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3044th Council meeting

Economic and Financial Affairs

BUDGET

and of the Conciliation Committee session

President **Melchior WATHELET**
State Secretary for the Budget

of Belgium

P R E S S

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Main results of the Council

*Despite substantial progress on the figures for the EU budget for 2011, the Council and the European Parliament, meeting within the Conciliation Committee, did **not reach an overall agreement on the EU budget for 2011** and the other elements of the negotiation package.*

The whole Council meeting preceding the session of the Conciliation Committee and the common press conference of the Belgian State Secretary for the Budget, Melchior WATHELET, and the Commissioner in charge of Budget and Financial Programming, Janusz LEWANDOWSKI, can be followed by video streaming: <http://video.consilium.europa.eu/>

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

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OTHER ITEMS APPROVED

none

¹

- 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.

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Slovakia:

Mr Ivan KORČOK

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Mr Tapani TÖLLI

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State Secretary to Minister for Finance

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Mr Janusz LEWANDOWSKI

Member

ITEMS DEBATED

Results of the negotiations

Despite substantial progress and far reaching convergence on the figures of the **EU budget for 2011** and other related items, the Council and the European Parliament, meeting within the Conciliation Committee¹, did not reach an agreement on the whole negotiation package.

The Belgian Presidency announced they would continue efforts in order to bridge the gap between the Council's and the European Parliaments position. The 21-day conciliation period provided for by the Lisbon Treaty expires on 15 November.

Apart from the EU budget for 2011, the following elements formed part of the negotiation package:

- **letters of amendment No 1 to 3 to the draft budget for 2011** which aim to meet new financial needs (namely of the **European External Action Service, Europol and the three financial supervision authorities**) and to adapt the draft budget for 2011 to a new Commission estimate of **agricultural expenditure** for next year.
- **draft amending budget No 3 to the EU budget for 2010** on the financing of **measures to help African, Caribbean and Pacific (ACP) banana exporting countries** affected by trade liberalisation required by the World Trade Organisation (WTO);
- **draft amending budget No 10 to the EU budget for 2010** including, inter alia, a **revision of the forecasts of own resources and other revenue**;
- the financing of **additional needs** of the International Thermonuclear Experimental Reactor (**ITER**) project in 2012 and 2013 through a revision of the multiannual financial framework;
- the so-called **Lisbon package** which aims to adapt the current EU financial rules to the new provisions of the Lisbon Treaty; it includes a **draft regulation laying down the multiannual financial framework for 2007-2013**, a new **draft interinstitutional agreement** between the European Parliament, the Council and the Commission on cooperation in budgetary matters, and a proposal for a **new financial regulation**.

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

- some longer-term items which the European Parliament raised although they do not relate to the 2011 budget; these include, in particular, the question of **own resources** and the European Parliament's implication in the procedure to establish the **next multiannual financial framework**.

If, on Monday 15 November the Conciliation Committee succeeds, the Council and the European Parliament have 14 days to formally approve the joint text. The budget is adopted unless the Council or the European Parliament rejects it.¹ If the conciliation procedure fails, the Commission will have to make a new proposal. In the event that, at the beginning of 2011, the budget is not adopted, a sum equivalent to not more than one twelfth of the budget appropriations for 2010 may be spent each month for any chapter of the budget, as long as this sum does not exceed one twelfth of the appropriations provided for in the same chapter of the draft budget proposed by the Commission (Article 315 of the Treaty on the Functioning of the EU).

This year is the first time that the new annual budgetary procedure provided for by the Lisbon Treaty (Art. 314) is applied. This means that Council and European Parliament now are on an equal footing for the adoption of the whole of the EU budget (*cf. flow chart on page 10*). Under the Nice Treaty, the Council had the final say on the so-called compulsory expenditure² which in the EU budget 2009 accounted for around one third, whereas the Parliament had the last word on the rest of the EU budget.

More details on the different elements of the negotiation package:

Draft EU budget for 2011

The Conciliation Committee reached a high degree of convergence on the draft EU budget for 2011 as amended by the letters of amendment 1 to 3 (see below). The discussions were framed by the Council's and the European Parliament's position voted on 12 August and 20 October.

The Council wished to limit the EU budget for the next year to EUR 141.777 billion in commitments (+ 0.2% compared to 2010) and EUR 126.527 billion in payments (+2.9%) ([12464/10](#)), whereas the European Parliament asked for an amount of EUR 143.070 billion in commitments (+1.1%) and EUR 130.559 billion in payments (+6.2%) (<http://www.europarl.europa.eu/en/pressroom/content/20101020IPR88368>).

¹ The only exception is the case where the Council rejects the text; in this case, the European Parliament may adopt the budget by confirming its amendments by a majority of its members and three-fifths of the votes cast. This scenario seems however rather theoretical as all the 27 member states are represented in the Conciliation Committee.

² Compulsory expenditure covered essentially agricultural expenditure as far as it concerns the first pillar of the Common Agricultural Policy (i.e. market support and direct payments).

Letters of amendment to the draft budget for 2011

Letter of amendment No 1 aims to create a new section X in the 2011 budget for the **European External Action Service** (EEAS) and to ensure its necessary financial (EUR 475.8 million) and human resources (1643 posts, of which 411 would be transferred from the European Council and the Council and 1114 from the Commission, whereas 118 new posts would be created).

Letter of amendment No 2 to the draft EU budget for 2011 aims to reinforce the EU contribution to **Europol** by EUR 552 000 and to the three **Financial Supervision Authorities**, i.e. the European Insurance and Occupational Pensions Authority (EIOPA), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA), by EUR 1.22 million. The net financial impact of this amending letter amounts to EUR 1.78 million.

Letter of amendment No 3 for 2011, the "**agricultural amending letter**", seeks to update the estimated needs for agricultural expenditure. In addition to changing market factors, it also incorporates legislative decisions adopted in the agricultural sector since the draft budget 2011 was drawn up, revised estimates of needs for some direct payments, as well as any proposals which are expected to take effect during the coming budget year. This letter of amendment includes also an update of the situation for the International Fisheries Agreement. It diminishes the commitments and payments for agricultural expenditure by EUR 346 million and the commitments for the International Fisheries Agreement by EUR 1 million.

Draft amending budgets to the EU budget for 2010

Draft amending budget No 3 to the EU budget for 2010 seeks to ensure the financing of EUR 75 million for measures to help African, Caribbean and Pacific (ACP) **banana exporting countries affected by trade liberalisation** required by the World Trade Organisation (WTO).

Draft amending budget No 10 for the year 2010 aims to reduce the expenditure by EUR 373 million in commitments and EUR 1.09 billion in payments following the **revision of the forecasts of own resources and other revenue**.

Financing of additional needs of ITER

The Conciliation Committee also discussed a Commission proposal for securing the financing of additional needs of the ITER project amounting to EUR 1.4 billion in 2012 and 2013. An amount of EUR 460 million should be covered through redeployment from the Seventh Research Framework Programme within sub-heading 1a and an amount of EUR 940 million secured through a revision of the multiannual financial framework allowing a transfer of the margin from the (sub-)headings 2, 3a and 5 in 2010 to sub-heading 1a in 2012 and 2013 while keeping the overall ceiling for commitments and payments over the period 2007-2013 unchanged.

Adapting the EU financial rules to the Lisbon Treaty

The "Lisbon package" aims to implement the budgetary and financial consequences of the new Treaty and consists of the following three pieces of texts:

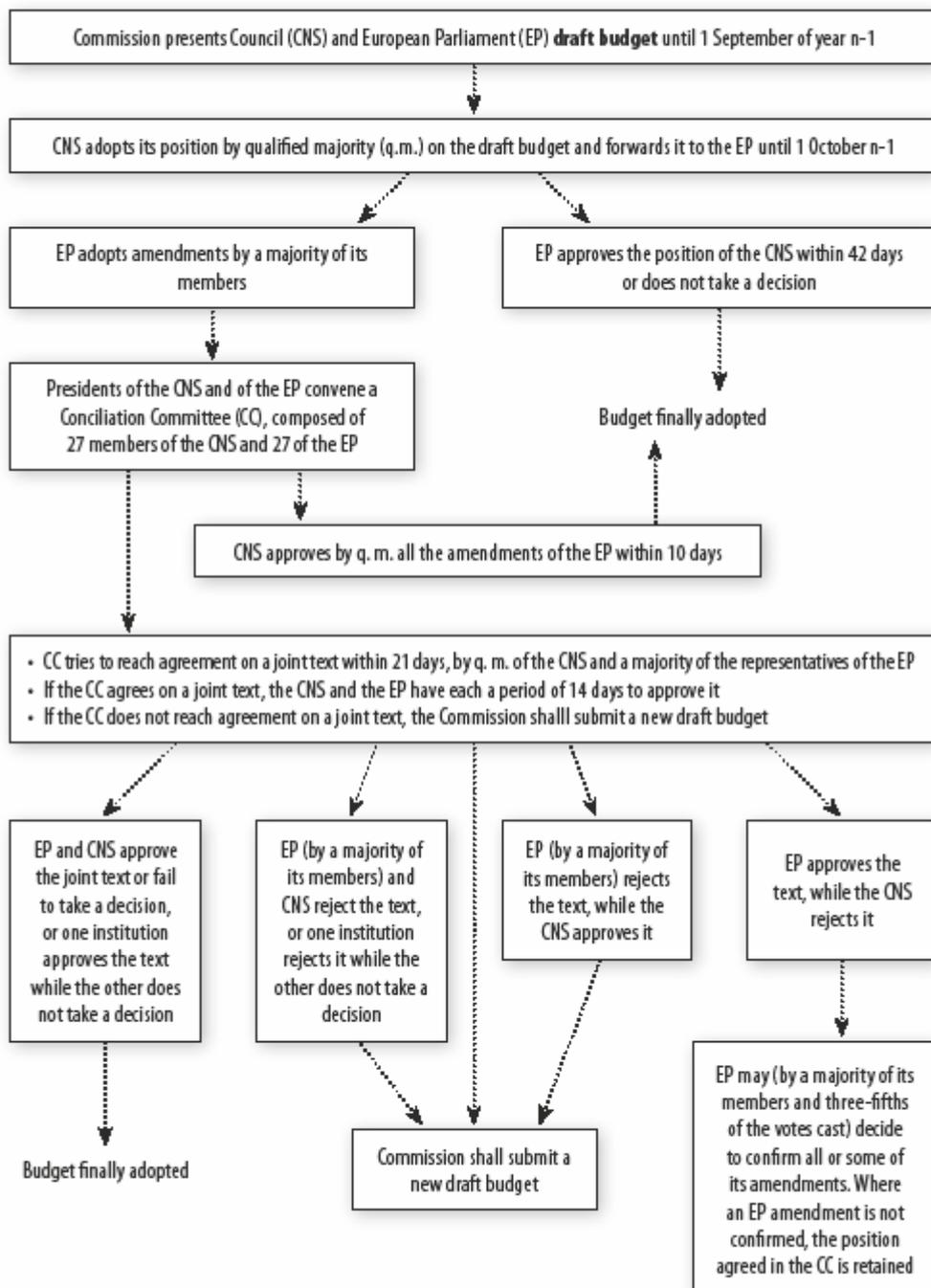
- a draft regulation laying down the multiannual financial framework for the years 2007-2013;
- a new draft interinstitutional agreement between the European Parliament, the Council and the Commission on cooperation in budgetary matters;
- a draft regulation amending the financial regulation.

The Conciliation Committee did not reach agreement on the question if and under which conditions the current possibility for the Council to adapt the multiannual financial framework within a margin for unforeseen expenditure by of up to 0.03% of the Gross National Income (GNI) of the EU for unforeseen expenditure should be maintained.

Long-term issues raised by the European Parliament

The European Parliament raised some longer-term issues relating in particular to the question of **own resources** and the European Parliament's implication in the procedure to establish the **next multiannual financial framework**. The Conciliation Committee did not reach agreement on the question if and how these issues should be covered in a common declaration.

Budget procedure Lisbon Treaty (Art. 314)



CC = Conciliation Committee

CNS = Council

EP = European Parliament

q.m. = qualified majority

OTHER ITEMS APPROVED

none
