



**COUNCIL OF
THE EUROPEAN UNION**



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PRESS RELEASE

3197th Council meeting (continuation)

Economic and Financial Affairs (Budget)

and

Conciliation Committee

Brussels, 13 November 2012

President

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

P R E S S

Main results of the Conciliation Committee as noted by the Council

The Council took note of the fact that the Conciliation Committee could not reach agreement on the 2013 EU budget and other elements of the negotiation package.

However, the Council approved the financing modalities for the mobilisation of EUR 670 million out of the EU solidarity fund in favour of Italy as proposed by the Commission in draft amending budget no 5 for 2012. This complements the agreement reached within the Conciliation Committee on 9 November on the principle of mobilising the proposed amount for Italy.

The Council meeting, as well as the press conference of the Deputy Minister for European Affairs of Cyprus, Mr Andreas D. MAVROYIANNIS can be watched by video streaming:

<http://video.consilium.europa.eu/>

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

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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.

PARTICIPANTS

Belgium:

Mr Dirk WOUTERS

Permanent Representative

Bulgaria:

Mr Dimiter TZANTCHEV

Permanent Representative

Czech Republic:

Mr Jan GREGOR

Deputy Minister, Ministry of Finance

Denmark:

Mr Jeppe TRANHOLM MIKKELSEN

Permanent Representative

Germany:

Mr Peter TEMPEL

Permanent Representative

Estonia:

Mr Matti MAASIKAS

Permanent Representative

Ireland:

Mr Rory MONTGOMERY

Permanent Representative

Greece:

Mr Theodoros SOTIROPOULOS

Permanent Representative

Spain:

Mr Alfonso DASTIS QUECEDO

Permanent Representative

France:

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Permanent Representative

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Mr Andreas MAVROYIANNIS

Ms Florentia EVRIPIDOU

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

Latvia:

Ms Ilze JUHANSONE

Permanent Representative

Lithuania:

Mr Vytautas LEŠKEVIČIUS

Deputy Minister for Foreign Affairs

Luxembourg:

Mr Christian BRAUN

Permanent Representative

Hungary:

Mr Péter GYÖRKÖS

Permanent Representative

Malta:

Ms Marlene BONNICI

Permanent Representative

Netherlands:

Mr Pieter de GOOIJER

Permanent Representative

Austria:

Mr Walter GRAHAMMER

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Poland:

Mr Jacek DOMINIK

Deputy State Secretary, Ministry of Finance

Portugal:

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Romania:

Mr Mihnea MOTOC

Permanent Representative

Slovenia:

Mr Rado GENORIO

Permanent Representative

Slovakia:

Mr Ivan KORČOK

Permanent Representative

Finland:

Mr Jan STORE

Permanent Representative

Sweden:

Mr Dag HARTELIUS

Permanent Representative

United Kingdom:

Mr Greg CLARK

Financial Secretary to the Treasury

Commission:

Mr Janusz LEWANDOWSKI

Member

.....

The Government of the Acceding State was represented as follows:

Croatia

Mr Vladimir DROBNJAK

Permanent Representative

ITEMS DEBATED

EU draft budget for 2013

The Council had to take note of the impossibility to reach an agreement with the European Parliament on the 2013 budget and other related items¹.

During the whole conciliation period the Cyprus Presidency deployed major efforts to reconcile positions, and in particular during the last days, member states showed significant openness on some key items.

The Council notably approved draft amending budget no 5 for 2012 as proposed by the Commission, providing financial assistance from the EU Solidarity Fund for an amount of EUR 670 million to Italy that was hit by a series of earthquakes earlier this year. This decision is a concrete manifestation of the Council's solidarity with Italy, reflects the Council's commitment to keep its promises and shows its goodwill towards the European Parliament.

The mandate given to the Conciliation Committee² on 23 October was to find an agreement on the 2013 Budget. However, during the whole conciliation period, the European Parliament refused to negotiate on the 2013 EU budget and set an agreement on draft amending budget 6 for 2012 as a precondition. The Council was and remains ready to discuss about all elements of the package and wished to address them simultaneously in order to find a balanced outcome which would meet the concerns of all parties and member states concerned.

From the Council's point of view there is a strong link between the draft amending budgets for 2012 and the 2013 EU budget, since both of them ensure the continuity of European measures and have to be financed from the same national budgets.

¹ These are notably:

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

² The Conciliation Committee is composed of the 27 members of the Council and an equal number of members of the European Parliament.

The Council regrets that due to the lack of flexibility by the European Parliament, the Conciliation Committee was prevented from fulfilling the letter and spirit of the provisions of the Treaty.

The Council expects the European Parliament to engage quickly into constructive negotiations and looks forward to receiving a new draft budget from the Commission.

Since the 21-days-conciliation-period as provided for by the Lisbon Treaty has now expired, the Commission has to submit a new draft budget, in line with article 314 of the Treaty on the Functioning of the EU (TFEU).

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

SOME DETAILS ON THE ELEMENTS OF THE NEGOTIATION

EU draft budget for 2013

In its position adopted on 24 July, the Council agreed to limit the EU budget for next year to EUR 132.70 billion in payments (corresponding to 0.99% of the EU's Gross National Income (GNI)). This represents an increase by 2.79% compared to 2012, which is well above inflation³ and reflects the fact that 2013 is the last year of the current multiannual financial framework. As regards commitments, the Council's position amounts to EUR 149.78 billion, representing an increase by 1.27%.

In its position adopted on 23 October the European Parliament requested an amount of EUR 151.15 billion in commitments (+2.20%) and EUR 137.90 billion in payments (+6.82%⁴).

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

³ http://ec.europa.eu/economy_finance/publications/european_economy/2012/pdf/ee-2012-7_en.pdf, page 17.

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

Description	1		2		3		3-2	
	DB ⁵ 2013		Council's Position on DB 2013		European Parliament's Position on Council's Position 2013		Difference (amount)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
1 SUSTAINABLE GROWTH	70 530 996 883	62 527 845 408	70 054 447 793	59 030 453 016	70 681 649 037	62 595 796 863	+ 627 201 244	+3 565 343 847
1.a Competitiveness for growth and employment	116 003 117 16 032 047 846	981 488 584 13 552 811 245	592 552 207 15 562 898 756	592 552 207 11 655 162 155	- 34 649 037 16 173 000 000	62 595 796 863 13 615 562 700	- 627 201 244 + 610 101 244	+1 960 400 545
1.b Cohesion for growth and employment	90 932 154 54 498 949 037	90 932 154 48 975 034 163	560 101 244 54 491 549 037	560 101 244 47 375 290 861	- 50 000 000 54 508 649 037	62 595 796 863 48 980 234 163	- 610 101 244 + 17 100 000	+1 604 943 302
	25 050 963	25 050 963	32 450 963	32 450 963	15 350 963	57 930 279 132	- 17 100 000	+ 455 966 928
2 PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	60 307 511 416	57 964 879 132	59 971 444 488	57 474 312 204	60 274 311 416	57 930 279 132	+ 302 866 928	+ 455 966 928
MARGIN	981 488 584	44 112 931 204	1 317 555 512	43 776 431 204	1 014 688 584	44 069 131 204	- 302 866 928	+ 292 700 000
Of which: market related expenditure and direct aids	44 130 348 610	808 641 390	43 795 348 610	1 143 641 390	44 086 548 610	832 441 390	+ 291 200 000	+ 292 700 000
3 CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE	2 081 641 200	1 574 600 126	2 057 175 617	1 514 079 543	2 105 891 200	1 591 770 126	+ 48 715 583	+ 77 690 583
MARGIN	294 358 800	928 328 376	318 824 383	877 353 593	270 108 800	931 298 376	- 48 715 583	+ 53 944 783
3.a Freedom, security and justice	1 392 227 200	268 772 800	1 377 280 417	636 725 950	1 398 727 200	660 471 750	+ 21 446 783	+ 23 745 800
3.b Citizenship	689 414 000	25 586 000	283 719 883	679 895 200	262 272 800	660 471 750	- 21 446 783	+ 23 745 800
	25 586 000	25 586 000	35 104 800	35 104 800	7 836 000	660 471 750	+ 27 268 800	+ 23 745 800
4 EU AS A GLOBAL PLAYER	9 467 168 711	7 311 588 051	9 295 470 596	6 277 295 936	9 583 118 711	7 272 888 051	+ 287 648 115	+ 995 592 115
MARGIN	391 946 289	8 545 518 496	563 644 404	8 399 333 899	275 996 289	8 507 416 568	- 287 648 115	+ 108 082 669
5 ADMINISTRATION	8 544 418 496	8 545 518 496	8 398 233 899	8 399 333 899	8 506 866 568	8 507 416 568	+ 108 632 669	+ 108 082 669
MARGIN	636 581 504	8 545 518 496	782 766 101	8 399 333 899	674 133 432	8 507 416 568	- 108 632 669	+ 108 082 669
6 COMPENSATIONS	150 931 736 706	137 924 431 213	149 776 772 393	132 695 474 598	151 151 836 932	137 898 150 740	+ 1 375 064 539	+ 5 202 676 142
GRAND TOTAL	2 420 378 294	6 182 568 787	3 575 342 607	11 301 525 402	2 200 278 068	6 208 849 260	- 1 375 064 539	- 5 092 676 142
MARGIN	2 420 378 294	6 182 568 787	3 575 342 607	11 301 525 402	2 200 278 068	6 208 849 260	- 1 375 064 539	- 5 092 676 142
APPROPRIATIONS AS % OF GNI	1,13%	1,03%	1,12%	0,99%	1,13%	1,03%		

5 DB = draft budget.

Letter of amendment no 1 to the draft budget for 2013

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

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

Draft amending budgets to the EU budget for 2012

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

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

- sub-heading 1a: increase of EUR 625.3 million spread over various programmes: 7th Research Framework Programme (+ EUR 344.8 million), Lifelong Learning programme (+ EUR 180 million), including Erasmus (+ EUR 90 million), space and security research (+ EUR 78 million), European Globalisation Adjustment Fund (+ EUR 17.7 million), European satellite navigation programmes EGNOS and Galileo (+ EUR 4.8 million).
- sub-heading 1b: increase of EUR 7.17 billion out of which EUR 3.09 billion for the European Social Fund, EUR 2.72 billion for the European Regional Development Fund and EUR 1.35 billion for the Cohesion Fund.

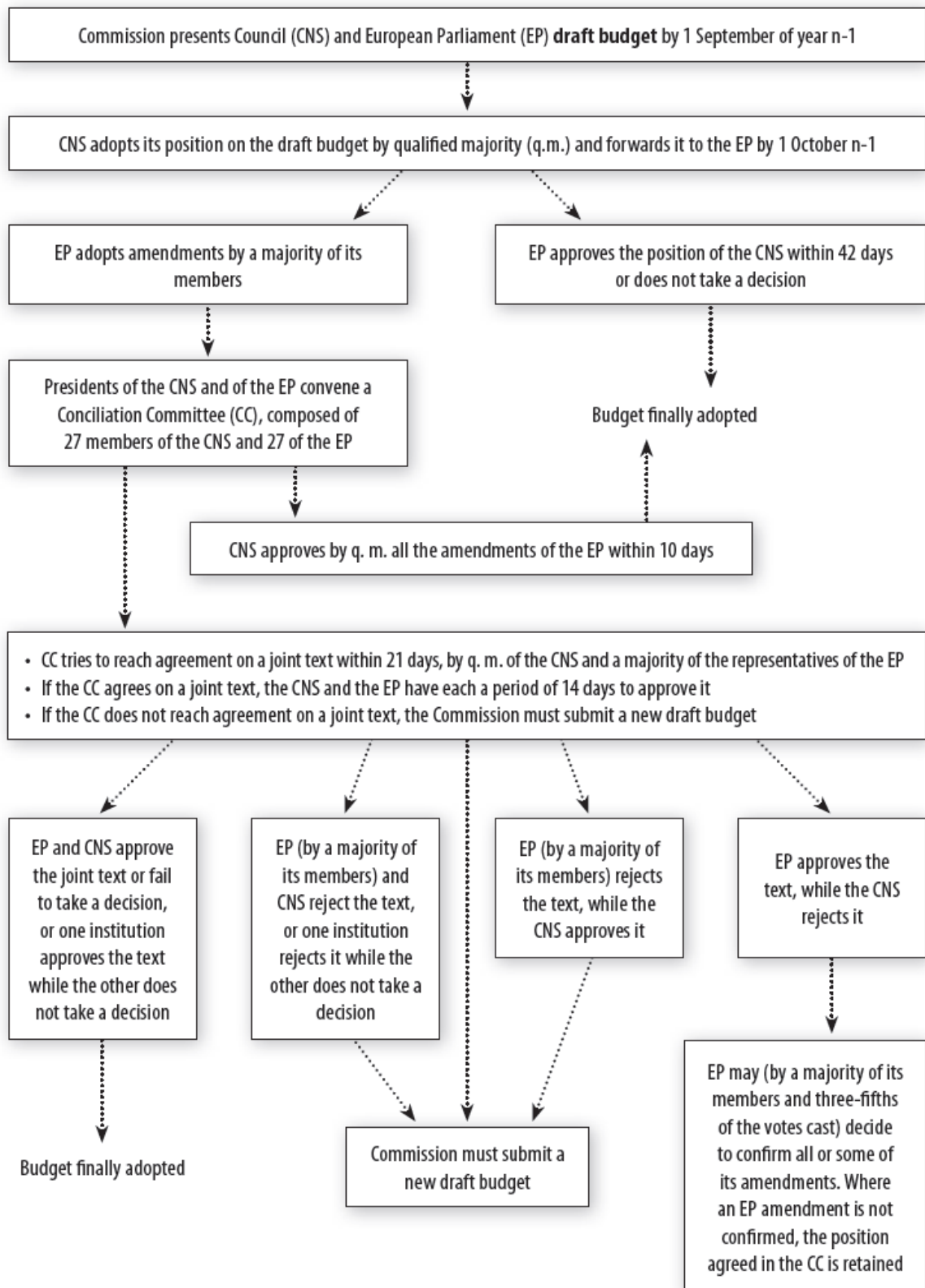
- heading 2: additional amount of EUR 1.17 billion in order to fill the needs for the rural development programmes (+ EUR 1.04 billion) and to cover the completion of the programmes of the European Agricultural Guidance and Guarantee Fund for 2000-2006 (+ EUR 111 million) and the animal disease eradication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

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

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

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

Budget procedure under the Lisbon Treaty*



CC = Conciliation Committee

CNS = Council

EP = European Parliament

q.m. = qualified majority

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