

## Basic information

2013/2145(BUD)

BUD - Budgetary procedure

2014 general budget: all sections

### Subject

8.70.60 Previous annual budgets


Procedure completed

## Key players

European Parliament

Committee responsible	Rapporteur	Appointed
<b>BUDE</b> Budgetary Conciliation Committee	HOHLMEIER Monika (PPE) JENSEN Anne E. (ALDE)	12/11/2013 12/11/2013
Former committee responsible	Former rapporteur	Appointed
<b>BUDG</b> Budgets	HOHLMEIER Monika (PPE) JENSEN Anne E. (ALDE)	28/06/2013 28/06/2013
Former committee for opinion	Former rapporteur for opinion	Appointed
<b>AFET</b> Foreign Affairs	SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE)	19/02/2013
<b>DEVE</b> Development	CORTÉS LASTRA Ricardo (S&D)	19/02/2013
<b>INTA</b> International Trade	ŠASTNÝ Peter (PPE)	23/01/2013
<b>CONT</b> Budgetary Control	GEIER Jens (S&D)	17/07/2013
<b>ECON</b> Economic and Monetary Affairs	GIEGOLD Sven (Verts/ALE)	14/01/2013
<b>EMPL</b> Employment and Social Affairs	RY Csaba (PPE)	26/10/2012
<b>ENVI</b> Environment, Public Health and Food Safety	HAUG Jutta (S&D)	20/06/2013
<b>ITRE</b> Industry, Research and Energy	BÜTIKOFER Reinhard (Verts/ALE)	24/04/2013

	<b>IMCO</b> Internal Market and Consumer Protection	GÁLL-PELCZ Ildikó (PPE)	20/02/2013
	<b>TRAN</b> Transport and Tourism	DURANT Isabelle (Verts/ALE)	18/02/2013
	<b>REGI</b> Regional Development	STAVRAKAKIS Georgios (S&D)	19/02/2013
	<b>AGRI</b> Agriculture and Rural Development	DNCIL Viorica (S&D)	03/07/2013
	<b>PECH</b> Fisheries	RIVELLINI Crescenzo (PPE)	19/02/2013
	<b>CULT</b> Culture and Education	LØKKEGAARD Morten (ALDE)	23/01/2012
	<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.	
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	MULDER Jan (ALDE)	08/04/2013
	<b>AFCO</b> Constitutional Affairs	MESSERSCHMIDT Morten (EFD)	19/02/2013
	<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to give an opinion.	
	<b>PETI</b> Petitions	The committee decided not to give an opinion.	
Council of the European Union	<b>Council configuration</b>	<b>Meetings</b>	<b>Date</b>
	General Affairs	3274	2013-11-19
	Economic and Financial Affairs ECOFIN	3270	2013-11-11
European Commission	<b>Commission DG</b>	<b>Commissioner</b>	
	Budget	LEWANDOWSKI Janusz	

Key events			
Date	Event	Reference	Summary
28/06/2013	Commission draft budget published	COM(2013)0450 	Summary

02/09/2013	Council position on draft budget published	13176/2013	<a href="#">Summary</a>
12/09/2013	Committee referral announced in Parliament		
09/10/2013	Vote in committee		
11/10/2013	Budgetary report tabled for plenary	<a href="#">A7-0328/2013</a>	<a href="#">Summary</a>
22/10/2013	Debate in Parliament	<a href="#">CRE link</a>	
23/10/2013	Decision by Parliament	<a href="#">T7-0437/2013</a>	<a href="#">Summary</a>
23/10/2013	Results of vote in Parliament		
23/10/2013	Start of budgetary conciliation (Parliament and Council)		
12/11/2013	Vote in committee		
12/11/2013	Budgetary joint text published	<a href="#">16106/2013</a>	
14/11/2013	Budgetary conciliation report tabled for plenary	<a href="#">A7-0387/2013</a>	<a href="#">Summary</a>
19/11/2013	Debate in Parliament	<a href="#">CRE link</a>	
19/11/2013	Draft budget approved by Council	<a href="#">CRE link</a>	
20/11/2013	Decision by Parliament	<a href="#">T7-0472/2013</a>	<a href="#">Summary</a>
20/11/2013	Final act signed		
20/11/2013	End of procedure in Parliament		
20/02/2014	Final act published in Official Journal		

<b>Technical information</b>	
<b>Procedure reference</b>	2013/2145(BUD)
<b>Procedure type</b>	BUD - Budgetary procedure
<b>Nature of procedure</b>	Budget
<b>Other legal basis</b>	Rules of Procedure EP 165
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	BUDE/7/14424 BUDG/7/13239



<b>Documentation gateway</b>				
<b>European Parliament</b>				
<b>Document type</b>	<b>Committee</b>	<b>Reference</b>	<b>Date</b>	<b>Summary</b>
Amendments tabled in committee		<a href="#">PE516.603</a>	16/07/2013	
Amendments tabled in committee		<a href="#">PE516.705</a>	18/07/2013	
Amendments tabled in committee		<a href="#">PE516.712</a>	19/07/2013	
Amendments tabled in committee		<a href="#">PE516.698</a>	22/07/2013	
Amendments tabled in committee		<a href="#">PE516.749</a>	24/07/2013	
Amendments tabled in committee		<a href="#">PE516.689</a>	24/07/2013	
Amendments tabled in committee		<a href="#">PE516.767</a>	26/07/2013	
Amendments tabled in committee		<a href="#">PE516.777</a>	05/08/2013	
Amendments tabled in committee		<a href="#">PE516.704</a>	06/08/2013	
Amendments tabled in committee		<a href="#">PE516.819</a>	21/08/2013	


Amendments tabled in committee		<a href="#">PE516.848</a>	28/08/2013	
Amendments tabled in committee		<a href="#">PE516.865</a>	30/08/2013	
Amendments tabled in committee		<a href="#">PE516.905</a>	03/09/2013	
Committee opinion	<a href="#">AFCO</a>	<a href="#">PE514.868</a>	04/09/2013	
Committee opinion	<a href="#">ECON</a>	<a href="#">PE513.316</a>	05/09/2013	
Committee opinion	<a href="#">CULT</a>	<a href="#">PE514.865</a>	05/09/2013	
Committee opinion	<a href="#">AFET</a>	<a href="#">PE514.860</a>	06/09/2013	
Committee opinion	<a href="#">INTA</a>	<a href="#">PE514.779</a>	06/09/2013	
Committee opinion	<a href="#">EMPL</a>	<a href="#">PE514.863</a>	06/09/2013	
Committee opinion	<a href="#">PECH</a>	<a href="#">PE513.404</a>	06/09/2013	
Committee opinion	<a href="#">IMCO</a>	<a href="#">PE513.161</a>	06/09/2013	
Committee opinion	<a href="#">LIBE</a>	<a href="#">PE514.866</a>	09/09/2013	
Committee opinion	<a href="#">ENVI</a>	<a href="#">PE514.872</a>	09/09/2013	
Committee opinion	<a href="#">TRAN</a>	<a href="#">PE514.648</a>	12/09/2013	
Amendments tabled in committee		<a href="#">PE519.543</a>	18/09/2013	
Committee opinion	<a href="#">AGRI</a>	<a href="#">PE516.658</a>	18/09/2013	
Amendments tabled in committee		<a href="#">PE519.542</a>	18/09/2013	
Committee opinion	<a href="#">REGI</a>	<a href="#">PE514.867</a>	26/09/2013	
Committee opinion	<a href="#">ITRE</a>	<a href="#">PE519.558</a>	27/09/2013	
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE519.506</a>	01/10/2013	
Committee opinion	<a href="#">CONT</a>	<a href="#">PE516.695</a>	03/10/2013	
Committee draft report		<a href="#">PE519.566</a>	03/10/2013	
Amendments tabled in committee		<a href="#">PE521.482</a>	07/10/2013	
Budgetary report tabled for plenary, 1st reading		<a href="#">A7-0328/2013</a>	11/10/2013	<a href="#">Summary</a>
Budgetary text adopted by Parliament		<a href="#">T7-0437/2013</a>	23/10/2013	<a href="#">Summary</a>
Budgetary conciliation report tabled for plenary		<a href="#">A7-0387/2013</a>	14/11/2013	<a href="#">Summary</a>
Budgetary joint text approved by Parliament		<a href="#">T7-0472/2013</a>	20/11/2013	<a href="#">Summary</a>

#### Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	<a href="#">13176/2013</a>	02/09/2013	<a href="#">Summary</a>

#### European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2013)0450 	28/06/2013	<a href="#">Summary</a>
Document attached to the procedure	COM(2013)0644 	18/09/2013	<a href="#">Summary</a>

Document attached to the procedure	 COM(2013)0719	16/10/2013	<a href="#">Summary</a>
<b>Other institutions and bodies</b>			
Institution/body	Document type	Reference	Summary
CSL/EP	Budgetary joint text	<a href="#">16106/2013</a>	

Final act
<p>Corrigendum to final act 32014B0067(R)01  <a href="#">OJ L 111 15.04.2014, p. 0096</a></p> <p><a href="#">Summary</a></p>
<p>Budget 2014/0067  <a href="#">OJ L 051 20.02.2014, p. 0001</a></p> <p><a href="#">Summary</a></p>
<p>Corrigendum to final act 32014B0067R(03)  <a href="#">OJ L 322 07.11.2014, p. 0001</a></p>
<p>Corrigendum to final act 32014B0067(R)02  <a href="#">OJ L 124 25.04.2014, p. 0030</a></p> <p><a href="#">Summary</a></p>

## 2014 general budget: all sections

2013/2145(BUD) - 28/06/2013 - Commission draft budget

PURPOSE: the presentation of the Commission's draft general budget of the European Union for the financial year 2014.

BACKGROUND: given the very particular circumstances relating to the negotiations on the multiannual financial framework (MFF) for the 2014-2020 period, **a framework within which this 2014 budget falls**, this draft general budget takes account of the very advanced stage of these negotiations. It meets the Treaty timetable for the presentation of the annual budget procedure and thus launches the annual budgetary procedure.

The European Parliament and the Council are expected to conclude in a timely manner the legislative decisions on the 2014-2020 MFF and the new legal bases for the accompanying spending programmes, so that the implementation of the new programmes can start without delay. At the same time, the current programmes need to be brought progressively to a successful closure, for which **an adequate level of payment appropriations is necessary**, notably **to meet obligations vis-à-vis the beneficiaries** of EU funding.

CONTENT: the 2014 is conceived as an **investment tool** to deliver on smart, sustainable and inclusive growth and for providing solidarity between Member States and regions.

This budget will seek to contribute to four major strategic objectives:

1. enhancing the actions for **Youth** and **SMEs**,
2. putting in place the **new programmes** under the 2014-2020 MFF,
3. fulfilling the **EU's obligations** (in terms of funding), and
4. limiting **administrative expenditure**.

**The budget in a nutshell:** overall, the proposed level of expenditure reflects the expenditure ceilings under the new multiannual financial framework set by the European Council in February 2013, while the amounts for the individual programmes reflect the breakdown of the 2014-2020 MFF according to the list of programmes adjusted technically following the European Council conclusions and transmitted to the Budgetary Authority on 27 March 2013.

In terms of **commitment appropriations**: the total expenditure of the draft budget (DB) 2014 is **EUR 142 467.6 million**, corresponding to 1.06% of GNI, that is EUR -9 100.4 million less than in 2013 (-6.0%). The resulting total margin under the MFF expenditure ceilings stands at EUR 528.6 million.

The **payment appropriations** amount to **EUR 136 065.8 million**, corresponding to 1.01 % of GNI. **Practically no margin** (EUR 200 000) is left under the payment ceiling of the MFF which, for 2014 is EUR -8 385 million lower than the level of payment appropriations in the 2013 budget as modified by draft amending budgets (-5.8%).

The Commission's proposal reflects the payment needs, **assuming that the full amount of the additional payment appropriations requested** with the DAB No 2/2013 **has been approved**. Of the overall amount foreseen for 2014, EUR 54 670.2 million will be used to pay non-differentiated expenditure (whereby commitments are equal to payments) such as direct aids for agriculture and administration, EUR 70 710.7 million for payments on outstanding commitments of previous years (the so-called '*reste à liquider*' or 'RAL') and EUR 10 684.8 million to implement new programmes starting in 2014.

**MAIN FEATURES BY BUDGET HEADING:** the presentation that follows is structured according to the new budget headings resulting from the new multiannual financial framework 2014-2020:

**Heading 1: *Smart and inclusive growth*:** this new budget heading is itself split into two sub-headings:

- **1a Competitiveness for growth and jobs:** commitment appropriations for this sub-heading amount to EUR 16 264.2 million. This is an increase of 3.3 % compared to the 2013 budget, which is mostly due to the Connecting Europe Facility (CEF) and the large infrastructure projects ('EGNOS and Galileo', 'ITER' and 'Copernicus') under this heading. This leaves a margin of EUR 125.8 million. Payment appropriations decrease by -9.3 % to EUR 11 694.9 million for this sub-heading which is at the heart of the "Europe 2020" strategy. The considerable added value at European level of these programmes will be fully exploited through the rationalisation and mainstreaming of activities and the implementation of more consistent and innovative instruments. The 'common strategic framework' (CSF) implemented through the '**Horizon 2020**' programme will absorb more than half of the total budget appropriations under heading 1a. This sub-heading will also include the single "Erasmus for All" programme in the field of education and training, as well as the COSME programme to support the development of European SMEs;
- **1.b Economic, social and territorial cohesion:** commitment appropriations decrease by -13.5 % to EUR 47 560.6 million, leaving a margin of EUR 22.4 million. Payment appropriations decrease by -9.3 %, to EUR 51 093.7 million. Within this heading, commitment and payment appropriations are foreseen for the **Youth Employment Initiative (YEI)**, specific top-up allocation, amounting to EUR 1.8 billion and EUR 450 million, respectively. Heading 1b of the financial framework covers the 'European Regional Development Fund' (ERDF), the 'European Social Fund' (ESF) – including the 'Youth Employment Initiative (YEI) specific top-up allocation', the 'Cohesion Fund' (CF) and the 'Fund for European Aid to Most Deprived' (FEAD). The principal objective of the Structural Funds (ERDF and ESF) and the Cohesion Fund is to strengthen economic, social and territorial cohesion between regions and Member States of the EU, by concentrating resources on less developed regions and Member States. The Commission has proposed a number of important changes to the way cohesion policy is designed and implemented, namely: concentration on the priorities of the 'Europe 2020 strategy'; focusing on results by monitoring progress towards agreed objectives and **rewarding performance by holding back 7% of the funds in a so-called 'performance reserve'**, to be allocated after a performance review in 2019. Moreover, the Commission is proposing in 2014 to allocate an amount of EUR 3.6 billion in commitment appropriations to the **Youth Employment Initiative**, half of which shall be funded by the ESF.

**Heading 2: *Sustainable growth: natural resources*:** commitment appropriations of EUR 59 247.7 million are proposed for heading 2. This level of funding represents a decrease of -1.1 % compared to 2013 and leaves a margin of EUR 55.3 million under the ceiling. Payment appropriations amount to EUR 56 532.5 million, with a decrease of -2.3 % compared to 2013. Expenditure for market related expenditure and direct aids reaches EUR 43 778.1 million in commitment appropriations, and EUR 43 777 million in payment appropriations. **No margin under the sub-ceiling** for market measures and direct aids is left, as the Commission requested the activation of the financial discipline mechanism.

Measures under the 'European Agricultural Guarantee Fund' (EAGF) will be focused in particular on further improving the situation of primary producers in the food chain, bringing EU commodity prices closer to world prices and increasing the percentage of total direct payments which is decoupled from production to some 94 % as from budget year 2014.

Under the second pillar of the CAP, the European Agricultural Fund for Rural Development (EAFRD) will continue to be targeted at making a vital contribution to the economic, social and environmental well-being of rural areas, and the sustainability of the rural environment.

N.B. this heading also covers finance for the environment and climate action programme (LIFE+), with an amount of EUR 446.3 million proposed in commitment appropriations for 2014.

**Heading 3: *Security and citizenship*:** this heading sees a decrease in commitment appropriations of -9.4 % to EUR 2 139.5 million, leaving a margin of EUR 39.5 million. Payment appropriations decrease by -11.9 % to EUR 1 668 million.

Heading 3 groups various policies whose common objective is to strengthen the concept of 'European citizenship' by creating an area of freedom, justice, security and improving access to basic public goods and services. Under this heading may be found the new funds relating to asylum and migration, the "Justice", "Rights and Citizenship", "Europe for Citizens" and "Creative Europe" programmes, as well as other programmes relating to health and consumers. Priority will be given to a continued delivery on the basis of existing mechanisms, while, at the same time, integrating the necessary adjustments entailed by the new programmes.

**Heading 4: *Global Europe*:** this heading sees a decrease in commitment appropriations of -12.5 % to EUR 8 175.8 million, leaving an unallocated margin of EUR 159.2 million available under the ceiling. Payment appropriations decrease by -8.2 % to EUR 6 251.3 million.

Under this heading are the main geographic and thematic instruments, notably as regards the Instrument for Pre-accession Assistance (IPA II), the European Neighbourhood Instrument (ENI), the Development Cooperation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR), the Instrument for Stability (IFS) and the Instrument for Nuclear Safety Cooperation (INSC).

In addition to the revised financial instruments, the Commission has proposed the creation of a **new instrument** – the Partnership Instrument (PI) – to complement the current array of instruments. The Partnership Instrument is the successor of the financial instrument for cooperation with industrialised and other high income countries (ICI/ICI+). Its overarching objective is to advance and promote EU and mutual interests.

Heading 4 also covers expenditures relating to humanitarian aid and the Common Foreign and Security Policy (CFSP).

**Heading 5: *Administration (expenditure of the European institutions and staff)*:** commitment and payment appropriations for administration for all institutions combined increase by 2.1 % (of which + 1.3 % for the administrative expenditure of the institutions), with commitments set at EUR 8 595.1 million and payments at EUR 8 596.7 million. This increase includes **additional administrative expenditure related to Croatia's accession**, amounting to EUR 54 million for all institutions.

As regards heading 5, the new MFF introduces a sub-ceiling for administrative expenditure of the institutions (excluding pensions and European schools). The requested expenditure for the institutions leaves a margin of EUR 119.7 million under such a sub-ceiling. Taking into account the estimated expenditure for pensions, the global margin under the ceiling of heading 5 amounts to EUR 125.9 million.

The Commission's document presents the budgetary amounts for all the Union's institutions (including European Parliament, the Council, the European Council...).

**Heading 6: *Compensations*:** lastly, both commitments and payments for heading 6 are set at EUR 28.6 million, which is a decrease of -61.9 % compared to 2013, in accordance with the Treaty concerning the Accession of Croatia.

## 2014 general budget: all sections

2013/2145(BUD) - 02/09/2013 - Council position on draft budget

The Council adopted its position on the draft budget for the financial year 2014.

Following Council's deliberations, the main features of this position are as follows:

- **Commitment appropriations (c/a): EUR 142 226.93 million**
- **Payment appropriations (p/a) : EUR 135 004.61 million**

Under the Council's position on the DB for 2014, **commitment appropriations decrease by -6.15 % compared to the 2013 budget** and payment appropriations increase by +1.35 %.

The total amount of payment appropriations provided for in the Council's position on the DB for 2014 corresponds to **1.00 % of the EU gross national income (GNI)**.

**A. General points:** when adopting its position, the Council took into account a number of guidelines contained in its [February 2013 conclusions](#) and which may be summarised as follows:

- 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 fully-fledged start of the new programmes in the first year of the multiannual financial framework 2014-2020;
- to leave adequate margins under the ceilings of the headings and subheadings of the multiannual financial framework, with the exception of subheading 1b, in order to be able to cope with unforeseen situations;
- to **keep payment appropriations firmly under control** under all headings and sub-headings of the multiannual financial framework, adjusting the amounts on the basis of an analysis of past and current budget implementation and realistic absorption capacities;
- to **limit the increase requested by the institutions for administrative expenditure in 2014 and to reduce their number of staff in line with the -5% target over the period 2013-2017** set in the European Council conclusions of 7/8 February 2013, while taking into account the salary adjustment of 2011 and 2012 (European Parliament excepted, in accordance with the "gentlemen's agreement").

**Statement on payment appropriations:** in addition to the guidelines described above, the Council also approved a statement on payment appropriations calling on the Commission to submit as early as possible **the letter of amendment for agriculture** (including information about the possible carry-over of assigned revenue), and a **letter of amendment for sub-heading 1b** in order to appropriately calibrate the level of resources in heading 2 in the 2014 budget.

Furthermore, the Council asked the Commission to submit a draft amending budget if the payment appropriations entered in the 2014 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.

It urged the Commission to present as early as possible updated figures concerning the state of affairs and estimates regarding payment appropriations under sub-heading 1b and, if necessary, to present a draft amending budget for this sole purpose. The Council would then 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:** as to expenditure under the different headings and sub-headings of the multiannual financial framework, the Council's position is the following:

**Heading 1: "Smart and inclusive growth » (EUR 63.762 billion in commitment appropriations):**

**1a:** expenditure on **competitiveness for growth and jobs:** the amount for this heading was set at EUR 16.204 billion in commitment appropriations, an increase of 2.89% compared with the 2013 budget.

Characteristics in regard to subheading 1a include:

- to establish the level of **commitment appropriations**, targeting a **total reduction by -EUR 60 million in the appropriations requested in the draft budget for 2014** on a number of specific budget lines related, besides agencies, to administrative support expenditure under this sub-heading;
- to set the level of **payment appropriations**, **reducing the appropriations requested in the draft budget for 2014 by a total amount of -EUR 426.5 million**, of which -EUR 154 million in large infrastructure projects, -EUR 120.7 million in the Common Strategic Framework for Research and Innovation, -EUR 86.9 million in the Connecting Europe Facility, and -EUR 61.3 million in other programmes;
- these amounts also take into account reductions in contributions to decentralised agencies by a total amount of -EUR 3.3 million in commitment and payment appropriations under this sub-heading.

The margin available under sub-heading 1a would be EUR 185.8 million.

**1b: economic, social and territorial cohesion expenditure:** the Council has foreseen an amount of **EUR 47.557 billion** in commitment appropriations (a fall of 13.5% compared with the 2013 budget). The other main characteristics of this subheading are:

- to establish the level of **commitment appropriations**, targeting a **total reduction by -EUR 3.3 million in the appropriations requested in the draft budget for 2014** on a number of specific budget lines related to administrative support expenditure under this sub-heading;
- to set the level of payment appropriations, reducing the appropriations requested in the draft budget for 2014 by **a total amount of -EUR 202.3 million**, in particular in the field of Investment for growth and jobs (-EUR 114 million) and in European territorial cooperation (-EUR 85 million).

The margin available under sub-heading 1b would be EUR 25.7 million.

**Heading 2: Sustainable growth: natural resources:** the amount for this heading was fixed at **EUR 59.246 billion** in commitment appropriations, a total reduction of 1.07% compared with the 2013 budget.

Expenditure on the European Agricultural Guarantee Fund (EAGF) and market-related expenditure and direct payments are set at EUR 43.778 billion (in commitments) by the Council, an increase of 0.28% compared with 2013.

The characteristics of this budget heading are the following:

- to establish the level of **commitment appropriations**, targeting a **total reduction by -EUR 1.6 million in the appropriations requested in the draft budget for 2014** notably in administrative support expenditure for Maritime affairs and fisheries (-EUR 1 million);
- to set the level of **payment appropriations, reducing the appropriations requested in the draft budget for 2014 by a total amount of -EUR 112.6 million**, of which -EUR 54.3 million in the field of Rural development, -EUR 46 million in the European Maritime and Fisheries Fund, -EUR 1 million in Regional Fisheries Management Organisations and Sustainable Fisheries Agreements, and -EUR 10.7 million in Environment and climate action, 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 expected in the autumn;
- these amounts also take into account reductions in contributions to decentralised agencies by a total amount of -EUR 0.59 million in commitment and payment appropriations under this heading.

The margin available under heading 2 would be EUR 56.9 million.

**Heading 3: security and citizenship:** the amount for this heading was set at **EUR 2.134 billion** in commitment appropriations and has been reduced by 9.63% compared with the 2013 budget. The characteristics of this budget heading are the following:

- to establish the level of commitment appropriations, targeting a **total reduction by -EUR 5.2 million in the appropriations requested in the draft budget for 2014** on a number of specific budget lines related, besides agencies, to administrative support expenditure under this heading;
- to set the level of **payment appropriations, reducing the appropriations requested in the draft budget for 2014 by a total amount of -EUR 10 million** on a number of budget lines on the basis of past and current budget implementation;
- these amounts also take into account reductions in contributions to decentralised agencies by a total amount of -EUR 4.5 million in commitment and payment appropriations under this heading.

The margin available under heading 3 would be EUR 44.8 million.

**Heading 4: global Europe:** the Council envisages an overall amount of **EUR 8.159 billion** in commitment appropriations, a reduction of 12.66% compared with 2013. It has thus decided to:

- establish the level of **commitment appropriations**, targeting a **total reduction by -EUR 17.3 million in the appropriations requested in the draft budget for 2014** on a number of specific budget lines related, besides agencies, to administrative support expenditure under this heading;
- set the level of **payment appropriations, reducing the appropriations requested in the draft budget for 2014 by a total amount of -EUR 156.6 million** on the basis of past, current or expected budget implementation as well as realistic absorption capacities;
- these amounts also take into account reductions in the contribution to a decentralised agency by an amount of -EUR 0.23 million in commitment and payment appropriations under this heading.

The margin available under heading 4 would be EUR 176.5 million.

**Heading 5: administrative expenditure:** administrative expenditure is set at **EUR 8.441 billion** in commitment appropriations (+28% compared with 2013), EUR 6.835 billion of which are administrative expenditures for the institutions. The budget of each institution is covered by the Council's position with the budget variations from one year to the next. It should, moreover, be noted that the Council has maintained certain reductions relating to the administrative expenditure of the European schools

**Decentralised agencies:** as far as the decentralised agencies are concerned, the Council has applied an approach similar to that adopted for the institutions. Therefore, in proportion to the number of staff in the agencies' establishment plans (self-financed posts excepted), a reduction corresponding to the amounts relating to the salary adjustment of 2011 and 2012 was applied in the contribution to all agencies.

## 2014 general budget: all sections

2013/2145(BUD) - 18/09/2013 - Document attached to the procedure

PURPOSE: presentation of Amending Letter No 1 to the draft General Budget 2014.

CONTENT: this amending letter to the 2014 general budget concerns:

- **the frontloading of commitment appropriations** for the 'Framework Programme for Research and Innovation' (Horizon 2020), 'Education, Training, Youth and Sport' (Erasmus), 'Competitiveness of enterprises and small and medium-sized enterprises' (COSME), over and above the frontloading of the 'Youth Employment Initiative' (YEI) already proposed in the DB 2014, **as a result of the political agreement reached at the end of June 2013 on the 2014-2020 multiannual financial framework (MFF)**;
- **the additional assistance to Cyprus** under the Structural Funds, for which an amount of EUR 100 million is proposed to be financed from the margin of heading 1b (EUR 21.6 million) and by the mobilisation of the Flexibility Instrument (EUR 78.4 million);
- the consequences, in terms of human and financial resources, of the proposed **new generation of Joint Technology Initiatives (JTIs)**;
- the creation of budget lines with a 'p.m.' in order to allow part of the technical assistance national envelope of the European Structural and Investment Funds (ESI) Funds to be managed by the Commission at the request of Member States under temporary budget difficulties.

The net budgetary impact of these changes is an **increase in commitment appropriations of EUR 100 million** compared to the Draft Budget 2014. The Amending Letter does not propose **any change to payment appropriations**.

**Details of the budgetary amendments:**



1. **Frontloading of commitment appropriations:** in line with the political agreement reached on the 2014-2020 MFF, up to EUR 2 543 million (in 2011 prices) may be frontloaded in 2014 and 2015, as part of the annual budgetary procedure, for specific policy objectives relating to youth employment, research, Erasmus, in particular for apprenticeships, and SMEs.

In particular, the agreement envisages:

- EUR 2 143 million for Youth Employment,
- EUR 200 million for Horizon 2020,
- EUR 150 million for Erasmus and
- EUR 50 million for COSME)

are fully offset against appropriations within and/or between headings in order to leave unchanged the total annual ceilings of each heading and sub-heading over the period 2014-2020.

The Amending Letter No 1 to the 2014 Draft Budget takes account of the political agreement reached on the new MFF by adjusting the 2014 financial envelopes of the corresponding programmes under heading 1a (Competitiveness for growth and jobs) and heading 1b (Economic, social and territorial cohesion) accordingly. No changes are proposed as regards the frontloading for the 'Youth Employment Initiative' (YEI) which was already included in the DB 2014. However, the frontloading of programmes under heading 1a impacts on the amounts frontloaded under heading 1b.

2. **Assistance to Cyprus:** during its meeting held on 27-28 June 2013, the European Council concluded that additional assistance should be granted to Cyprus. The June European Council invited the European Parliament and the Council to examine the opportunities provided by the flexibilities in the MFF, including the Flexibility Instrument, to address the particularly difficult situation of Cyprus. The Commission proposes to grant an additional allocation from the Structural Funds to Cyprus over two years (spread in two equal tranches in 2014 and 2015) for a total amount of EUR 200 million in current prices. It proposes to reinforce commitment appropriations by EUR 100 million (in current prices) on top of the 2014 Draft Budget. As this additional amount exceeds the margin under the expenditure ceiling of heading 1b, **the Commission proposes simultaneously to mobilise the Flexibility Instrument for 2014 for a total amount of EUR 78.4 million in heading 1b**, after having used the remaining available margin under the ceiling.
3. **Impact on human and financial resources:** as far as the JTI's are concerned, it is proposed to fund the operational and support expenditure for each of the JTI's and SESAR in 2014 (in commitment and payment appropriations) by redeployment from the major operational budget lines of the Horizon 2020 programmes concerned, which serve the same policy objectives. The total EU contribution to the running costs of each of the JTI's, amounting to EUR 3.5 million, will be taken from existing administrative support expenditure budget lines under Horizon 2020 programmes.

**Creation of budget lines:** this last point has no effect from a budgetary point of view.

## 2014 general budget: all sections

2013/2145(BUD) - 11/10/2013 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the joint report by Anne E. JENSEN (ALDE, DK) (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 2014 – all sections.

**Section III – Commission:** Members recalled that the priorities for the 2014 budget are economic and sustainable growth, competitiveness, the creation of employment and the fight against youth unemployment as well as the EU's role in the world. They insisted that the Commission and the Member States should make every effort to ensure that the EU budget is spent in an efficient way and that anything financed with it should have a clear European added value. Recalling their determination to ensure **a sufficient and realistic level of commitment and payment appropriations** to allow the programmes to kick-off with sufficient funds in the multiannual financial framework (MFF) for the period 2014 - 2020 and to avoid delays in their implementation, Members therefore deplored the Council's decision to **proceed again this year with the usual approach of horizontal cuts to the draft budget**, aimed at artificially reducing the level of the Union's resources for 2014 by an overall total of EUR 240 million (-0,2%) in commitment appropriations and EUR 1 061 million (-0,8%) in payment appropriations as compared to the draft budget, thus leading to a significant decrease compared to the 2013 budget (including amending budgets Nos 1 to 5) both in commitments (-6%) and in payments (-6,6%).

Members were surprised that in its position the Council has not only not taken into account the agreement on the MFF, regarding the frontloading of the Erasmus+ COSME and Horizon 2020 programmes but has further decreased the appropriations for some of those programmes.

Members deeply regretted that the Council has introduced cuts in both commitment appropriations and payment appropriations in all headings:

- Heading 1a : -0.36% in commitment appropriations and -3.6% in payment appropriations;
- Heading 4: -0.21% in commitment appropriations and -2.5% in payment appropriations; and
- Heading 5: -1.78% in commitment appropriations and payment appropriations.

In Members' opinion, those cuts are in direct contradiction with the political agreement on the MFF on **frontloading** and also disregard Parliament's priorities, as outlined in its resolution on the [general guidelines for the preparation of the 2014 budget](#) and the recommendations on the [mandate for the trilogue on the 2014 budget](#).

Nor did they accept the Council's argument that the proposed cuts correspond to under-implemented or low-performing programmes, since its cuts in commitments affect mostly the implementation capacity of a new generation of programmes which have not yet started or do not take into account the multiannual nature of the Union's policies.

They also deplored the arbitrary to the administrative and support lines considering these cuts to be detrimental to the successful start of the new programmes. They called on Parliament to restore therefore, the draft budget on all lines of administrative and support expenditure cut.

Members also called for a **reversal of the trend** of the last years, where the **outstanding payments at the end of the year have grown exponentially**. They therefore called on the Council to agree to a **joint political commitment** to use all means available under the MFF Regulation for the period 2014-2020 including recourse to the contingency margin and/or revision of the payment ceiling.

**Against the linear reduction of appropriations:** Members indicated they could not accept Council's decision to reduce commitment and payment appropriations because commitments reflect Union political priorities and should be set with a long-term perspective, taking into account a time when

the economic downturn might have ended. They took the view, therefore, that as a general principle, **commitments should be restored at draft budget level**. They suggested an increase in commitment appropriations slightly above the draft budget on a selected number of budget lines relating to the **programmes of direct benefit for European citizens**, and contributing to the delivery of the Europe 2020 priorities - which are crucial for the growth and competitiveness of the Union - as well as those projecting European values and solidarity abroad.

**The 2014 budget in figures:** Members call on Parliament to set the overall level of appropriations for 2014 at:

- EUR 142 625 million in commitments and
- EUR 136 077 million in payments.

They, therefore, called for the **mobilisation of the Flexibility Instrument** for an amount of EUR 274.2 million in commitment appropriations to reinforce the Fund for European Aid to the Most Deprived, pending the final agreement of the legislative authority on the legal basis. In Heading 4 the Flexibility Instrument should provide additional assistance to Cyprus and further support for humanitarian aid in the Middle East.

**Revenue:** Members called for a more realistic budgeting of the expected revenue from fines imposed by the Commission on companies in breach of Union competition law and for further discussion on the budgeting of the surplus in the budget in order to avoid a complex procedure, **incomprehensible to the outside world**, which currently consists of returning it to Member States via a reduction of their respective GNI-contribution.

**Payment appropriations:** once again, Members deplored the cuts in payments brought by the Council, which result in a decrease of EUR 9.5 billion (9 500 million) (-6.6%) in payment appropriations as compared to the adopted budget for 2013 (including amending budgets Nos 1 to 5). They reiterated that, despite the adoption of a lower MFF for the period 2014-2020 and the absolute need to keep honouring past commitments, the Council kept blindly following its past strategy to artificially cut the level of payments. Particularly this year - the Council's position to leave an artificial margin of EUR 1 billion under the 2014 payments ceiling **serves no purpose**, especially given the magnitude of the expected carry-over of outstanding payments at the end of 2013.

The Council position does not take account of the dramatic shortage of payments, notably in the field of cohesion policy. Members therefore strongly rejected, therefore, the Council's approach to payments and reinstated the draft budget as regards payments for the majority of the headings cut by the Council.

Members welcomed the adoption by the Commission of [draft amending budget No 8/2013](#) (second tranche of draft amending budget No 2/2013), which provided for an additional **EUR 3.9 billion for outstanding payments from 2013** and which is one of the conditions to put the MFF Regulation to the vote.

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

- **Heading 1:** Members reaffirmed their support in favour of EU programmes in the field of research, competitiveness, entrepreneurship, innovation and social inclusion, which are at the heart of the Europe 2020 strategy and reinstated all lines cut by the Council in order not to further weaken this heading. They also increased a selected number of lines in certain priority areas, such as Horizon 2020, Erasmus+, the digital agenda, transport policy, social dialogue, EURES and Progress Microfinance and Social entrepreneurship, special annual events and the quality of European statistics. They also took on board in its reading the political agreement on the MFF as regards the frontloading for 2014 of Horizon 2020 by EUR 212.2 million, COSME by EUR 31.7 million and Erasmus+ by EUR 137.5 million. However, they made certain targeted budget cuts such as the communication on Economic and Monetary Union.
- **Heading 1b:** in this heading too, the Council had further decreased the level of payments by -0.4 % compared to the draft budget. Members recalled that Heading 1b bears the biggest part of the current outstanding commitments and that the amount of outstanding bills at the end of 2013 will amount to approximately EUR 20 billion within cohesion policy, creating a large deficit. They therefore **rejected the cuts introduced by the Council on Heading 1b** because they would lead to a much more serious shortage in payments than already expected. They restored the draft budget in commitments and payments for all budget lines cut by the Council under this heading and proposed additional amounts from the Structural Funds for Cyprus, for a total amount of EUR 100 million.

They also decided to reinforce the Fund for European Aid to the Most Deprived, by allocating a total commitment appropriation of EUR 500 million to the actions promoting social cohesion and alleviating the worst forms of poverty in the Union. Moreover, they approved the creation of new dedicated budget lines for technical assistance for the five Structural Funds.

- **Heading 2:** noting that although Heading 2 was least affected by the Council's cuts, Members nevertheless restored the draft budget on all lines cut by the Council and increases commitment appropriations for the School Fruit Scheme by EUR 28 million.
- **Heading 3:** noting the cuts to this heading already proposed by the Commission and by the Council for this heading, Members adopted the general approach of restoring the draft budget on all lines to ensure the proper implementation of programmes and actions under this heading. They stressed that solidarity between Member States in the field of **asylum and migration** should be reinforced and that the EU budget should demonstrate a clear commitment in that direction.
- **Heading 4:** here again, Members deplored the Council's cuts to Heading 4 (-0.21 % in commitment appropriations and -2.5 % in payment appropriations), which was already one of the most heavily affected by the decrease in the draft budget (-12.5 % in commitment appropriations and - 8.2 % in payment appropriations) as compared to the 2013 levels. They considered the cuts by Council to Parliament's priority lines unacceptable and proposed to **restore the draft budget on the lines decreased by the Council** and to even exceed the Commission's draft budget in commitment appropriations for some lines of strategic importance for the EU's external relations to a total of EUR 233 million (Humanitarian Aid, European Neighbourhood Instrument, Development Cooperation Instrument, Instrument for Pre-Accession Assistance, Instrument for Stability and the European Instrument for Democracy and Human Rights). They disagreed with the Commission's proposal to split geographic and thematic lines into one for **poverty reduction and sustainable development** and one for governance issues as this new nomenclature does not distinguish objectives from means in development policy.

Members called for the mobilisation of the Flexibility Instrument for EUR 50 million in order to finance the real needs for the **Union's contribution to the Middle East peace process**. They suggested putting the EUR 50 million of additional appropriations in reserve pending an assessment from the Commission of the sound management of the aid by the Palestinian authorities. They also called for an increase of the payment appropriations for the Emergency Aid Reserve (+ EUR 147 million) in order to avoid a repeat of the situation where the Commission is not in a position to react in a timely manner to emerging humanitarian crises.

- **Heading 5:** Members were surprised by the Council's cuts to Heading 5, amounting to a total of EUR -153.283 million in commitments and payments which, in their view, are unjustified. Members restored, therefore, the draft budget on all lines of administrative and support expenditure and on all lines in Heading 5 cut by the Council, except for the line "Remuneration and allowances" in Section III, which is decreased by EUR -1,2 million to cover European Chemical Agency's contribution to the financing of Type II European Schools.

**Agencies:** Members reject the Commission's approach to staff, according to which the agencies' establishment plans are not only to be reduced by 1 % on the basis of the political agreement on the MFF, which applies to all institutions and bodies, but are also to contribute another 1% to a "redeployment pool". They therefore modified the establishment plans of most agencies in such a way as to implement the agreed 1 % reduction but did not do so, however, for agencies which in their initial request already applied the 1+1 % reduction.

Members decided to increase the appropriations for the three financial supervisory agencies, as well as for, among others, FRONTEX and EUROPOL.

**Other sections:** generally speaking, Members believed 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 called for the budgets for Parliament and the Council to be maintained and are concerned by the Council's cuts, in the 2014 draft budget, of staff salary adjustments of 1.7 % for 2011 and 2012 in those institutions. They requested an amending budget to cover the backlog and the respective salary adjustments, should the Court of Justice rule in favour of the salary adaptation prescribed by the Staff Regulations.

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

They welcomed the agreement reached during the conciliation meeting of 24 September 2013 between the Bureau and the Committee on Budgets and pointed out that the overall level of its 2014 budget is EUR 1 783 976 098, which represents a net reduction of EUR 29 168 108 compared to the preliminary draft estimates of 26 February 2013.

Members approved the following adjustments to the estimates:

- incorporation of the impact of the adoption of the new Staff Regulations and the related changes to the establishment plan;
- the taking into account the savings stemming from the replacement in Luxembourg of the PRES building by the GEOS building;
- reduction in the appropriations for the House of European History due to the contribution of the Commission.

Other technical amendments were approved for the other EU institutions.

## 2014 general budget: all sections

2013/2145(BUD) - 16/10/2013 - Document attached to the procedure

PURPOSE: presentation of an Amending Letter No 2 (AL 2) to the Draft Budget for 2014.

CONTENT: the AL 2 to the Draft Budget for 2014 covers the following:

- **the revision of the forecast of Traditional Own Resources (TOR,** i.e. customs duties and sugar sector levies) to be received in 2014, to take account of the trend observed in TOR received to date in 2013;
- the line by line updating of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL 2/2014 also incorporates the impact of decisions in the agricultural sector since the DB 2014 was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have a significant effect during the coming budget year;
- **an update of the situation for International Fisheries Agreements;**
- the consequences, in terms of human and financial resources, of the foreseen delegation of the management of operational programmes under the new multiannual financial framework (MFF) to executive agencies: the 2014 Draft Budget was based on a 'steady state' approach, whereby the staffing and subsidy levels of each executive agency was kept constant at the 2013 level, awaiting the results of the cost-benefit analysis and the subsequent review of the results of this analysis as part of the Commission's proposals for the delegation of spending programmes. The adjustments made in this Amending Letter take account of the resources implications of the foreseen delegation of the 2014-2020 programmes, both on the side of the executive agencies and on the side of the Commission;
- **the integration of the new function group AST/SC** in the establishment plans of the EU institutions and bodies.

**Budgetary impact of these changes:** the net budgetary impact of these changes is a **reduction of EUR 4.9 million** compared to the Draft Budget 2014 (including AL 1/2014), in commitment and payment appropriations.

**N.B. :** by means of this Amending Letter the Commission draws the attention of the European Parliament and the Council to some necessary measures in case of a delay in the adoption of certain new legal bases under the 2014-2020 multiannual financial framework (MFF), and the proposed remedial action that might be required before the new legal bases enter into force.

The political agreement on the new MFF was reached in June 2013 and work concerning the legal bases of certain 2014-2020 programmes is still ongoing. In case some of these programmes would not be adopted before the end of 2013, this would create a **legal vacuum**, in particular for the ongoing programmes which expire at the end of 2013 and which will be consolidated in new programmes and instruments.

In order to ensure the continuity of implementation of the ongoing programmes (which are already approved), and given the underlying political agreement reached in the MFF negotiations on the new programmes and the related financial envelopes, the Commission intends to **continue to make use of the appropriations for technical assistance and administrative support expenditure necessary for the proper implementation of programmes**, also in the event of a transitional phase before the final adoption of the new legal bases.

## 2014 general budget: all sections

2013/2145(BUD) - 23/10/2013 - Budgetary text adopted by Parliament

The European Parliament adopted by 480 votes by 119, with 86 abstentions, a resolution on the Council position on the draft general budget of the European Union for the financial year 2014.

**Section III – Commission:** Parliament recalled that the priorities for the 2014 budget are economic and sustainable growth, competitiveness, the creation of employment and the fight against youth unemployment as well as the EU's role in the world. It insisted that the Commission and the Member States should make every effort to ensure that the EU budget is spent in an efficient way and that anything financed with it should have a clear European added value. Recalling its determination to ensure **a sufficient and realistic level of commitment and payment appropriations** to allow the programmes to kick-off with sufficient funds in the multiannual financial framework (MFF) for the period 2014 - 2020 and to avoid delays in their implementation, Parliament therefore deplored the Council's decision to **proceed again this year with the usual approach of horizontal cuts**

**to the draft budget**, aimed at artificially reducing the level of the Union's resources for 2014 by an overall total of EUR 240 million (-0.2%) in commitment appropriations and EUR 1 061 million (-0.8%) in payment appropriations as compared to the draft budget, thus leading to a significant decrease compared to the 2013 budget (including amending budgets Nos 1 to 5) both in commitments (-6%) and in payments (-6.6%).

Parliament was surprised that in its position the Council has not only not taken into account the agreement on the MFF, regarding the frontloading of the Erasmus+ COSME and Horizon 2020 programmes but has further decreased the appropriations for some of those programmes.

Members deeply regretted that the Council has introduced cuts in both commitment appropriations and payment appropriations in all headings:

- Heading 1a : -0.36% in commitment appropriations and -3.6% in payment appropriations;
- Heading 4: -0.21% in commitment appropriations and -2.5% in payment appropriations; and
- Heading 5: -1.78% in commitment appropriations and payment appropriations.

In Parliament's opinion, those cuts are in direct contradiction with the political agreement on the MFF on **frontloading** and also disregard Parliament's priorities, as outlined in its resolution on the [general guidelines for the preparation of the 2014 budget](#) and the recommendations on the [mandate for the trilogue on the 2014 budget](#).

Nor did it accept the Council's argument that the proposed cuts correspond to under-implemented or low-performing programmes, since its cuts in commitments affect mostly the implementation capacity of a new generation of programmes which have not yet started or do not take into account the multiannual nature of the Union's policies.

Parliament also deplored the arbitrary to the administrative and support lines considering these cuts to be detrimental to the successful start of the new programmes. Members called on Parliament to restore therefore, the draft budget on all lines of administrative and support expenditure cut.

They also called for a **reversal of the trend** of the last years, where the **outstanding payments at the end of the year have grown exponentially**. They therefore called on the Council to agree to a **joint political commitment** to use all means available under the MFF Regulation for the period 2014-2020 including recourse to the contingency margin and/or revision of the payment ceiling.

**Against the linear reduction of appropriations:** Parliament indicated it could not accept Council's decision to reduce commitment and payment appropriations because commitments reflect Union political priorities and should be set with a long-term perspective, taking into account a time when the economic downturn might have ended. It took the view, therefore, that as a general principle, **commitments should be restored at draft budget level**. It suggested an increase in commitment appropriations slightly above the draft budget on a selected number of budget lines relating to the **programmes of direct benefit for European citizens**, and contributing to the delivery of the Europe 2020 priorities - which are crucial for the growth and competitiveness of the Union - as well as those projecting European values and solidarity abroad.

**The 2014 budget in figures:** Parliament sets the overall level of appropriations for 2014 at:

- EUR 142 625 million in commitments and
- EUR 136 077 million in payments.

Members called for the **mobilisation of the Flexibility Instrument** for an amount of EUR 274.2 million in commitment appropriations to reinforce the Fund for European Aid to the Most Deprived, pending the final agreement of the legislative authority on the legal basis. In Heading 4 the Flexibility Instrument should provide additional assistance to Cyprus and further support for humanitarian aid in the Middle East.

**Revenue:** they called for a more realistic budgeting of the expected revenue from fines imposed by the Commission on companies in breach of Union competition law and for further discussion on the budgeting of the surplus in the budget in order to avoid a complex procedure, **incomprehensible to the outside world**, which currently consists of returning it to Member States via a reduction of their respective GNI-contribution.

**Payment appropriations:** once again, Parliament deplored the cuts in payments brought by the Council, which result in a decrease of EUR 9.5 billion (9 500 million) (-6.6%) in payment appropriations as compared to the adopted budget for 2013 (including amending budgets Nos 1 to 5). It reiterated the **absolute need to keep honouring past commitments**, the Council kept blindly following its past strategy to artificially cut the level of payments. Particularly this year - the Council's position to leave an artificial margin of EUR 1 billion under the 2014 payments ceiling **serves no purpose**, especially given the magnitude of the expected carry-over of outstanding payments at the end of 2013.

The Council position does not take account of the dramatic shortage of payments, notably in the field of cohesion policy. Parliament therefore strongly rejected, therefore, the Council's approach to payments and reinstated the draft budget as regards payments for the majority of the headings cut by the Council.

Parliament welcomed the adoption by the Commission of [draft amending budget No 8/2013](#) (second tranche of draft amending budget No 2/2013), which provided for an additional **EUR 3.9 billion for outstanding payments from 2013** and which is one of the conditions to put the [MFF Regulation](#) to the vote.

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

- **Heading 1:** Parliament reaffirmed their support in favour of EU programmes in the field of research, competitiveness, entrepreneurship, innovation and social inclusion, which are at the heart of the Europe 2020 strategy and **reinstated all lines cut by the Council** in order not to further weaken this heading. In an amendment adopted in plenary, Parliament took the decision to **frontload appropriations** for a selected number of lines in certain priority areas, such as Horizon 2020, COSME and Erasmus+, which does not represent an increase as the overall amount for those programmes in the MFF for the period 2014-2020 is not modified, and to increase the digital agenda, transport policy, social dialogue, EURES, Progress Microfinance and Social entrepreneurship, special annual events and the quality of European statistics. It also took on board in its reading the political agreement on the MFF as regards the frontloading for 2014 of Horizon 2020 by EUR 212.2 million, COSME by EUR 31.7 million and Erasmus+ by EUR 137.5 million. However, they made certain targeted budget cuts such as the communication on Economic and Monetary Union.
- **Heading 1b:** in this heading too, the Council had further decreased the level of payments by -0.4 % compared to the draft budget. Members recalled that Heading 1b bears the biggest part of the current outstanding commitments and that the amount of outstanding bills at the end of 2013 will amount to approximately EUR 20 billion within cohesion policy, creating a large deficit. Parliament therefore **rejected the cuts introduced by the Council on Heading 1b** because they would lead to a much more serious shortage in payments than already expected. It restored the draft budget in commitments and payments for all budget lines cut by the Council under this heading and proposed additional amounts from the Structural Funds for Cyprus, for a total amount of EUR 100 million.

They also decided to reinforce the Fund for European Aid to the Most Deprived, by allocating a total commitment appropriation of EUR 500 million to the actions promoting social cohesion and alleviating the worst forms of poverty in the Union. Moreover, they approved the creation of new dedicated budget lines for technical assistance for the five Structural Funds.

- **Heading 2:** noting that although Heading 2 was least affected by the Council's cuts, Members nevertheless restored the draft budget on all lines cut by the Council and increases commitment appropriations for the School Fruit Scheme by EUR 28 million.
- **Heading 3:** noting the cuts to this heading already proposed by the Commission and by the Council for this heading, Members adopted the general approach of restoring the draft budget on all lines to ensure the proper implementation of programmes and actions under this heading. They stressed that solidarity between Member States in the field of **asylum and migration** should be reinforced and that the EU budget should demonstrate a clear commitment in that direction.
- **Heading 4:** here again, Parliament deplored the Council's cuts to Heading 4 (-0.21 % in commitment appropriations and -2.5 % in payment appropriations), which was already one of the most heavily affected by the decrease in the draft budget (-12.5 % in commitment appropriations and - 8.2 % in payment appropriations) as compared to the 2013 levels. It considered the cuts by Council to Parliament's priority lines unacceptable and proposed to **restore the draft budget on the lines decreased by the Council** and to even exceed the Commission's draft budget in commitment appropriations for some lines of strategic importance for the EU's external relations to a total of EUR 233 million (Humanitarian Aid, European Neighbourhood Instrument, Development Cooperation Instrument, Instrument for Pre-Accession Assistance, Instrument for Stability and the European Instrument for Democracy and Human Rights). It disagreed with the Commission's proposal to split geographic and thematic lines into one for **poverty reduction and sustainable development** and one for governance issues as this new nomenclature does not distinguish objectives from means in development policy. Parliament called for the mobilisation of the Flexibility Instrument for EUR 50 million in order to finance the real needs for the **Union's contribution to the Middle East peace process**. It highlighted the importance of endowing UNRWA with the necessary means to enable them to provide the essential services to safeguard the safety and livelihood of refugees in the light of the instability in the region. It also called for an increase of the payment appropriations for the Emergency Aid Reserve (+ EUR 147 million) in order to avoid a repeat of the situation where the Commission is not in a position to react in a timely manner to emerging humanitarian crises.
- **Heading 5:** Parliament was surprised by the Council's cuts to Heading 5, amounting to a total of EUR -153.283 million in commitments and payments which, in their view, are unjustified. It restored, therefore, the draft budget on all lines of administrative and support expenditure and on all lines in Heading 5 cut by the Council, except for the line "Remuneration and allowances" in Section III, which is decreased by EUR -1,2 million to cover European Chemical Agency's contribution to the financing of Type II European Schools.

**Agencies:** Parliament rejected the Commission's approach to staff, according to which the agencies' establishment plans are not only to be reduced by 1 % on the basis of the political agreement on the MFF, which applies to all institutions and bodies, but are also to contribute another 1% to a "redeployment pool". It therefore modified the establishment plans of most agencies in such a way as to implement the agreed 1 % reduction but did not do so, however, for agencies which in their initial request already applied the 1+1 % reduction.

Parliament decided to increase the appropriations for the three financial supervisory agencies, as well as for, among others, **FRONTEX** and **EUROPOL**.

**Other sections:** generally speaking, Parliament believed 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 called for the budgets for Parliament and the Council to be maintained and are concerned by the Council's cuts, in the 2014 draft budget, of staff salary adjustments of 1.7 % for 2011 and 2012 in those institutions. It requested an amending budget to cover the backlog and the respective salary adjustments, should the Court of Justice rule in favour of the salary adaptation prescribed by the Staff Regulations.

**As far as the European Parliament's budget is concerned**, Parliament, once again, called for a roadmap to a **single seat**.

It pointed out that the overall level of its 2014 budget is EUR 1 783 976 098, which represents a net reduction of EUR 29 168 108 compared to the preliminary draft estimates of 26 February 2013.

It approved the following adjustments to the estimates:

- incorporation of the impact of the adoption of the new Staff Regulations and the related changes to the establishment plan;
- the taking into account the savings stemming from the replacement in Luxembourg of the PRES building by the GEOS building;
- reduction in the appropriations for the House of European History due to the contribution of the Commission.

Other technical amendments were approved for the other EU institutions.

## 2014 general budget: all sections

2013/2145(BUD) - 14/11/2013 - Budgetary conciliation report tabled for plenary

The European Parliament delegation to the Budgetary Conciliation Committee adopted the report drafted by Anne E. JENSEN (ALDE, DK) (section III – Commission) and Monika HOHLMEIER (EPP, DE) (other sections) on the joint text on the draft general budget of the European Union for the financial year 2014 approved by the Conciliation Committee under the budgetary procedure.

Discussions in the Conciliation Committee were aimed at finding a **compromise bridging the gap between the Council's position and the European Parliament's amendments on the draft budget for 2014** proposed by the European Commission.

2014 is the first year under the EU's multiannual financial framework (MFF) for 2014-2020.

The Agreement reached on the EU budget for 2014 aims to **overcome the budget deficit** payment for the current fiscal year.

The two institutions agreed on:

- **EUR 135.5 billion for overall payment appropriations;**
- **EUR 142.64 billion for commitment appropriations** for the EU budget for 2014.

This is a decrease of 6.5% for payments and of 6.2% for commitments compared to the EU budget for 2013.

In general, Members have guaranteed that victims of flood and drought disasters in 2013 should be compensated and that the priorities for 2014 in areas such as education, employment, research, innovation, border management, and humanitarian assistance should also be taken into account. In addition, the Flexibility Instrument should be mobilised to assist Cyprus.

The Agreement also included reinforcing the budget for:

- FRONTEX,
- the European Asylum Support Office,
- Europol.

Additional support was agreed upon as regards the peace process and financial assistance to Palestine and to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA).

Striving to keep the level of next year's EU budget in line with Member States' financing capacities, the Conciliation Committee made the following **joint statements**:

- **Payment appropriations**: the European Parliament and the Council recalled the need to ensure an orderly progression of payments so as to **avoid any abnormal shift of outstanding commitments ('RAL') onto the 2015 budget**. In this respect, they will have recourse, when appropriate, to the various **flexibility mechanisms** included in the MFF Regulation.

As regards the payment appropriations, they asked the Commission to **initiate any necessary action**, on the basis of the provisions of the draft MFF Regulation and the Financial Regulation, to cover the responsibility assigned by the Treaty and with particular reference to any expected under-implementation of appropriations to request additional payment appropriations in an amending budget if the appropriations entered in the 2014 budget are insufficient to cover expenditure.

The European Parliament and the Council should take position on any draft amending budget as quickly as possible in order to **avoid any shortfall in payment appropriations**. In addition, the European Parliament and the Council should 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.

The European Parliament, the Council and the Commission will, throughout the year, actively monitor the state of implementation of the 2014 budget, in particular under sub-heading 1b (Economic, social and territorial cohesion) and rural development under heading 2 (Sustainable Growth: Natural Resources). This will take the form of **dedicated inter-institutional meetings** to take stock of payment implementation and revised forecasts.

- **Decentralised agencies**: the European Parliament, the Council and the Commission recalled the importance to **progressively reduce the staffing levels of all EU institutions, bodies and agencies by 5% over five years**.

They also agreed on the need for a **closer and more permanent scrutiny** on the development of decentralised agencies to ensure a coherent approach. They agreed to establish a specific inter-institutional working group with the aim of defining a clear development path for agencies, based on objective criteria.

- **Heading 5 and salary adjustments**: they agreed that the appropriations related to the proposed salary adjustments of 1.7% for 2011 and 1.7% for 2012 will not be included at this stage in the 2014 budget.

- **EU Special Representatives**: the Parliament and the Council agreed to examine the transfer of appropriations for the European Union Special Representatives from the Commission's budget (Section III) to the budget of the European External Action Service (Section X) in the context of the 2015 budgetary procedure.

The Agreement also includes draft amending budget **No. 9 for 2013**, which would mobilise the EU Solidarity Fund to provide financial assistance of EUR 400.5 million to repair damages caused in 2013 by floods in Germany (360.5 million), Austria (21.7 million) and the Czech Republic (15.9 million) and drought in Romania (2.5 million).

Members called on the Parliament to approve the joint text agreed by the Conciliation Committee and to confirm the joint statements by the Parliament, the Council and the Commission included in the joint conclusions agreed by the Conciliation Committee.

## 2014 general budget: all sections

2013/2145(BUD) - 20/11/2013 - Budgetary joint text approved by Parliament

The European Parliament adopted by 494 votes to 158, with 13 abstentions, a legislative resolution on the joint text on the draft general budget of the European Union for the financial year 2014 approved by the Conciliation Committee under the budgetary procedure.

**Parliament approved the joint text agreed by the Conciliation Committee.**

Plenary also confirmed the joint statements by Parliament, the Council and the Commission included in the joint conclusions agreed by the Conciliation Committee annexed to this resolution.

The main issues of the draft text may be summarised as follows:

**For the 2014 budget**: the two institutions agreed on:

- **EUR 135.50 billion for overall payment appropriations;**
- **EUR 142.64 billion for commitment appropriations.**

This is a decrease of 6.5% for payments and of 6.2% for commitments compared to the EU budget for 2013.

The joint text also concerned the conclusion of Amending Budgets [8/2013](#) and [9/2013](#).

**Horizontal issues:** the joint text sets out:

- the number of posts and the contribution of the EU budget for the decentralised agencies (Frontex, Asylum Support Office and Europol) and a number of joint initiatives;
- a comprehensive package of pilot projects and preparatory actions for an amount of EUR 79.4 million in commitment appropriations.

**Expenditure headings of the financial framework:** the joint text includes a series of budget lines that have been amended. These include, *inter alia*:

- Heading 1a: the creation of budget lines to fund information, consultation and participation of representatives undertakings, industrial relations and social dialogue; funding for special events such as Special Olympics Summer Games to be held in Antwerp (BE );
- Heading 1b: assigning EUR 134.9 million in commitments to the European Aid to the Most Deprived and mobilise EUR 89.3 million from the flexibility instrument to provide additional assistance to Cyprus.
- Heading 2: the EU participation at the World Exposition 2015 for which an additional amount of EUR 1 million in commitments is agreed.
- Heading 3: strengthening the "Europe for Citizens" programme, the MEDIA sub-programme and specific multimedia actions for a total amount of EUR 11 million in commitments.
- Heading 4: clarification of the budget nomenclature to better identify third countries eligible for EU financial assistance and strengthen the budget line supporting peace process and financial assistance to Palestine up to EUR 50 million.
- Heading 5: modification of appropriations and/or posts assigned to certain EU institutions. The establishment plans of the EU institutions and bodies have also been amended to take account of the creation, in the Staff Regulations, of a new functions group AST/SC.

**Payment appropriations :** a series of new amounts were provided in particular:

- EUR 150 million for the EU Solidarity Fund;
- EUR 200 million to support the Middle East peace process.

There was also the creation of a series of new budget lines as well as the setting aside of EUR 2 million for the EMU communication.

**Joint statements:** striving to keep the level of next year's EU budget in line with Member States' financing capacities, the Conciliation Committee made the following **joint statements**:

- **Payment appropriations:** the European Parliament and the Council recalled the need to ensure an orderly progression of payments so as to **avoid any abnormal shift of outstanding commitments ('RAL') onto the 2015 budget**. In this respect, they will have recourse, when appropriate, to the various **flexibility mechanisms** included in the MFF Regulation.

As regards the payment appropriations, they asked the Commission to **initiate any necessary action**, on the basis of the provisions of the draft MFF Regulation and the Financial Regulation, to cover the responsibility assigned by the Treaty and with particular reference to any expected under-implementation of appropriations to request additional payment appropriations in an amending budget if the appropriations entered in the 2014 budget are insufficient to cover expenditure.

The European Parliament and the Council should take position on any draft amending budget as quickly as possible in order to **avoid any shortfall in payment appropriations**. In addition, the European Parliament and the Council should 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.

The European Parliament, the Council and the Commission will, throughout the year, actively monitor the state of implementation of the 2014 budget, in particular under sub-heading 1b (Economic, social and territorial cohesion) and rural development under heading 2 (Sustainable Growth: Natural Resources). This will take the form of **dedicated inter-institutional meetings** to take stock of payment implementation and revised forecasts.

- **Decentralised agencies:** the European Parliament, the Council and the Commission recalled the importance to **progressively reduce the staffing levels of all EU institutions, bodies and agencies by 5% over five years**.

They also agreed on the need for a **closer and more permanent scrutiny** on the development of decentralised agencies to ensure a coherent approach. They agreed to establish a specific inter-institutional working group with the aim of defining a clear development path for agencies, based on objective criteria.

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- **EU Special Representatives:** the Parliament and the Council agreed to examine the transfer of appropriations for the European Union Special Representatives from the Commission's budget (Section III) to the budget of the European External Action Service (Section X) in the context of the 2015 budgetary procedure.

The Agreement also includes draft amending budget **No. 9 for 2013**, which would mobilise the EU Solidarity Fund to provide financial assistance of EUR 400.5 million to repair damages caused in 2013 by floods in Germany (360.5 million), Austria (21.7 million) and the Czech Republic (15.9 million) and drought in Romania (2.5 million).

Members called on the Parliament to approve the joint text agreed by the Conciliation Committee and to confirm the joint statements by the Parliament, the Council and the Commission included in the joint conclusions agreed by the Conciliation Committee.

## 2014 general budget: all sections

2013/2145(BUD) - 20/11/2013 - Final act

CONTENT: definitive adoption of the general budget of the EU for the financial year 2014.

LEGISLATIVE ACT: 2014/67/EU, Euratom.

CONTENT: Parliament voted in the adoption of the EU budget for 2014 in accordance with the overall compromise reached through the budgetary conciliation committee on 12 November 2013.

**The 2014 budget, the first of the new financial framework period 2014-2020:** the 2014 Agreement is the first under the multiannual financial framework (MFF) for the period 2014-2020. Its objective is three-fold: (i) to preserve Member States' budgets from additional pressure which might force them to strengthen their consolidation efforts at national level by setting the level of funds significantly below the 2013 budget; (ii) to leave sufficient margins under the MFF ceilings; (iii) to provide measures to boost growth and create jobs, in particular for young people.

**Main figures and policy areas of the 2014 budget:** the overall amount of the 2014 budget as follows:

- **commitment appropriations:** EUR 142.64 billion, which is 6.2% below the EU budget for 2013 and leaves a margin of EUR 445.4 million;
- **payment appropriations:** EUR 135.50 billion. This represents a decrease of 6.2% compared to 2013 (including all additional funds agreed through amending budget 9/2013) and leaves a margin of EUR 711.4 million under the MFF ceiling if the special instruments are put outside the multiannual financial framework.

The 2014 budget contains EUR 64 billion in commitments and EUR 62.4 billion in payments to support **smart and inclusive growth**. Further EUR 59.3 in commitments and

EUR 56.5 in payments will be available for measures aimed at **sustainable growth**.

As far as individual programmes are concerned, the 2014 EU budget includes:

- EUR 9.3 billion in commitments and EUR 6.3 billion in payments for the research framework programme **Horizon 2020**,
- EUR 3.6 billion in commitments and EUR 900 million in payments to kickstart the **Youth Employment Initiative**,
- EUR 920 million in commitments and EUR 785 million in payments for humanitarian aid including for victims of the **Syrian civil war and Lampedusa refugees**.

**2014 budget – Amounts heading by heading:**

**Heading 1: SMART AND INCLUSIVE GROWTH:** this heading is allocated EUR 63.986 billion in commitment appropriations and EUR 62.393 in payments. It comprises 2 specific sub-headings and covers 44.9% of the budget:

- **1a - Competitiveness for growth and jobs (11.6% of the budget):** commitments have been set at EUR 16.5 billion, leaving a margin of EUR 76 million under the ceiling of the MFF. Commitments have been increased beyond the amounts proposed in the draft budget notably for – Horizon 2020, the framework programme for research and innovation (by EUR 212.2 million, bringing the total amount to EUR 9 billion), Erasmus (by EUR 137.5 million to EUR 1.6 billion) and COSME, the programme dedicated to competitiveness of enterprises and small and medium-sized enterprises (by EUR 31.7 million to EUR 275.3 million), the three European financial supervisory authorities (European Banking Authority, European Insurance and Occupational Pensions Authority and European Securities and Markets Authority) by an amount of EUR 2.1 million, EUR 1.2 million and EUR 2 million respectively. Payments have been set at EUR 11.4 billion (compared to EUR 11.7 billion proposed in the draft budget).
- **1b - Economic, social and territorial cohesion (33.3% of the budget):** commitments have been set at EUR 47.5 billion (as proposed by the Commission in its draft budget). For the amount of EUR 89.3 million exceeding the MFF ceiling the flexibility instrument is mobilised. In order to address the particularly difficult situation in Cyprus an additional support of EUR 100 million in commitments has been agreed out of the European Regional Development Fund and the European Social Fund (see [2013/2223\(BUD\)](#)). For the aid to the most deprived an additional amount of EUR 134.9 million in commitments is financed from the European Social Fund. Furthermore, each of the two macroregional strategies on the Baltic Sea region and on the Danube region receive an amount of EUR 2.5 million in commitments beyond the draft budget of the Commission. Payments amount to EUR 51 billion.

**Heading 2: SUSTAINABLE GROWTH : NATURAL RESOURCES:** under this heading, commitments have been set at EUR 59.3 billion out of which EUR 43.8 billion are available for market related expenditure and direct payments, the so-called first pillar of the Common Agricultural Policy. The agreement reached incorporates the Commission update of the agricultural expenditure and international fisheries agreements. The LIFE programme shall benefit from a budget of EUR 405 million in commitments. In addition, the heading also finances all agricultural Funds (EAGF - EAFRD). The margin was EUR 35.8 million. Payments were set at EUR 56.5 billion.

**Heading 3: SECURITY AND CITIZENSHIP:** this heading is no longer divided into sub-headings as was the case in the previous programming period. Commitments have been set at EUR 2.2 billion, leaving a margin of EUR 7 million. The appropriations for FRONTEX, the European agency for the management of operational cooperation at the external borders, have been increased by EUR 2 million beyond the draft budget to reach an amount of EUR 490 million. This heading also finances two new Funds "Asylum and Migration" and "Internal Security" (EUR 403 million each in commitments) as well as for the future "Creative Europe" programme in the field of Culture (EUR 184 million). Payments amount to EUR 1.7 billion (as proposed in the draft budget).

**Heading 4: GLOBAL EUROPE:** commitments have been set at EUR 8.3 billion, leaving a margin of EUR 10 million. The Instrument for Pre-Accession Assistance (IPA, EUR 1.6 billion), the European Neighbourhood Instrument (ENI, EUR 2.2 billion), the Development Cooperation Instrument (DCI, EUR 2.3 billion), the European Instrument for democracy and human Rights (EIDHR EUR 184 million) and the Instrument for Stability (IFS, EUR 318 million). Commitments have also been strengthened for financial assistance to Palestine (EUR 300 million) and humanitarian aid (EUR 920 million). Payments amount to EUR 6.2 billion.

**Heading 5 (Administration) and Heading 6 (Compensation):** commitments and payments under the administration heading have been set at EUR 8.4 billion, leaving a margin of EUR 316 million. The number of staff in the EU institutions is reduced further, in line with the objective to reach a 5% cut between 2013 and 2017. Commitments and payments under Heading 6 have been set at EUR 28.6 million.

**Special instruments:** the 2014 budget is also characterised by a series of special instruments. The budgetary characteristics are as follows:

- **Emergency aid reserve:** commitments have been set at EUR 297 million and payments at EUR 150 million.
- **European Globalisation Adjustment Fund:** commitments have been set at EUR 159.2 million and payments at EUR 50 million.
- **EU Solidarity Fund:** payments have been set at EUR 150 million.



The **Flexibility instrument** is mobilised for an amount of EUR 89.3 million in commitments to assist Cyprus.

## 2014 general budget: all sections

2013/2145(BUD) - 20/11/2013 - Corrigendum to final act

PURPOSE: **Corrigendum** to the definitive adoption of the European Union's general budget for the financial year 2014 (published previously in the *Official Journal of the European Union L51 of 20 February 2014*).

CONTENT: the corrigendum concerns the authorised establishment plans for certain institutions and bodies of the European Union (permanent and temporary posts).

## 2014 general budget: all sections

2013/2145(BUD) - 20/11/2013 - Corrigendum to final act

PURPOSE: **Corrigendum** to the definitive adoption of the European Union's general budget for the financial year 2014 (published previously in the *Official Journal of the European Union L51 of 20 February 2014*).

CONTENT: the corrigendum aims to amend certain amounts of the budget shown in "non-differentiated appropriations" instead of "appropriations" and vice versa, as appropriate.

The amendment also aims to provide a technical amendment on the standard abatement indicated in the budget remarks of certain lines (it reads 3% instead of 3.7%).