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THE EUROPEAN UNION**



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3197th Council meeting

Economic and Financial Affairs (Budget)

and

Conciliation Committee

Brussels, 9 November 2012

President **Mr Andreas D. MAVROYIANNIS**
Deputy Minister for European Affairs of Cyprus

P R E S S

Rue de la Loi 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 5394 / 6319 Fax: +32 (0)2 281 8026
press.office@consilium.europa.eu <http://www.consilium.europa.eu/Newsroom>

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Main results of the Conciliation Committee as noted by the Council

The Council and the European Parliament, meeting within the Conciliation Committee, could not yet reach agreement on the 2013 EU budget and other elements of the negotiation package. Despite some convergence on certain elements of the package diverging views persisted notably on the amount by which the 2012 EU budget should be increased in order to bridge the gap between the payments jointly agreed last year and the actual implementation. However, the Conciliation Committee reached agreement on the mobilisation, as soon as possible, of the EU Solidarity Fund in favour of Italy for an amount of EUR 670 million which will be finalised in the overall agreement. On the remaining outstanding issues the Cyprus presidency will continue its efforts and try to reconcile the different positions before the end of the conciliation period on 13 November.

The Council meeting preceding and following the Conciliation Committee session, as well as the joint press conference of the Deputy Minister for European Affairs of Cyprus, Mr Andreas D. MAVROYIANNIS and the Commissioner in charge of Budget and Financial Programming, Janusz LEWANDOWSKI, 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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- 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

Belgium:

Mr Dirk WOUTERS

Permanent Representative

Bulgaria:

Mr Dimiter TZANTCHEV

Permanent Representative

Czech Republic:

Mr Jan GREGOR

Deputy Minister, Ministry of Finance

Denmark:

Mr Bjarne CORYDON

Minister for Finance

Germany:

Mr Peter TEMPEL

Permanent Representative

Estonia:

Mr Matti MAASIKAS

Permanent Representative

Ireland:

Mr Brian HAYES

Minister of State with responsibility for Public Service Reform and the OPW (Department of Public Expenditure and Reform)

Greece:

Mr Theodoros SOTIROPOULOS

Permanent Representative

Spain:

Mr Alfonso DASTIS QUECEDO

Permanent Representative

France:

Mr Philippe ETIENNE

Permanent Representative

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Mr Andreas MAVROYIANNIS
Ms Florentia EVRIPIDOU

Deputy Minister to the President for European Affairs
Chair of the Budget Committee

Latvia:

Ms Sanita BAJĀRE

State Secretary, Ministry of Finance

Lithuania:

Mr Edmundas ŽILEVIČIUS

Deputy Minister for Finance

Luxembourg:

Mr Christian BRAUN

Permanent Representative

Hungary:

Mr Péter Benő BANAI

Deputy State Secretary, Ministry for National Economy

Malta:

Ms Marlene BONNICI

Permanent Representative

Netherlands:

Mr Jeroen DIJSSELBLOEM

Minister for Finance

Austria:

Mr Walter GRAHAMMER

Permanent Representative

Poland:

Mr Jacek DOMINIK

Deputy State Secretary, Ministry of Finance

Portugal:

Mr Domingos FEZAS VITAL

Permanent Representative

Romania:

Mr Mihnea MOTOC

Permanent Representative

Slovenia:

Mr Rado GENORIO

Permanent Representative

Slovakia:

Mr Vazil HUDAK

State Secretary at the Ministry of Finance

Finland:

Mr Jan STORE

Permanent Representative

Sweden:

Mr Hans LINDBLAD

State Secretary responsible for budget issues, Ministry of Finance

United Kingdom:

Mr Greg CLARK

Financial Secretary to the Treasury

.....

Commission:

Mr Janusz LEWANDOWSKI

Member

.....

The Government of the Acceding State was represented as follows:

Croatia

Mr Vladimir DROBNJAK

Permanent Representative

ITEMS DEBATED**EU Draft Budget for 2013**

The Council and the European Parliament, meeting within the Conciliation Committee¹, could not yet reach agreement on the 2013 EU budget and other related items².

While the Council and the European Parliament shared the same priority for focusing the EU 2013 budget on growth and jobs enhancing measures the Council wished to ensure that the current budgetary constraints of all member states concerned are also taken into account. Divergent views persisted notably on the extent by which the 2012 EU budget needs to be increased in order to bridge the gap between the payments jointly agreed last year and actual implementation (draft amending budget no 6 for 2012) and on the question whether the Commission proposal exploited all possibilities for redeployment.

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

The Cyprus presidency will continue its efforts for finding a compromise. The 21-day-conciliation-period provided for by the Lisbon Treaty expires on 13 November.

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

² These are notably:

- **letter of amendment no 1 to the draft budget for 2013** aimed at reducing the amount required under heading 2 (preservation and management of natural resources) by EUR 25.1 million in commitments and payments, in line with a new Commission estimate notably of the agricultural expenditure;
- **draft amending budget no 6 for 2012** aimed at increasing this year's budget by EUR 9.0 billion in payments in order to close the gap between the amount agreed last year and the actual implementation. Draft amending budget no 6 for 2012 also includes a revised forecast for own resources with a net increase of the EU revenue by EUR 3.08 billion mainly from fines and interest payments. As a result, the net effect of this draft amending budget for member states' contributions to the EU budget would therefore amount to EUR 5.9 billion.

If an agreement can be reached by then, the Council and the European Parliament have 14 days to formally approve the agreement, following the finalisation of the text (*see flow-chart on the last page*). If conciliation fails the Commission has to present a new draft budget for 2013.

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

In its position adopted on 24 July, the Council agreed to limit the EU budget for next year to EUR 132.70 billion in payments (corresponding to 0.99% of the EU's Gross National Income (GNI). This represents an increase by 2.79% compared to 2012, which is well above inflation¹ and reflects the fact that 2013 is the last year of the current multiannual financial framework. As regards commitments, the Council's position amounts to EUR 149.78 billion, representing an increase by 1.27%.

In its position adopted on 23 October the European Parliament requested an amount of EUR 151.15 billion in commitments (+2.20%) and EUR 137.90 billion in payments (+6.82%²).

The Commission proposed for 2013 an amount of EUR 150.93 billion in commitments and EUR 137.92 billion in payments, leading to an increase by respectively 2.05% and 6.85% compared to 2012.

¹ http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-7_en.pdf, page 17.

² Taking into account amending budgets 1-4 for 2012.

	Description	1		2		3		3-2	
		DB ¹ 2013		Council's Position on DB 2013		European Parliament's Position on Council's Position 2013		Difference (amount)	
		c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
1	SUSTAINABLE GROWTH	70 530 996 883	62 527 845 408	70 054 447 793	59 030 453 016	70 681 649 037	62 595 796 863	+ 627 201 244	+3 565 343 847
	<i>MARGIN</i>	<i>116 003 117</i>		<i>592 552 207</i>		<i>- 34 649 037</i>		<i>- 627 201 244</i>	
1.a	Competitiveness for growth and employment	16 032 047 846	13 552 811 245	15 562 898 756	11 655 162 155	16 173 000 000	13 615 562 700	+ 610 101 244	+1 960 400 545
	<i>MARGIN</i>	<i>90 952 154</i>		<i>560 101 244</i>		<i>- 50 000 000</i>		<i>- 610 101 244</i>	
1.b	Cohesion for growth and employment	54 498 949 037	48 975 034 163	54 491 549 037	47 375 290 861	54 508 649 037	48 980 234 163	+ 17 100 000	+1 604 943 302
	<i>MARGIN</i>	<i>25 050 963</i>		<i>32 450 963</i>		<i>15 350 963</i>		<i>- 17 100 000</i>	
2	PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	60 307 511 416	57 964 879 132	59 971 444 488	57 474 312 204	60 274 311 416	57 930 279 132	+ 302 866 928	+ 455 966 928
	<i>MARGIN</i>	<i>981 488 584</i>		<i>1 317 555 512</i>		<i>1 014 688 584</i>		<i>- 302 866 928</i>	
	Of which: market related expenditure and direct aids	44 130 348 610	44 112 931 204	43 795 348 610	43 776 431 204	44 086 548 610	44 069 131 204	+ 291 200 000	+ 292 700 000
	<i>MARGIN</i>	<i>808 641 390</i>		<i>1 143 641 390</i>		<i>852 441 390</i>		<i>- 291 200 000</i>	
3	CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	2 081 641 200	1 574 600 126	2 057 175 617	1 514 079 543	2 105 891 200	1 591 770 126	+ 48 715 583	+ 77 690 583
	<i>MARGIN</i>	<i>294 358 800</i>		<i>318 824 383</i>		<i>270 108 800</i>		<i>- 48 715 583</i>	
3.a	Freedom, security and justice	1 392 227 200	928 328 376	1 377 280 417	877 353 593	1 398 727 200	931 298 376	+ 21 446 783	+ 53 944 783
	<i>MARGIN</i>	<i>268 772 800</i>		<i>283 719 583</i>		<i>262 272 800</i>		<i>- 21 446 783</i>	
3.b	Citizenship	689 414 000	646 271 750	679 895 200	636 725 950	707 164 000	660 471 750	+ 27 268 800	+ 23 745 800
	<i>MARGIN</i>	<i>25 586 000</i>		<i>35 104 800</i>		<i>7 836 000</i>		<i>- 27 268 800</i>	
4	EU AS A GLOBAL PLAYER	9 467 168 711	7 311 588 051	9 295 470 596	6 277 295 936	9 583 118 711	7 272 888 051	+ 287 648 115	+ 995 592 115
	<i>MARGIN</i>	<i>391 946 289</i>		<i>563 644 404</i>		<i>275 996 289</i>		<i>- 287 648 115</i>	
5	ADMINISTRATION	8 544 418 496	8 545 518 496	8 398 233 899	8 399 333 899	8 506 866 568	8 507 416 568	+ 108 632 669	+ 108 082 669
	<i>MARGIN</i>	<i>636 581 504</i>		<i>782 766 101</i>		<i>674 133 432</i>		<i>- 108 632 669</i>	
6	COMPENSATIONS	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.		
	GRAND TOTAL	150 931 736706	137 924 431213	149 776 772393	132 695 474598	151 151 836 932	137 898 150 740	+1 375 064 539	+5 202 676 142
	<i>MARGIN</i>	<i>2 420 378 294</i>	<i>6 182 568 787</i>	<i>3 575 342 607</i>	<i>11 301 525 402</i>	<i>2 200 278 068</i>	<i>6 208 849 260</i>	<i>-1 375 064 539</i>	<i>-5 092 676 142</i>
	APPROPRIATIONS AS % OF GNI	1,13%	1,03%	1,12%	0,99%	1,13%	1,03%		

¹ DB = draft budget.
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Some details on the other elements of the negotiation

Letter of amendment no 1 to the draft budget for 2013

Letter of amendment no 1 to the draft EU budget for 2013 ([15222/12](#)), the "**agricultural letter of amendment**", is aimed at reducing the amount proposed in the draft budget under heading 2 by EUR 25.1 million in commitments and payments. This is the result of:

- A reduction of the agricultural expenditure by EUR 29.8 million in line with a new Commission estimate. More concretely, higher needs for intervention measures in agricultural markets, direct aids and audit of agricultural expenditure are more than compensated by a higher than expected carry-over of assigned revenue from 2012.
- An increase of the amount for international fisheries agreements by EUR 4.7 million, resulting from an increase of the budget line for international fisheries agreements by EUR 18.5 million which is partially offset by a decrease in the reserve line by EUR 13.8 million.

Draft amending budgets to the EU budget for 2012

Draft amending budget no 5 for 2012 ([13960/12](#)) is aimed at deploying the EU solidarity fund for EUR 670.19 million in commitments and payments to provide financial assistance to Italy hit by a series of earthquakes in May 2012. The Commission proposed to finance the amount by increasing the overall level of commitments and payments in the 2012 budget.

Draft amending budget no 6 for 2012 ([15272/12](#)) is aimed at increasing this year's budget by EUR 9.0 billion in payments in order to close the gap between the amount agreed last year and the actual implementation. The proposed increase concerns the following headings and sub-headings:

- sub-heading 1a: increase of EUR 625.3 million spread over various programmes: 7th Research Framework Programme (+ EUR 344.8 million), Lifelong Learning programme (+ EUR 180 million), including Erasmus (+ EUR 90 million), space and security research (+ EUR 78 million), European Globalisation Adjustment Fund (+ EUR 17.7 million), European satellite navigation programmes EGNOS and Galileo (+ EUR 4.8 million).

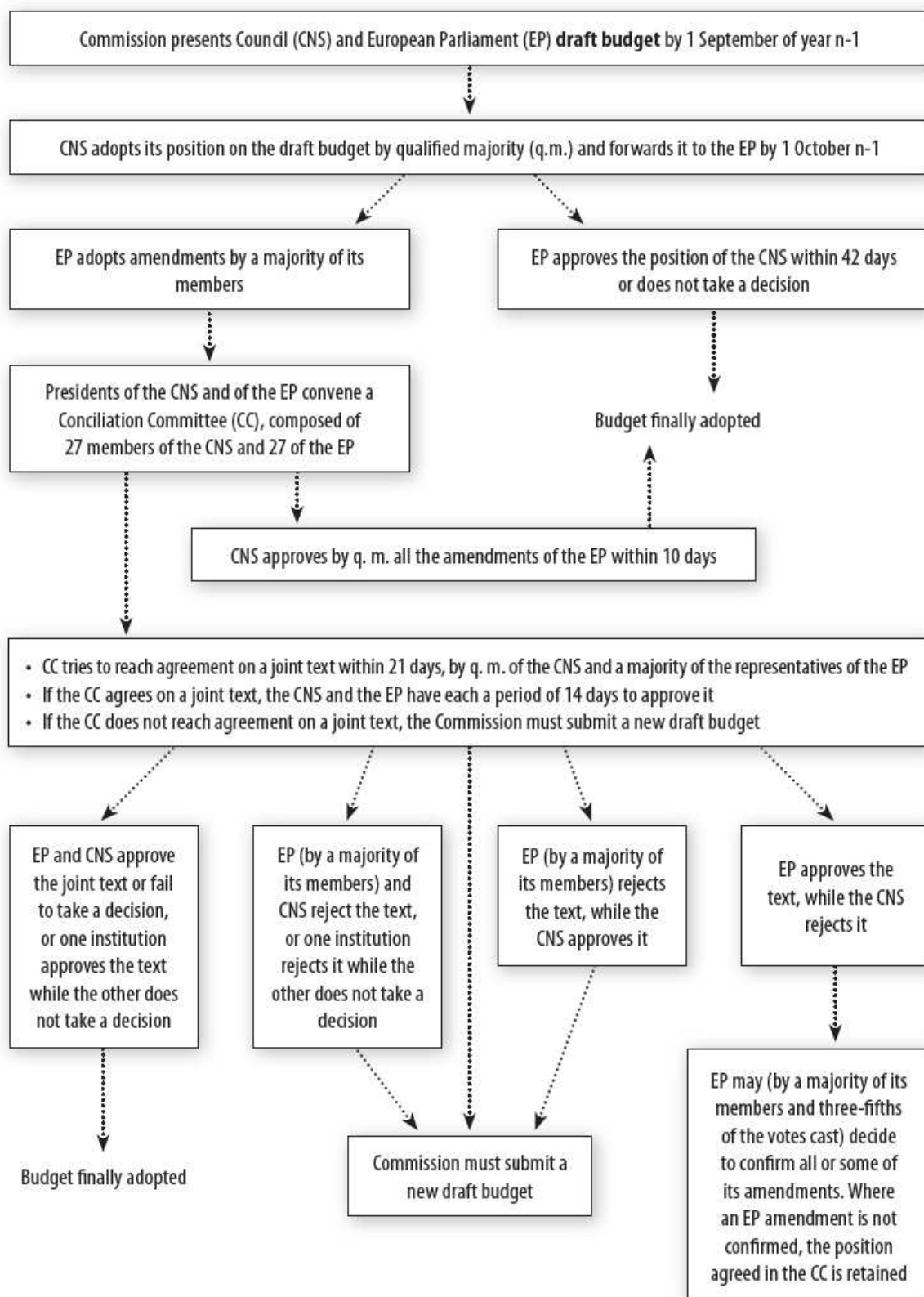
- sub-heading 1b: increase of EUR 7.17 billion out of which EUR 3.09 billion for the European Social Fund, EUR 2.72 billion for the European Regional Development Fund and EUR 1.35 billion for the Cohesion Fund.
- heading 2: additional amount of EUR 1.17 billion in order to fill the needs for the rural development programmes (+ EUR 1.04 billion) and to cover the completion of the programmes of the European Agricultural Guidance and Guarantee Fund for 2000-2006 (+ EUR 111 million) and the animal disease eradication and monitoring programmes (+ EUR 17 million).
- sub-heading 3a: increase of EUR 10 million for the European Return Fund.
- heading 4: additional amount of EUR 67.1 million out of which EUR 23.7 million for humanitarian aid programmes, EUR 17.0 million for the food aid programmes, EUR 14.4 million for the international cooperation programmes on health and EUR 12.0 million for the European neighbourhood policy.

As regards commitments, the Commission proposes to reduce the amount of the 2012 budget by EUR 133.4 million.

Draft amending budget no 6 for 2012 also includes a revised forecast for own resources with a net increase of the EU revenue by EUR 3.08 billion. This is the result of an increase in the revenue from fines and interest payments (+ EUR 3.53 billion), a decrease of the forecasted traditional own resources (- EUR 950 million) and an increase of estimate of the own resources based on the value added tax (VAT) and gross national income (GNI) by EUR 497 million.

As a result, the net effect of this draft amending budget for member states' contributions to the EU budget would therefore amount to EUR 5.9 billion.

Budget procedure under the Lisbon Treaty*



CC = Conciliation Committee

CNS = Council

EP = European Parliament

q.m. = qualified majority

* article 314 of the Treaty on the Functioning of the EU

OTHER ITEMS APPROVED**DECISIONS ADOPTED BY WRITTEN PROCEDURE****Iran - restrictive measures**

The Council added one more entity to the list of those targeted by restrictive measures in connection with the EU's serious and deepening concerns over the Iranian nuclear programme. The decision was adopted by a written procedure closing on 6 November.

See also: [Factsheet European Union and Iran](#)

Belarus - restrictive measures

The Council amended the implementing legislation relating to EU restrictive measures against Belarus, following its decision of 15 October to extend the measures by a further 12 months and to clarify the criteria for targeting persons and entities with sanctions. The decision was adopted by a written procedure closing on 6 November.

See also: [Council conclusions of 15 October](#) and [factsheet European Union and Belarus](#)

APPOINTMENTS**Economic and Social Committee**

On 7 November, the Council appointed, by written procedure, Ms Rikke EDSJÖ (Denmark) ([15345/12](#)), Mr Christophe ZEEB (Luxembourg) ([15347/12](#)) and Mr Richard BALFE (United Kingdom) ([15349/12](#)), as members of the European Economic and Social Committee for the remainder of the current term of office, which runs until 20 September 2015.
