COUNCIL OF
THE EUROPEAN UNION

Brussels, 30 April 2013

9114/13

FIN 234

NOTE

from :	Presidency
to :	Permanent Representatives Committee
Subject :	Draft amending budget No 2 to the general budget for 2013 - Questions from the Presidency

I. INTRODUCTION

1. 2013 budget

The Union's general budget for the financial year 2013, adopted on 12 December 2012, provides for an amount of EUR 150.9 billion in commitment appropriations and EUR 132.8 billion in payment appropriations.

The compromise reached on the budget for 2013 was accompanied by three joint statements which, at the European Parliament's request, were signed at the "highest political level" by the Presidents of the three institutions[1].

[1] OJ L 66, 8.3.2013, Volume I, p. 3.

In their joint statement on payment appropriations for 2013, the institutions asked 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 (EU as a global player).*"

Moreover, the European Parliament and the Council urged 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 (Cohesion for growth and employment) and rural development under heading 2 (Preservation and Management of Natural Resources), and, if necessary, to present a draft amending budget. The Council and the European Parliament are aware that a draft amending budget may possibly be required as early as mid-2013.*"

The European Parliament and the Council undertook to "*take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations.*"

According to the joint statement on payment needs for 2012, "*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 billion with respect to the amount proposed by the Commission, and are not at the level of all payment claims received.*"

Therefore, the Commission undertook "*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.*"

2. Draft amending budget No 2/2013

Article 41 of the Financial Regulation[1] foresees that "*if there are unavoidable, exceptional and unforeseen circumstances*, *… the Commission may present draft amending budgets*". It also stipulates that "*before presenting a draft amending budget*, *the Commission ... shall examine the scope for reallocation of the relevant appropriations, with particular reference to any expected under-implementation of appropriations*".

On that basis, the Commission presented on 27 March 2013 draft amending budget (DAB) No 2/2013[2] proposing to increase payment appropriations by EUR 11.2 billion in different headings of the multiannual financial framework (MFF) as follows:

- Sub-heading 1b: +EUR 9.0 billion (or 80 % of the amount of this DAB),
- Sub-heading 1a: +EUR 1.0 billion (or 9 % of the amount of this DAB),
- Heading 2: +EUR 0.6 billion (or 5 % of the amount of this DAB),
- Heading 4: +EUR 0.5 billion (or 4 % of the amount of this DAB),
- Sub-heading 3a: +EUR 0.1 billion (or 1 % of the amount of this DAB),
- Sub-heading 3b: +EUR 0.02 billion (or 0.1 % of the amount of this DAB).

1 OJ L 298, 26.10.2012, p. 1.
2 Doc. 8041/13.

The remaining unallocated margin under the overall MFF ceiling for payment appropriations in 2013 would be reduced to EUR 14.8 million.

Moreover, DAB No 2/2013 includes an increase in the forecast of other revenue stemming from fines and penalties of an amount of EUR 290 million.

With this DAB the Commission aims at meeting outstanding needs for the remainder of the year, so that obligations stemming from past and current commitments can be honoured, financial penalties avoided, and beneficiaries can receive the funds envisaged by the agreed Union policies, for which the European Parliament and the Council authorised the related commitment appropriations in previous annual budgets. According to the Commission's assessment, this DAB would cover all legal obligations carried over at the end of 2012, as well as those arising in 2013 and would avoid any abnormal carryover of payment needs into 2014.

II. STATE OF PLAY

At the General Affairs Council (GAC) on 22 April 2013 there was a clear understanding that this DAB is important for the implementation of Union policies, notably to support the growth and jobs agenda. It was noted that in the general context of the negotiations on the MFF 2014-2020, the European Parliament has linked the MFF dossier with this DAB. It was also noted that the Council will work constructively to reach agreement on this DAB in the coming weeks to meet clearly justified payment needs and that the Council will examine carefully the evolution of the budget throughout the year and take additional steps if necessary.

At GAC, the Presidency indicated its intention to bring this issue to the Budget Committee on 30 April 2013 and to Coreper on 2 May 2013. If necessary, this issue would also be examined at subsequent meetings of Coreper. The ECOFIN Council will discuss this issue on 14 May 2013.

III. QUESTIONS FROM THE PRESIDENCY

The Presidency asks delegations to give further guidance by responding to the following questions:

Option 1:

- Can delegations agree now to accept DAB No 2/2013 as proposed by the Commission in full and as final settlement of budgetary needs in 2013?

Option 2:

- Would delegations agree to provide an amount in the order of 50-75 % of the amount requested by the Commission at this stage, with a commitment to return to the issue at a later stage in 2013?

- In that case, to which headings or expenditure areas would delegations prefer to allocate the additional appropriations?

- In the event that option 2 is the preferred option, can delegations agree to the following draft Council statement:

> "*The Council reaffirms that the EU budget is important for delivering growth and jobs across the Union. However, the Council is also mindful of the pressures that exist on national budgets and the fiscal consolidation efforts being made by Member States. Nor has the Commission been able to fully justify at this stage of the annual payments cycle the full scale of the proposed DAB. Therefore the Council is not in a position to agree to the full level of payment appropriations requested by the Commission in draft amending budget No 2/2013 at this stage.*

However, the Council is aware that the level of payment appropriations now agreed by it may eventually prove not to be sufficient for 2013. It will examine carefully the evolution of the budget throughout the year and commits to take all necessary additional steps. In this context, the Council urges the Commission to actively manage the EU budget over the rest of 2013 and to present by [mid-October 2013 at the latest] updated estimates regarding payment appropriations and, if necessary, to present an additional draft amending budget at that stage. The Council commits to take a position on this draft amending budget as quickly as possible. In this regard the Council also urges the Commission to seek savings where possible and to continue to try to fund additional needs by redeployment in the first instance."