COUNCIL OF
THE EUROPEAN UNION

Brussels, 6 May 2013

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FIN 242

NOTE

from:	Presidency
to:	Permanent Representatives Committee
No. Cion prop.:	8041/13 FIN 165 - COM(2013) 183 final
Subject:	Draft amending budget No 2 to the general budget for 2013 - Presidency proposal

1. On 2 April 2013, the Commission submitted to the Council draft amending budget (DAB) No 2/2013 proposing to increase payment appropriations by EUR 11.2 billion under different headings and sub-headings of the multiannual financial framework (MFF).

2. The Budget Committee examined DAB No 2/2013 in some detail at its meetings on 9, 19 and 30 April 2013. However, the Committee could not reach an agreement by a qualified majority of Member States on the Council's position on this DAB.

3. The Permanent Representatives Committee held an exchange of views on DAB No 2/2013 at its meeting on 2 May 2013, on the basis of a series of questions[1] raised by the Presidency to delegations.

[1] Doc. 9114/13.

It became apparent from this discussion that, while a large number of delegations could accept DAB No 2/2013 as presented by the Commission, other delegations considered the proposed amount as too high particularly at this stage in the financial year. However, delegations are prepared to accept a two-step approach, providing part of the requested amount at this stage and making a commitment to return to this issue later in the year with a view to meeting verified additional amounts.

During the discussions, many delegations emphasised that the amount to be provided at the first stage should be substantial and contribute to delivering jobs and growth to the highest possible extent. Several delegations highlighted the challenges that exist for their national budgets. Many also pointed out that the decision on an appropriate amount should be based on well-justified figures.

4. The Presidency had previously suggested a range of 50 % to 75 % of the amount proposed by the Commission as a compromise. However, on the basis of the interventions made by delegations at Coreper on 2 May 2013 and the additional explanations given by the Commission, the Presidency has now further refined its proposal. Taking all factors into account, the Presidency now proposes as a compromise proposal on DAB No 2/2013 to provide an amount of EUR 7.3 billion in the first stage. The Presidency suggests that this amount should be focused on sub-heading 1b (*Cohesion for growth and employment*), where the most urgent financing needs have arisen. Taking account of the information provided, the Presidency assessment and proposal of the amount required is based on two key elements:

- EUR 1.7 billion to cover the amounts required in sub-heading 1b for the closure of programmes relating to the 2000-2006 programming period. It is noted that the Commission is ready to proceed with payments of the final balance for many programmes but the corresponding appropriations on the various budget lines concerned are either fully exhausted or will be exhausted soon.

- EUR 5.6 billion arising from the excess of bills carried over into 2013 when compared to those carried over into 2012 (in 2013 the year started with a carryover of EUR 16.3 billion in unpaid bills for programmes relating to the current programming period in sub-heading 1b; the equivalent number at the start of 2012 was EUR 10.7 billion). The Presidency notes that such a large carryover of unpaid bills has created considerable pressures for the EU budget, not least because the budget for sub-heading 1b in 2013 is set at EUR 47.2 billion, which is lower than the final budget of EUR 48.2 billion for that sub-heading in 2012.

The Presidency considers that the amounts requested by the Commission for other headings and sub-headings of the MFF are also very important but that these amounts could be accommodated later in the year in the proposed second stage of addressing the budgetary needs for 2013. At that stage more up-to-date information will be available on budget implementation, the possibilities for redeployment, as well as any potential additional revenues.

In addition, the Presidency proposes that the Council adopt the following draft Council statement confirming that the Council will come back to this issue at a later stage in 2013:

> "*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. Moreover, the Council recalls that later in the year the Commission will have more information on implementation, the possibilities for redeployment and on budget revenues. This additional information will mean that the Commission will then be in a better position to more precisely estimate real needs. 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 upon 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 in a prudent way and to continue to try to fund additional needs by redeployment in the first instance. Furthermore the Council asks the Commission 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."

5. The <u>Permanent Representatives Committee</u> is invited to reach an agreement on DAB No 2/2013 on the basis of the Presidency compromise proposal outlined under point 4.