



**COUNCIL OF  
THE EUROPEAN UNION**



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## **PRESS RELEASE**

3126th Council meeting

**Economic and Financial Affairs (BUDGET)**

**and**

**Conciliation Committee**

Brussels, 18 November 2011

President

**Jacek DOMINIK**

Under-Secretary of State in the Polish Ministry of Finance

# **P R E S S**

## ***Main results of the Conciliation Committee meeting as endorsed by the Council***

*The Council and the European Parliament, meeting within the Conciliation Committee, **reached agreement on the EU budget for 2012**, limiting the increase of payments to 1.86% compared to the budget for 2011 as amended by draft amending budgets No 1-6.*

*The agreement encompasses also the following other elements of the negotiation package:*

- ***letter of amendment No 2** to the draft budget 2012 covering additional budgetary needs of EUR 13.1 million for the preparation of **Croatia's accession** to the EU;*
- ***letter of amendment No 3** adapting the draft budget for 2012 to a **new Commission estimate notably of agricultural expenditure** (-EUR 85.7 million in commitments and -EUR 83.4 million in payments, compared to the draft budget (<http://eur-lex.europa.eu/budget/www/index-en.htm>));*
- ***draft amending budget No 6 to the EU budget for 2011** including, inter alia, an increase in payment appropriations by +EUR 200 million under sub-headings 1a and 1b, and a **revision of the forecasts of own resources and other revenue** and leading as a net effect to a decrease in member states' contributions for 2011 by EUR 1.077 billion;*
- *the financing of an amount of EUR 100 million in commitments as part of the **additional needs of the International Thermonuclear Experimental Reactor project (ITER)** of EUR 1.3 billion in commitments) through redeployment in the 2012 budget; the Council and the European Parliament also committed to reaching an agreement on the financing of the remaining part of the additional needs before the end of the year.*

*The Council is expected to formally approve the agreement on 30 November, and the European Parliament to do so on 1 December.*

*The Council meeting preceding and following the Conciliation Committee session and the joint press conference of the Under-Secretary of State in the Polish Ministry of Finance, Jacek DOMINIK, the Commissioner in charge of Budget and Financial Programming, Janusz LEWANDOWSKI, the president of the European Parliament's Committee on Budgets, Alain LAMASSOURE, and the rapporteur of the European Parliament, Francesca BALZANI, can be watched by video streaming: <http://video.consilium.europa.eu/>*

*Video coverage of the event will be available for preview and download in broadcast quality (MPEG4) on <http://tvnewsroom.consilium.europa.eu>*

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**OTHER ITEMS APPROVED**

*none*

<sup>1</sup> 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**

<b><u>Belgium:</u></b> Mr Melchior WATHELET	State Secretary for the Budget
<b><u>Bulgaria:</u></b> Mr Boyko KOTZEV	Permanent Representative
<b><u>Czech Republic:</u></b> Mr Jan GREGOR	Deputy Minister, Ministry of Finance
<b><u>Denmark:</u></b> Mr Bjarne CORYDON	Minister for Finance
<b><u>Germany:</u></b> Mr Peter TEMPEL	Permanent Representative
<b><u>Estonia:</u></b> Mr Matti MAASIKAS	Permanent Representative
<b><u>Ireland:</u></b> Mr Rory MONTGOMERY	Permanent Representative
<b><u>Greece:</u></b> Mr Theodoros SOTIROPOULOS	Permanent Representative
<b><u>Spain:</u></b> Mr Luis PLANAS PUCHADES	Permanent Representative
<b><u>France:</u></b> Mr Philippe ETIENNE	Permanent Representative
<b><u>Italy:</u></b> Mr Ferdinando NELLI FEROCI	Permanent Representative
<b><u>Cyprus:</u></b> Mr Christos PATSALIDES	Permanent Secretary, Ministry of Finance
<b><u>Latvia:</u></b> Ms Sanita BAJĀRE	State Secretary, Ministry of Finance
<b><u>Lithuania:</u></b> Mr Edmundas ŽILEVIČIUS	Deputy Minister for Finance
<b><u>Luxembourg:</u></b> Mr Christian BRAUN	Permanent Representative
<b><u>Hungary:</u></b> Mr Peter BANAI	Deputy State Secretary, Ministry for National Economy
<b><u>Malta:</u></b> Mr Alfred CAMILLERI	Permanent Secretary, Ministry of Finance, the Economy and Investment
<b><u>Netherlands:</u></b> Mr Jan Kees de JAGER	Minister for Finance
<b><u>Austria:</u></b> Mr Andreas SCHIEDER	State Secretary, Federal Ministry of Finance
<b><u>Poland:</u></b> Mr Jacek DOMINIK	Deputy State Secretary, Ministry of Finance
<b><u>Portugal:</u></b> Mr Manuel LOBO ANTUNES	Permanent Representative
<b><u>Romania:</u></b> Mr Mihnea MOTOC	Permanent Representative
<b><u>Slovenia:</u></b> Mr Rado GENORIO	Permanent Representative

**Slovakia:**

Mr Ivan KORČOK

Permanent Representative

**Finland:**

Mr Alexander STUBB

Minister for European Affairs and Foreign Trade

**Sweden:**

Mr Hans LINDBLAD

State Secretary responsible for budget issues, Ministry of Finance

**United Kingdom:**

Mr Mark HOBAN

Financial Secretary

.....

**Commission:**

Mr Janusz LEWANDOWSKI

Member

## ITEMS DEBATED

### EU Budget for 2012

The Council and the European Parliament, meeting within the Conciliation Committee<sup>1</sup>, agreed to limit the **total amount of payments** for the 2012 EU budget to **EUR 129.088 billion**. This corresponds to 0.98% of the EU's Gross National Income (GNI) and represents an **increase of 1.86%** compared to the EU budget 2011 as amended by amending budget Nos 1-6.<sup>2</sup> The agreed payments increase remains below the latest Commission inflation forecast of 2% for the EU in 2012, meaning that **in real terms** the agreement is tantamount to a **reduction of the EU budget**. The EU herewith rallies to the major efforts by member states to consolidate national public finances.

The result of the conciliation reflects the Council's priority to set a realistic level of overall payments and to avoid a situation where the national contributions to the EU budget remain unspent, while the member countries take drastic measures to consolidate their budgets. It also secures an important margin (EUR 12.4 billion) below the payments ceiling of the current multiannual financial framework (MFF) to cope with unforeseen situations. At the same time it allows targeted expenditure to support measures enhancing growth and employment in order to prevent the EU from slipping further into crisis. The Conciliation Committee also agreed on a joint statement on payment appropriations (cf. annexe).

Concerning **commitments**<sup>3</sup> the Council and the European Parliament agreed on an **overall amount of EUR 147.232 billion**, leaving a margin of EUR 1.2 billion below the MFF ceiling.

With regard to the different headings the agreement reached in the Conciliation Committee includes the following elements:

#### **Sub-heading 1a (competitiveness for growth and employment):**

- Commitments have been set at EUR 14.8 billion, using the flexibility instrument for an amount of EUR 50 million, and payments at EUR 11.5 billion.

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<sup>1</sup> The Conciliation Committee is composed of the 27 members of the Council and an equal number of members of the European Parliament.

<sup>2</sup> In the position it adopted on 25 July, the Council agreed to limit payments to EUR 129.088 billion, representing an increase of 2.02% compared to 2011 as amended by amending budget No 1). In its position adopted on 26 October the European Parliament requested an amount of EUR 133.139 billion in payments (+5.23% compared to the 2011 budget as amended by amending budget No 1). The Commission proposed for 2012 an amount of EUR 132.739 billion in payments, leading to an increase of 4.9%.

<sup>3</sup> Commitments are legal promises to spend money for activities whose implementation extends over several financial years.

- An amount of EUR 100 million in commitments out of additional needs of EUR 1.3 billion for the International Thermonuclear Experimental Reactor (ITER) will be financed through redeployments; the Council and the European Parliament also agreed on a joint statement on the financing of the remaining part of the additional needs for ITER (cf. annexe).
- Particular attention is dedicated to programmes aimed at stimulating growth and employment and related to the EU2020 Strategy, such as the 7th Research and Development Framework Programme, which was reinforced by EUR 92 million in commitments compared to the draft budget, the Competitiveness and Innovation Framework Programme (+ EUR 15 million), Lifelong Learning (+ EUR 52 million) and Erasmus Mundus (+ EUR 1.9 million).

#### **Sub-heading 1b (Cohesion for growth and employment):**

- Commitments have been set at EUR 52.8 billion, leaving a margin of EUR 8.4 million, and payments at EUR 43.8 billion.

#### **Heading 2 (Preservation and management of natural resources):**

- Commitments have been set at EUR 60.0 billion, leaving a margin of EUR 834 million, and payments at EUR 57.0 billion.
- Compared to the draft budget, amended by amending letter 3 for 2012 (15999/11), the following modifications have been agreed in commitments: + EUR 9 million for school milk, - EUR 131 million for clearance of accounts.
- The Conciliation Committee also agreed on a joint statement on preventing measures for future crisis in the fruit and vegetable sector (cf. annexe).

#### **Sub-heading 3a (Freedom, security and justice):**

- Commitments have been set at EUR 1.4 billion, leaving a margin of EUR 38 million, and payments at EUR 836 million.
- Compared to the draft budget the Conciliation Committee agreed mainly on the following modifications in commitments: FRONTEX + EUR 9 million, European Refugee Fund + EUR 9 million, Daphne + EUR 2 million.

**Sub-heading 3b (Citizenship):**

- Commitments have been set at EUR 697 million, leaving a margin of EUR 1.6 million, and payments at EUR 649 million.
- Compared to the draft budget the Conciliation Committee agreed mainly on the following modifications in commitments: Youth in Action + EUR 5 million.

**Heading 4 (The EU as a global partner):**

- Commitments have been set at EUR 9.4 billion, using the flexibility instrument for an amount of EUR 150 million, and payments at EUR 7.0 billion.
- Compared to the draft budget the Conciliation Committee agreed mainly on the following modifications in commitments: Asia + EUR 14.5 million, Latin America + EUR 11.7 million, Instrument for Stability + EUR 7.8 million.

**Heading 5 (Administration):**

- Commitments and payments have been set at EUR 8.3 billion, leaving a margin of EUR 474 million.
- The position of the European Parliament was approved for all institutions in commitments, together with amending letter No 2 for 2012 ([14327/11](#)) aimed at covering additional needs of EUR 13.1 million for the accession of Croatia.

## **Draft amending budget No 6 to the EU budget for 2011**

The Council and the European Parliament also agreed on an updated draft amending budget No 6 ([15683/11](#)) which reinforces commitments by EUR 3.25 million and payments by EUR 200 million and increases revenues by EUR 1.28 billion, resulting in a net decrease in member states' contributions by EUR 1.077 billion for 2011. An amount of EUR 38 million in payments will be redeployed from "Rural development programmes" to finance the mobilisation of the European Solidarity Fund following an earthquake in Spain (EUR 21.1 million) and flooding in Italy (EUR 16.9 million), in line with the agreed joint statement on draft amending budget 7 for 2012 (cf. annex).

### **On the procedure**

The Council endorsed the results on the EU budget by unanimity and on the draft amending budget No 6 for 2011 by qualified majority.

This is the first time that the annual budget negotiations under the conciliation procedure established under the Lisbon Treaty have been successfully accomplished.

The Council and the European Parliament now have 14 days to formally approve the agreement which is expected in the Council on 30 November and in the Parliament on 1 December. The budget is adopted unless the Council or the European Parliament rejects it.<sup>1</sup>

If the budget has not been adopted by the beginning of 2012, a sum equivalent to not more than one twelfth of the budget appropriations for 2011 or of the draft budget proposed by the Commission, whichever is the smaller, may be spent each month for any chapter of the budget, in line with Article 315 of the Treaty on the Functioning of the EU.

According to the Lisbon Treaty, the conciliation period runs for 21 days (this year until 21 November). If the conciliation fails, the Commission must submit a new draft budget.

This year is the second time that the new annual budgetary procedure provided for by the Lisbon Treaty (Art. 314) has been applied. This means that the Council is on an equal footing with the European Parliament for the adoption of the whole of the EU budget (*cf. flow-chart in the annexe*). Under the Nice Treaty, the European Parliament had the last word on the so-called non-compulsory expenditure which in the 2009 EU budget accounted for around two thirds of the appropriations, whereas the Council had the final say on so-called compulsory expenditure (essentially agricultural expenditure).

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<sup>1</sup> The only exception is the (rather theoretical) case where the Council rejects the text. In this case, the European Parliament may adopt the budget by confirming its amendments by a majority of its members and three-fifths of the votes cast.

**ANNEXE**

The Conciliation Committee also agreed on the following joint statements concerning payments, draft amending budget No 7 for 2011, preventing measures for future crisis in the fruit and vegetable sector and the financing of the ITER project:

**Joint statement on payment appropriations**

Taking into account the ongoing fiscal consolidation efforts in member states, the Council and the European Parliament agree on a reduction of the level of payment appropriations for 2012 as compared to the Commission's Draft Budget. They ask the Commission to request additional payment appropriations in an amending budget if the appropriations entered in the 2012 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources), heading 3 (Citizenship, freedom, security and justice) and heading 4 (EU as a global player).

In particular, the Council and the European Parliament urge the Commission to present by the end of September 2012 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b (Cohesion for growth and employment) and rural development under heading 2 Preservation and Management of Natural Resources, and, if necessary, to present a draft amending budget.

The Council and the European Parliament will take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations. In addition, the Council and the European Parliament undertake to process swiftly any possible transfer of payment appropriations, including across financial framework headings, in order to make the best possible use of payment appropriations entered in the budget and align them to actual execution and needs.

**Joint statement on Draft Amending Budget 7/2011**

The Council and the European Parliament take note of the Commission's intention to present on 21 November 2011 a Draft Amending Budget (DAB 7/2011) for the mobilisation of the European Solidarity Fund, which is expected to amount to EUR 38 million, both in commitment and payment appropriations. The payment appropriations will be redeployed from "Rural development programmes" (budget item 05 04 01).

The Council and the European Parliament will endeavour to take position on Draft Amending Budget 7/2011 before the end of 2011, in accordance with their respective internal procedures.

**Joint statement on preventing measures for future crisis in the fruit and vegetable sector**

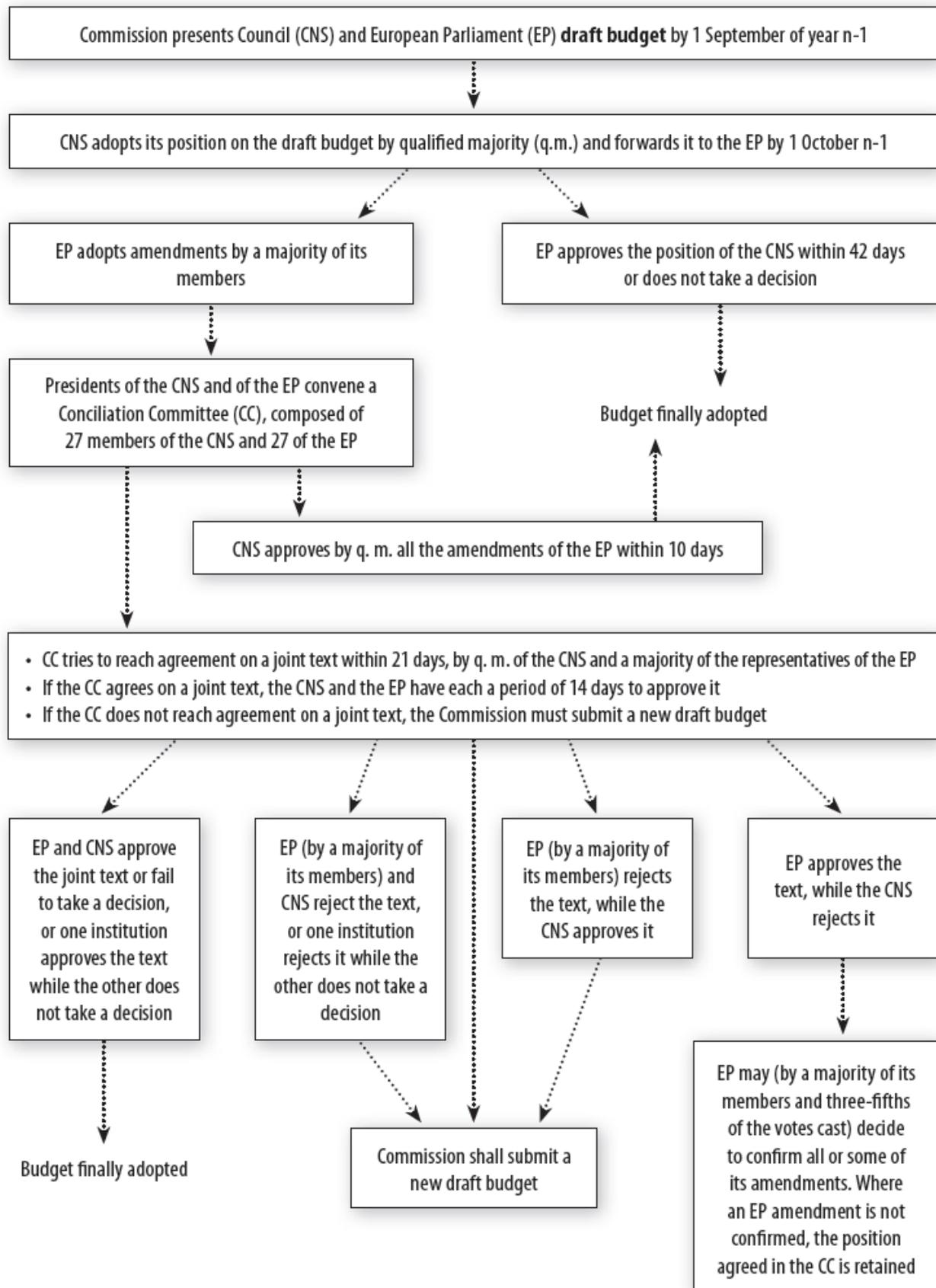
The E-coli crisis has highlighted the need for an appropriate response mechanism to market crisis within the EU. In this light, the Council and the Parliament undertake to act swiftly on related transfer requests from the Commission or, after examination of the scope for reallocating authorised appropriations, on an amending budget to be proposed by the Commission in case of an exceptional market crisis in the fruit and vegetable sector requiring the definition of specific emergency measures as foreseen in article 191 of Reg. 1234/2007 ("Single CMO" Regulation), in the spirit of the Commission's proposal to dispose of mechanisms to prevent future crisis through producers organisations.

**Joint statement on the financing of the ITER project**

The European Parliament and the Council agree to meet in a Trilogue with the participation of the Commission on Wednesday 23 November 2011 afternoon to address the issue of the additional cost of the ITER project in 2012-2013, in order to arrive at an agreement before the end of the year.

The European Parliament and the Council invite the Commission to facilitate reaching an agreement on the additional financing needs of the ITER project, taking into account the concerns of both arms of the budgetary authority.

## Budget procedure under the Lisbon Treaty (Art. 314)



CC = Conciliation Committee

CNS = Council

EP = European Parliament

q.m. = qualified majority

**OTHER ITEMS APPROVED**

None.

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