



**COUNCIL OF
THE EUROPEAN UNION**

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DRAFT MINUTES

Subject: **3274th** meeting of the Council of the European Union (**GENERAL
AFFAIRS**) held in Brussels on 19 November 2013

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¹ Deliberations on Union legislative acts (Article 16(8) of the Treaty on European Union), other deliberations open to the public and public debates (Article 8 of the Council's Rules of Procedure).

LEGISLATIVE DELIBERATIONS

(public deliberation in accordance with Article 16(8) of the Treaty on European Union)

1. General budget of the European Union for the financial year 2014

– Approval of the joint text

16106/13 FIN 746

+ ADD 1

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+ ADD 5

Following Council (ECOFIN/Budget) on 11-12.11.2013

The Council approved the joint text on the budget for 2014 by qualified majority - with the Danish, Netherlands, Swedish and the United Kingdom delegations voting against - in accordance with Article 314(5) of the Treaty on the Functioning of the European Union.

Joint statement on payment appropriations

"The European Parliament, the Council, and the Commission recall their shared responsibility, as laid down in Article 323 of the Treaty on the Functioning the European Union (TFEU), that *"the European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligation in respect of third parties"*.

The European Parliament and the Council recall the need to ensure, in the light of implementation, 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, among others in its Article 13.

The European Parliament and the Council agree to set the level of payment appropriations for 2014 at EUR 135 504 613 000. They ask 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, in particular, after having examined the scope for reallocation of the relevant appropriations, with particular reference to any expected under-implementation of appropriations (Financial Regulation Article 41§2) 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 will 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 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, in accordance with Point 36 of the Annex of the Interinstitutional Agreement, to take stock of payment implementation and revised forecasts."

European Parliament and Commission statement **on payment appropriations**

"The European Parliament and the Commission recall the need for specific and maximum flexibility within the 2014-2020 MFF. Changes to the proposed legal bases agreed by the legislative authority will lead to further pressure on the payment ceilings under the 2014-2020 MFF. In the context of the finalisation of the legislative package for the Cohesion policy 2014-2020 and taking into account the possible impact of the SME initiative, the Commission issued a declaration on the impact of the agreement reached on the performance reserve and pre-financing levels, on payment needs. Whilst the overall impact of these changes on additional payment appropriations in the 2014-2020 MFF is considered to remain limited, the Commission stated that the annual fluctuations in the global level of payments would be managed through the use of the global margin for payments. If needed, the Commission may also have recourse to the Flexibility Instrument and the Contingency Margin agreed upon in the draft MFF Regulation.

Therefore, the Commission intends to propose correcting measures in light of implementation, using, to the extent necessary, all the tools offered by the new MFF. Specifically, in the course of 2014 the Commission may have to propose to have recourse to the Contingency Margin, in accordance with Article 13 of the draft MFF Regulation."

Council statement **on payment appropriations**

"The Council recalls that the special instruments can only be activated to cater for genuinely unforeseen circumstances.

It recalls that the Contingency Margin shall not result in exceeding the total ceilings of commitment and payment appropriations.

As regards other special instruments, the Council recalls that Article 3(2) of the draft MFF Regulation states that commitment appropriations may be entered in the budget over and above the ceilings of the relevant headings."

Joint statement **on decentralised agencies**

"The European Parliament, the Council and the Commission recall the importance to progressively reduce the staffing levels of all EU institutions, bodies and agencies by 5 % over five years, as agreed in Point 23 of the draft Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management.

The European Parliament and the Council commit to pursue progressively the above-mentioned 5 % staff reduction for the period 2013-2017 while insisting as well on the proper functioning of the agencies so that they can fulfil the tasks they have been assigned by the legislative authority. In this respect, they consider that further measures, including structural ones, may be required to achieve this reduction for decentralised agencies. In this context, the Commission will continue its assessment of the possibilities to merge and/or wind-up some of the existing agencies, and/or other ways to achieve synergies.

Further to the work carried out by the Inter-Institutional Working Group, which resulted in the Common Approach on decentralised agencies agreed in July 2012, the European Parliament, the Council and the Commission agree on the need for a closer and more permanent scrutiny on the development of decentralised agencies to ensure a coherent approach. Without prejudice to their respective prerogatives, they agree to establish a specific inter-institutional working group with the aim of defining a clear development path for agencies, based on objective criteria. The Group should in particular discuss:

- Evaluation of establishment plans on a case-by-case basis;
- Ways to provide adequate appropriations and staff for additional tasks, assigned to individual agencies by the legislative authority;
- Treatment of agencies which are fully or partially fee-financed;
- Administrative structure of agencies, financing models, treatment of assigned revenues;
- Reassessment of needs; potential mergers/closures; transfer of tasks to the Commission.

The European Parliament and the Council will take into due account the results achieved by the Inter-Institutional Working Group in their deliberations as legislative and budgetary authority."

Joint statement on heading 5 and salary adjustments

"The European Parliament and the Council agree that pending the outcome of the cases before the European Court of Justice, 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.

Should the Court of Justice rule in favour of the Commission, the Commission will present a draft amending budget in 2014 in order to cover the proposed salary adjustments, for all the Sections. Under such a scenario, the European Parliament and the Council undertake to act swiftly on the relevant draft amending budget."

Joint statement on EU Special Representatives

"The European Parliament and the Council agree 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."

2. Amended draft amending budget No 9 to the general budget for 2013

16107/13 FIN 747 PE-L 100

Following Council (ECOFIN/Budget) on 11-12.11.2013

The Council approved the amendment to the Council's position on draft amending budget No 9 to the general budget for 2013 by qualified majority - with the Danish, Netherlands, Swedish and the United Kingdom delegations voting against - in accordance with Article 314(4)(c) of the Treaty on the Functioning of the European Union.

3. Any other business

- Current legislative proposals
- = Information from the Presidency

Presidency updated delegations on developments in relation to the legislative proposals on the Multiannual financial framework.

NON LEGISLATIVE ACTIVITIES - PUBLIC DEBATES

(in accordance with Article 8(3) of the Council's Rules of Procedure)

6. The European Commission Work Programme for 2014

- Presentation by the Commission

Delegations welcomed the priorities the Commission has set for next year.

NON LEGISLATIVE ACTIVITIES - ADOPTIONS

(in accordance with Article 9(1) of the Council's Rules of Procedure)

8. Council Regulation fixing an adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013 and repealing Commission Implementing Regulation (EU) No 964/2013

15397/13 AGRI 693 AGRISTR 132 AGRIORG 151 AGRIFIN 173

The Council adopted the above Regulation (Legal basis: Article 43(3) of the Treaty on the Functioning of the European Union).

Commission statement

"Following the adoption by the Commission on 16 October of the proposal for a Council Regulation to fix the adjustment rate for direct payments in respect of calendar year 2013, the Council took the view that the Commission proposal could be adopted on the basis of Article 43(3) TFEU and not using Article 18(5) of Council Regulation (EC) No 1290/2005 which is considered to be a "derived" legal basis.

The Commission declares that it considers that the use of Article 43(3) for fixing the adjustment rate for direct payments in respect of calendar year 2013 does not constitute a precedent for the future. As provided for in the future Horizontal Regulation, Article 43(2) TFEU will be the legal basis for fixing the rate for the reduction of direct payment in the framework of the financial discipline mechanism whereas possible adjustments of that rate prior to 1 December will be fixed by the Commission."

Statement by Latvia on financial discipline in 2013

"Latvia abstains when voting on the Council Regulation fixing an adjustment rate to direct payments provided for in Regulation (EC) No 73/2009 in respect of calendar year 2013. Latvia strongly believes that the correction rate of financial discipline applied to direct payment sums for 2013 should be at the level of EUR 5000, therefore applying to those farmers who receive more than EUR 5000."

Statement by Poland on financial discipline in 2013

During discussions in the Agriculture and Fisheries Council, Poland has consistently argued that the limit exempting those in receipt of direct payments from the financial discipline mechanism should be kept at EUR 5 000.

Bearing in mind the European Commission's statement² of 30 June 2003 and its initial proposal³ of 25 March 2013, as well as the European Parliament's position⁴ of 12 June 2013 and the distribution of votes in the Council, Poland is of the opinion that the provisions of the European Commission Regulation⁵ of 9 October 2013 are difficult to understand or to accept politically. By lowering the threshold from EUR 5 000 to EUR 2 000, an extra million EU farmers, the vast majority from the less prosperous Member States, will see their direct payments reduced.

Poland takes the view that it would be reasonable to apply financial discipline to the same group of farmers as are affected by modulation, especially as financial discipline should be a one-off event in terms of the financial implications for the farmers affected."

² Declaration of the Commission concerning the application of the mechanism for financial discipline – Annex IV to 10961/03 of 30 June 2003.

³ EC proposal, COM(2013) 159, 25 March 2013.

⁴ EP legislative resolution of 12 June 2013.

⁵ Commission Implementing Regulation (EU) No 964/2013 of 9 October 2013.

12. Council Regulation fixing for 2014 the fishing opportunities for certain fish stocks and groups of fish stocks applicable in the Baltic Sea

15169/13 PECHE 471

The Council adopted the above Regulation (Legal basis: Article 43(3) of the Treaty on the Functioning of the European Union).

Statement by DE, DK, FI, EE, LV, LT, SE, PL
on Plaice in subdivisions 22-32

"Member States concerned are committed to take all the necessary measures in order to ensure higher precision of catch assessment for this stock and paying full respect to the obligation to register all-inclusive discard data of plaice."

Statement by DE, DK, FI, EE, LV, LT, SE, PL
on Salmon in the Gulf of Finland

"Member States concerned are highly committed to the measures necessary for conservation of the wild salmon stocks in the Gulf of Finland. In particular, EE will continue its strict and targeted management measures in the coastal waters, as well as salmon rivers and their outlets, e.g., construction and maintenance of fish passages, habitat restoration, restocking activities and protection measures to support wild salmon stocks through its' migratory ways as recommended by ICES. FI will continue with the compensatory releases of fin clipped salmon and maintain the trap-net fishery in FI coastal waters that targets salmon from such releases. FI will also start the planning of an eventual construction of a fish passage on the Kymijoki River in order to support the natural reproduction of the introduced Neva salmon stock."

Statement by DE, DK, FI, EE, LV, LT, SE, PL
on Sprat in Subdivisions 22-32

"Member States concerned agree that the fishing at maximum sustainable yield (MSY) level shall be reached by 2015 for pelagic stocks in the Baltic Sea. By applying a stepwise approach in the movement to the MSY level when setting the TAC for sprat in 2014, Member States are fully aware that further adjustments of the TAC level should be fully respected in 2015, in order to reach the above goal."

Statement by DE, DK, FI, EE, LV, LT, SE, PL
regarding measures for the recovery of weak salmon stocks

"Member States concerned and the Commission agree that weak salmon stocks are in need of targeted measures to support their recovery.

Based on an initiative of Finland and Sweden, the Member States concerned will consider possibilities for targeted fisheries management measures covering sea and inland waters and control efforts that support the recovery of weak salmon stocks. Member States concerned will consider such measures when preparing for the adoption of the 2015 salmon TAC for the Main Basin and Gulf of Bothnia."

13. Council Regulation amending Regulations (EC) No 754/2009, (EU) No 1262/2012, (EU) No 39/2013 and (EU) No 40/2013 as regards certain fishing opportunities
16109/13 PECHÉ 525

The Council adopted the above Regulation (Legal basis: Article 43(3) of the Treaty on the Functioning of the European Union).

Council statement

"The Council recognises the need for further discussions on how best to apply the flexibility possibilities arising from consultations with Coastal States. In doing so account will be taken of experience acquired to date and from the implementation of this amending Regulation as well as its interaction with existing rules relating to flexibility."

Statement by Poland

"Poland thanks Presidency for a contribution to finding a solution to an important technical problem related to inter-annual flexibility caused by changing interpretations of Article 7 of 2012 External Fishing Opportunities Regulation.

However, we regret to note that the proposed solution does not precise how the swapped quotas are to be treated in the future application of the new Article 6a by the Commission. Given the above, Poland cannot support it and abstains from voting."

Commission statement
on article 6a

"The Commission regrets that the Council has chosen to reintroduce in Article 6a a special flexibility mechanism for seven pelagic stocks shared with Norway by modifying the international fishing opportunities regulation for 2013 (Regulation (EU) No 40/2013).

The Commission draws the attention of the Council to the fact that a more stable solution should be envisaged in order to provide for such mechanism.

The Commission also draws the attention of the Council to the risks of applying the flexibility mechanism described in Article 6a in practice, which will be assumed by the Member States who choose to make use of the Article. Under no circumstances should the application of Article 6a lead to unjustified quota increases, in particular as regards carryovers."