



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 5 December 2012

**17146/1/12
REV 1**

FIN 990

"I/A" ITEM NOTE

from :	General Secretariat of the Council
to :	Permanent Representatives Committee/Council
Subject :	New draft budget of the European Union for the financial year 2013 - Council position

1. Following the failure of the Conciliation Committee to reach an agreement on the budget for 2013, the Commission forwarded to the Council on 23 November 2012 a new draft budget for 2013 in accordance with Article 314(8) TFEU.
2. This new draft budget is based, as regards commitment appropriations, on the latest state of play in the negotiations of the Conciliation Committee which finished its work on 13 November. For payment appropriations, the new draft budget is based on the Commission's original draft budget, as amended by letter of amendment No 1/2013.
3. The new draft budget for 2013 was examined by the Budget Committee on 26 and 27 November 2012 and by the Permanent Representatives Committee on 28 and 29 November 2012.

4. At a trilogue on 29 November 2012, the European Parliament and the Council reached an *ad referendum* agreement on the new draft budget for 2013 amended as follows:

- commitment appropriations on eight budget lines under sub-heading 1a are reinforced for a total amount of EUR 15.986 million;
- appropriations on Item 05 07 01 06 (*Accounting clearance of previous years' accounts with regard to shared management expenditure under the EAGGF Guarantee Section (previous measures) and under the EAGF*) are set at an amount of -EUR 200 million;
- appropriations related to the 2011 salary adjustment are not included in the 2013 budget at this stage (except for the European Parliament); as part of the overall compromise, the European Parliament and the Council agreed on the joint statement on heading 5 as set out in Annex 3;
- the overall level of payment appropriations in the 2013 budget is set at an amount of EUR 132 836 987 855; as part of the overall compromise, the European Parliament and the Council agreed on the joint statements on payment appropriations as set out in Annex 3;
- all reserves voted by the European Parliament are maintained, with the exception of the reserve related to "Schengen governance" (*Articles 18 02 05 - Visa information system, 18 02 06 - External Borders Fund, 18 05 08 - Prevention, preparedness and consequence management of terrorism and 18 05 09 - Prevention of fight against crime*), for which 20 % of the appropriations on the line are placed in the reserve.

A detailed breakdown by heading of the financial framework is recorded in Addendum 1 to this note. The corresponding detailed figures for each institutions and by policy area are recorded in Addenda 2 to 6. Addendum 7 contains the changes made to the budgetary remarks.

The total revenue needs to be updated taking into account the Council's position.

5. The agreement reached on the new draft budget for 2013, as amended, was endorsed by qualified majority¹ by the Permanent Representatives Committee on 30 November.
6. The Permanent Representatives Committee is invited to advise the Council to:
- adopt the Council's position on the new draft budget for 2013 as set out in point 4 above;
 - approve the draft decision of the European Parliament and of the Council establishing the general budget of the European Union for the financial year 2013 as set out in Annex 1 and transmit it to the European Parliament;
 - have the Council's position published in the *Official Journal of the European Union* as set out in Annex 2;
 - record in its minutes the draft joint statements set out in Annex 3.

¹ AT, NL, SE and UK voting against. NL, SE and UK made the following unilateral statement to be included in the Council minutes: "*The Netherlands, Sweden and the United Kingdom note that given the lack of a formal adoption procedure in Union law for political documents, such as conclusions and statements, the Council decides on such political documents by consensus. This reflects the long-standing practice of the Council that they are not passed if any Council member opposed them. As such, if the statements proceed without agreement by the Council by consensus, the Netherlands, Sweden and the United Kingdom do not consider such statements to have been adopted and do not consider themselves, or the Council, to be bound by the content of those statements.*". DK made the following unilateral statement to be entered in the Council minutes: "*Denmark votes in favour of the 2013 budget. At the same time Denmark does not support the declaration concerning suspension of payments in 2012, which Denmark regards as related to amending budget No 6/2012 to which Denmark votes no.*".

DRAFT

DECISION
of the EUROPEAN PARLIAMENT and of the COUNCIL
establishing the general budget of the European Union for the financial year 2013

The EUROPEAN PARLIAMENT and the COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with its Article 296, first paragraph,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to Council Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources¹,

¹ OJ L 163, 23.6.2007, p. 17.

Whereas:

1. On 25 May 2012, the Commission submitted a proposal containing the draft budget for the financial year 2013, regarding which no agreement was reached under the Conciliation procedure provided for in Article 314(4) to (6) of the Treaty on the Functioning of the European Union.
2. In application of Article 314(8) of the Treaty on the Functioning of the European Union, the Commission submitted a new draft budget for the same financial year on 23 November 2012.
3. The Council adopted its position on the new draft budget for 2013 on 6 December 2012.
4. The European Parliament approved the Council's position at its plenary sitting of XX December 2012,

HAVE ADOPTED THIS DECISION:

Sole Article

The general budget of the European Union for the financial year 2013 is hereby established in accordance with the Annex to this Decision.

Done at Strasbourg, XX December 2012.

*For the European Parliament
The President*

*For the Council of the EU
The President*

COUNCIL DECISION
ADOPTING THE COUNCIL'S POSITION ON THE
DRAFT BUDGET OF THE EUROPEAN UNION FOR THE FINANCIAL YEAR 2013

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 314(3) thereof, in conjunction with the Treaty establishing the European Atomic Energy Community and in particular Article 106a thereof,

Whereas:

1. on 23 November 2012, the Commission submitted a proposal containing the new draft budget for the financial year 2013³,
2. the Council examined the Commission proposal with a view to defining a position consistent, on the revenue side, with Council Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources⁴, and on the expenditure side, with Part I of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management⁵, which, in the absence of any multiannual financial framework established pursuant to Article 312 of the Treaty on the Functioning of the European Union, constitutes the currently applicable instrument of budgetary discipline,

³ COM(2012) 716 final.

⁴ OJ L 163, 23.6.2007, p. 17.

⁵ OJ L 347, 24.12.2009, p. 26.

3. given the need to adopt a Council position on the new draft budget as soon as possible with a view to a budget being definitively adopted before the beginning of the financial year 2013, thus ensuring the continuity of the Union's action, it is justified to shorten, in accordance with Article 3(3) of the Council's Rules of Procedure, the eight-week period for the information of National Parliaments, as well as the ten-day period foreseen for placing the item on the Council's provisional agenda laid down in Article 4 of Protocol No 1.

HAS DECIDED AS FOLLOWS:

Sole Article

The Council's position on the new draft general budget of the European Union for the financial year 2013 was adopted by the Council on 6 December 2012.

The full text can be accessed for consultation or downloading on the Council's website:
<http://www.consilium.europa.eu/>.

Done at Brussels, on 6 December 2012.

For the Council
The President

DRAFT JOINT STATEMENTS**1. Payment appropriations for 2013**

"Taking into account the ongoing fiscal consolidation efforts in Member States, the European Parliament and the Council, taking note of the level of payments proposed by the Commission for 2013, agree on a reduction of the level of payment appropriations for 2013 as compared to the Commission's draft budget. They ask the Commission to initiate any necessary action according to the Treaty and, in particular, to request additional payment appropriations in an amending budget if the appropriations entered in the 2013 budget prove insufficient to cover expenditure under sub-heading 1a (*Competitiveness for growth and employment*), sub-heading 1b (*Cohesion for growth and employment*), heading 2 (*Preservation and management of natural resources*), heading 3 (*Citizenship, freedom, security and justice*) and heading 4 (*The EU as a global player*).

Moreover, the European Parliament and the Council urge the Commission to present by mid-October 2013 at the latest updated figures concerning the state of play and estimates regarding payment appropriations under sub-heading 1b and rural development under heading 2, and, if necessary, to present a draft amending budget. The European Parliament and the Council are aware that a draft amending budget may possibly be required as early as mid-2013. With a view to facilitate the decision on the level of payment appropriations in the context of the annual budgetary procedure, the three institutions agree to explore how to better match payment appropriations estimates under shared management with the corresponding needs.

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.

In accordance with Point 18 of the Interinstitutional Agreement on budgetary discipline and sound financial management, the European Parliament and the Council recall the need to ensure, in the light of implementation, an orderly progression of the total appropriations for payments in relation to the appropriations for commitments, so as to avoid any abnormal evolution of outstanding commitments ("RAL").

The European Parliament, the Council and the Commission will actively monitor the state of implementation of the 2013 budget, throughout the year, focussing on payment implementation, reimbursement claims received and revised forecasts, on the basis of detailed information provided by the Commission.

In any event, the European Parliament, the Council and the Commission recall their shared responsibility, as laid down in Article 323 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".

2. Payment needs for 2012

"The European Parliament and the Council note that the level of payments, proposed by the Commission in its 2013 draft budget, was based on the assumption that payment needs in 2012 would have been addressed with appropriations available in the 2012 budget. However, the additional payment appropriations authorised in amending budget No 6/2012 were lowered by EUR 2.9 million with respect to the amount proposed by the Commission, and are not at the level of all payment claims received.

Therefore, the Commission undertakes to present at an early stage in the year 2013 a draft amending budget devoted to the sole purpose of covering the 2012 suspended claims, as soon as the suspensions are lifted, and the other pending legal obligations without prejudice to the proper implementation of the 2013 budget.

To ensure sound and accurate EU budgeting, the European Parliament and the Council will take position on this draft amending budget as quickly as possible in order to cover any outstanding gap."

3. **Heading 5 and the salary and pension adjustment**

"The European Parliament and the Council agree not to include at this stage the budgetary impact of the 2011 salary adjustment in the 2013 budget. Without prejudice to Council's position in cases c-66/12, c-63/12, c-196/12 and c-453/12, they jointly request the Commission, should the Court rule in favour of the Commission and as soon as it does, to submit a draft amending budget devoted to finance, as needed, the impact of the 2011 adjustment for the institutions, including its retroactive effect on previous years and possible late interest.

The European Parliament and the Council thus commit to approve such draft amending budget as soon as possible and to provide the necessary additional appropriations without jeopardising political priorities."
