



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 19 March 2013

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PROPOSAL

from:	European Commission
dated:	18 March 2013
No Cion doc.:	COM(2013) 157 final
Subject:	Proposal for a Decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework, to take account of the expenditure requirements resulting from the accession of Croatia to the European Union

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2013) 157 final



Brussels, 18.3.2013
COM(2013) 157 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework, to take account of the expenditure requirements resulting from the accession of Croatia to the European Union

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

On 9 December 2011, the Treaty concerning the Accession of the Republic of Croatia to the European Union was signed. It paves the way for the ratification procedures that should allow Croatia to become the 28th Member State of the European Union on 1 July 2013.

2. LEGAL ELEMENTS OF THE PROPOSAL

Article 312(2) of the Treaty on the Functioning of the European Union provides that the Council shall unanimously adopt a Regulation laying down the multiannual financial framework after obtaining the consent of the European Parliament. On 3 March 2010, the Commission made a proposal for a Council regulation laying down the multiannual financial framework for the years 2007 to 2013 and for an accompanying Interinstitutional Agreement¹. So far, the European Parliament and the Council have failed to agree on these proposals.

Pending that agreement, the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management of 17 May 2006 (IIA)² remains applicable.

The present proposal is thus based on Point 29 of the IIA (adjustment of the financial framework to cater for enlargement). Point 29 of the IIA provides that, if new Member States accede to the European Union during the period covered by the financial framework, the European Parliament and the Council, acting on a proposal from the Commission, will jointly adjust the financial framework to take account of the expenditure requirements resulting from the outcome of the accession negotiations.

3. ADJUSTMENT OF THE FINANCIAL FRAMEWORK FOR THE PERIOD FROM 1 JULY TO 31 DECEMBER 2013

3.1. Amounts foreseen for the accession of Croatia

The proposed adjustment of the financial framework is based on the relevant articles of the Treaty concerning the accession of the Republic of Croatia to the European Union³ and on the EU common position on Chapter 33 (Financial and Budgetary provisions)⁴. The commitment and payment appropriations needed to take account of the accession of Croatia are shown in the below table:

¹ COM(2010) 72 and COM(2010) 73 of 3.3.2010.

² OJ C 139, 14.6.2006, p. 1.

³ Part Four, Title III, notably Articles 29 to 34.

⁴ Conference on Accession to the European Union – Croatia, Accession Document No 30/11 (CONF-HR 17/11) of 29.6.2011.

Croatia financial package (EUCP), accession on 1 July 2013 <i>(EUR millions, current prices)</i>	2013
1. Sustainable growth	496.8
<i>1a Competitiveness for growth and employment¹⁾</i>	47.4
<i>1b Cohesion for growth and employment</i>	449.4
<i>of which Structural Funds</i>	299.6
<i>of which Cohesion Fund</i>	149.8
2. Preservation and management of natural resources	20.4
<i>market related expenditure¹⁾</i>	9.0
<i>direct payments</i>	0
<i>demining reserve</i>	0
<i>rural development</i>	0
<i>European Fisheries Fund</i>	8.7
<i>Other CFP support, Life +¹⁾</i>	2.7
3. Citizenship, freedom, security and justice	73.3
<i>3a Freedom, security and justice¹⁾</i>	2.1
<i>Schengen facility</i>	40.0
<i>3b Citizenship¹⁾</i>	2.2
<i>Transition Facility</i>	29.0
4. EU as a global player	0
5. Administration	22.0
6. Compensations (Cash-flow facility)	75.0
Total commitment appropriations	687.5
Total payments appropriations	396.3
<i>1) Non pre-allocated expenditure given for illustrative purposes only.</i>	

3.2. Adjustment of the financial framework for enlargement – appropriations for commitments

In accordance with Point 29 of the IIA, the Commission proposes to adjust the financial framework for the year 2013 by fully taking account of the expenditure requirements for EU policies which result from the accession negotiations as detailed in the above table. Given that the financial framework is expressed in million euros, figures are rounded as appropriate for the purpose of its adjustment.

As part of its ongoing commitment to limit the costs of administering EU policies, the Commission proposes not to increase the ceiling for commitment appropriations for heading 5. The proposal is therefore to increase the 2013 ceiling for commitment appropriations by EUR 666 million in current prices with a breakdown as indicated in the table hereafter under point 3.4.

3.3. Adjustment of the financial framework for enlargement – appropriations for payments

The Commission proposes to increase the 2013 ceiling for payment appropriations by EUR 374 million in current prices to cover the expenditure requirements of the EU policies resulting from the accession negotiations as detailed in the above table.

As part of its ongoing commitment to limit the costs of administering EU policies, the Commission proposes not to take the additional payment appropriations relating to heading 5 into account.

3.4. Financial Framework adjusted to enlargement in current and 2004 prices

The above changes to the financial framework 2007-2013 are summarised in the below table (current prices):

(EUR million)	2007	2008	2009	2010	2011	2012	2013	2007-2013
1a. Competitiveness for Growth and Employment							47	47
1b. Cohesion for Growth and Employment							450	450
2. Preservation and Management of Natural Resources							21	21
<i>of which: market related expenditure and direct payments</i>							9	9
3a. Freedom, security and justice							42	42
3b. Citizenship							31	31
4. EU as a global player							0	0
5. Administration							0	0
6. Compensations							75	75
Total change in commitment appropriations	0	0	0	0	0	0	666	666
Total change in payment appropriations				0	0	0	374	374

The financial framework adjusted to enlargement (EU-28) expressed in current prices is shown below. It is based on the results of the technical adjustment for 2013 (Point 16 of the IIA).

The formal decision amending the IIA as regards the financial framework must refer to the basic table agreed in the IIA which is expressed in constant 2004 prices. For this purpose, the amounts of the financial framework adjusted to enlargement (EU-28) expressed in current prices have to be converted into 2004 prices by means of a fixed deflator of 2% a year, in accordance with Point 16 of the IIA. The resulting financial framework table expressed in 2004 prices is annexed to the proposed Decision of the European Parliament and of the Council.

FINANCIAL FRAMEWORK 2007-2013 ADJUSTED FOR ENLARGEMENT (EU-28), IN CURRENT PRICES

(EUR million - current prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
1. Sustainable Growth	53.979	57.653	61.696	63.555	63.974	67.614	70.644	439.115
1a Competitiveness for Growth and Employment	8.918	10.386	13.269	14.167	12.987	14.853	15.670	90.250
1b Cohesion for Growth and Employment	45.061	47.267	48.427	49.388	50.987	52.761	54.974	348.865
2. Preservation and Management of Natural Resources	55.143	59.193	56.333	59.955	59.888	60.810	61.310	412.632
of which: market related expenditure and direct payments	45.759	46.217	46.679	47.146	47.617	48.093	48.583	330.094
3. Citizenship, freedom, security and justice	1.273	1.362	1.518	1.693	1.889	2.105	2.449	12.289
3a Freedom, Security and Justice	637	747	867	1.025	1.206	1.406	1.703	7.591
3b Citizenship	636	615	651	668	683	699	746	4.698
4. EU as a global player	6.578	7.002	7.440	7.893	8.430	8.997	9.595	55.935
5. Administration ⁽¹⁾	7.039	7.380	7.525	7.882	8.091	8.523	9.095	55.535
6. Compensations	445	207	210	0	0	0	75	937
TOTAL COMMITMENT APPROPRIATIONS	124.457	132.797	134.722	140.978	142.272	148.049	153.168	976.443
as a percentage of GNI	1,02%	1,08%	1,16%	1,18%	1,15%	1,13%	1,15%	1,12%
TOTAL PAYMENT APPROPRIATIONS	122.190	129.681	120.445	134.289	133.700	141.360	144.285	925.950
as a percentage of GNI	1,00%	1,05%	1,04%	1,12%	1,08%	1,08%	1,08%	1,06%
Margin available	0,24%	0,19%	0,20%	0,11%	0,15%	0,15%	0,15%	0,17%
Own Resources Ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,23%	1,23%	1,23%	1,23%	1,23%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

4. FINAL REMARKS

For Croatia's accession to the European Union to take effect on 1 July 2013, each signatory State's instruments of ratification must be deposited with the Government of the Italian Republic on 30 June 2013 at the latest, in compliance with Article 3 of the Accession Treaty.

Should any signatory to the Accession Treaty, according to its own ratification procedure, reject the Accession Treaty or not ratify it within the prescribed period, the Accession Treaty will not enter into force on 1 July 2013.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial management⁵, and in particular to Point 29 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The Treaty concerning the accession of the Republic of Croatia to the European Union⁶ lays down transitory provisions in budgetary matters.
- (2) The Accession Conference of 30 June 2011 has endorsed the results of the negotiations which have determined expenditure requirements resulting from the accession of Croatia to the European Union on 1 July 2013.
- (3) The accession of Croatia requires an adjustment of the multiannual financial framework 2007-2013, so as to raise the ceilings for commitment appropriations for the year 2013 by EUR 47 million for subheading 1a, by EUR 450 million for subheading 1b, by EUR 21 million for heading 2, by EUR 42 million for subheading 3a, and by EUR 31 million for subheading 3b, and to provide for compensations amounting to EUR 75 million under Heading 6, in current prices.
- (4) The accession of Croatia also requires an adjustment of the ceiling for payment appropriations for 2013, to be raised by an amount of EUR 374 million in current prices.
- (5) The financial framework for the European Union agreed upon in the Interinstitutional Agreement on budgetary discipline and sound financial management should be adjusted to take account of the accession of Croatia for the period from 1 July to 31 December 2013.
- (6) Annex I of the Interinstitutional Agreement on budgetary discipline and sound financial management should therefore be amended accordingly⁷,

⁵ OJ C 139, 14.6.2006, p. 1.

⁶ OJ xxx

HAVE ADOPTED THIS DECISION:

Sole Article

Subject to the entry into force of the Treaty concerning the accession of the Republic of Croatia to the European Union on 1 July 2013, Annex I to the Interinstitutional Agreement on budgetary discipline and sound financial management is replaced by the Annex to this Decision.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

ANNEX

FINANCIAL FRAMEWORK 2007-2013

(EUR million - constant 2004 prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
1. Sustainable Growth	50.865	53.262	55.879	56.435	55.693	57.708	59.111	388.953
1a Competitiveness for Growth and Employment	8.404	9.595	12.018	12.580	11.306	12.677	13.112	79.692
1b Cohesion for Growth and Employment	42.461	43.667	43.861	43.855	44.387	45.031	45.999	309.261
2. Preservation and Management of Natural Resources	51.962	54.685	51.023	53.238	52.136	51.901	51.301	366.246
of which: market related expenditure and direct payments	43.120	42.697	42.279	41.864	41.453	41.047	40.652	293.112
3. Citizenship, freedom, security and justice	1.199	1.258	1.375	1.503	1.645	1.797	2.049	10.826
3a Freedom, Security and Justice	600	690	785	910	1.050	1.200	1.425	6.660
3b Citizenship	599	568	590	593	595	597	624	4.166
4. EU as a global player	6.199	6.469	6.739	7.009	7.339	7.679	8.029	49.463
5. Administration ⁽¹⁾	6.633	6.818	6.816	6.999	7.044	7.274	7.610	49.194
6. Compensations	419	191	190	0	0	0	63	863
TOTAL COMMITMENT APPROPRIATIONS	117.277	122.683	122.022	125.184	123.857	126.359	128.163	865.545
as a percentage of GNI	1,08%	1,09%	1,06%	1,06%	1,03%	1,03%	1,02%	1,050%
TOTAL PAYMENT APPROPRIATIONS	115.142	119.805	109.091	119.245	116.394	120.649	120.731	821.057
as a percentage of GNI	1,06%	1,06%	0,95%	1,01%	0,97%	0,98%	0,96%	1,00%
Margin available	0,18%	0,18%	0,29%	0,22%	0,26%	0,25%	0,27%	0,23%
Own Resources Ceiling as a percentage of GNI	1,24%	1,24%	1,24%	1,23%	1,23%	1,23%	1,23%	1,23%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.