken to speed up the whole process of filling up the posts granted by the budgetary authority with officials. The criteria should be as stipulated in Article 27 of the Staff Regulation and to arrive at the broadest possible geographical proportional basis as soon as possible.

The Council intends to continue to monitor closely the ongoing recruitment process. To this effect, it requests each institution and EPSO to provide twice a year, in March and October, an information to the budgetary authority on the state of affairs regarding recruitments in relation with the 2004 and 2007 enlargement."

(4) Letter of amendment No. 3/2010

"It is understood that of the new amount of EUR 6 million for the contingency reserve resulting from letter of amendment No. 3 to the preliminary draft budget for 2010 (Section II - Council) an amount of EUR 5 million is earmarked for the European Council in order to provide for the necessary resources to finance unforeseen events such as the organisation of extraordinary Summit meetings. The overall effect is that the European Council will have at its disposal a budget for 2010 for a total amount of EUR 25 million."

COMMISSION DECLARATIONS**(1) Sub-heading 1b**

"The Commission confirms that the margin of PDB 2010 under sub-heading 1b has its exclusive origin in the reassessment of the needs for the technical assistance at the initiative of and/or on behalf of the Commission as specified in Article 45 of Council Regulation 1083/2006. As a consequence it has no impact on the programming or on the commitments of the operational programmes."

(2) Heading 2

"Taking into account the recent information on the agricultural market, the Commission estimates today that the recourse to EUR 34 million of the margin under heading 2 will not create difficulties for the 2010 budgetary year."

UNILATERAL DECLARATION BY POLAND

Sub-heading 1b

"With regard to the adoption of the Council's position on the draft budget for 2010 and in view of the Commission's proposal for using the 2010 margin of sub-heading 1b for the financing of the remaining part of the European Economic Recovery Plan (EERP) Poland would like to stress that all resources from sub-heading 1b should be earmarked exclusively for the Cohesion Policy purposes.

Financing of the remaining part of the EERP requires extraordinary actions. Nevertheless, taking into account that Cohesion Policy constitutes an important tool in the fight against economic crisis, the use of the 2010 margin of sub-heading 1b should be seen as an exceptional, last resort solution and can only be accepted after having exhausted all other budgetary possibilities.

Poland attaches great importance to the Commission's declaration on sub-heading 1b and sees it as a Commission's binding obligation to safeguard an appropriate level of commitment appropriations for the operational programmes."
