



**COUNCIL OF
THE EUROPEAN UNION**

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**PE 489
INST 552
FIN 674
BUDGET 60**

NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	Plenary Session of the European Parliament, 22 October 2013 Debate on the draft general budget - 2014 financial year

On behalf of the Council, Mr RIMKŪNAS, Lithuanian Vice-Minister for Finance, delivered the speech in annex I.

Commissioner LEWANDOWSKI underlined the unfavourable context for the 2014 budget. He said that since the MFF had only been agreed at political level, it was not yet possible to proceed with the preparation of the new generation of programmes. He also referred to cash flow difficulties and called on the EP to vote on DAB 6, since it was absolutely essential.

On the 2014 budget, he thanked the EP for reinstating the figures of the Commission given that the 2014 ceilings were already low and would not accommodate all needs. He said that a EUR 8 billion cut compared to 2013 would be dramatic. He nevertheless disagreed on a few points with the EP and mentioned the increase in spending for agencies, in aid for the most deprived (which he said should have been included in the overall appropriations for the structural funds), transfers of budget lines related to EU special representatives and pension rights for MEPs.

He announced more detailed information on changes suggested by the EP in the letter of executability.

Ms HOHLMEIER (EPP, DE) rapporteur in charge of the 2014 draft general budget - EP and other sections, considered - in general - that the EP budget, with a 1,9% increase, demonstrated the EP's responsible approach in times of austerity. On the EEAS she recalled that EUR 6 million had been reinstated for security issues and increased financing was also foreseen for the special representatives. She called on the EESC and the Committee of the Regions to strengthen cooperation. As for the other institutions, she complained that no risk provisions had been foreseen by the Council and mentioned in particular extra funding that could be requested by the ruling of the European Court of Justice on staff treatment.

Ms JENSEN (ALDE, DK) rapporteur in charge of the 2014 draft general budget, stressed the fact that the 2014 budget would be 6% lower than this year's. She recalled that 2014 was the first year of the 2014-2020 MFF and recalled the three conditions for a vote by the EP on the MFF. She listed a number of budgetary lines which the EP had reinstated after cuts by the Council, and mentioned in particular those related to economic growth, research, security and refugees from the middle east. She also stressed that resources for the digital agenda had exceeded the amounts proposed by the Commission. More money had also been set aside for agencies; she mentioned Frontex as an example.

Contributions on behalf of the EP Committees

Thirteen MEPs took the floor on behalf of their Committees and underlined specific needs in their different policy areas. In particular, Mr ŠŤASTNÝ (EPP, SK - INTA Committee) underlined the importance of trade aid in view of its contribution to export. Mr GEIER (S&D, DE -CONT Committee) recalled that 80% of the EU budget is spent by MS and considered that the financial corrections should go back to the EU budget and not to MS (some EUR 4.5 Billion). Ms HAUG (S&D, DE - ENVI) called for at least the Commission figures to be reinstated.

Mr BÜTIKOFER (Greens, DE - ITRE) regretted that Council had cut research. Ms DURANT (Greens, BE - TRANS) said that her political group would abstain in the vote on the Budget, because of the difficulties that the 2014 budget would create to the EU policy implementation. Ms DĂNCILĂ (S&D, RO - AGRI) stressed the low amounts allocated to agriculture in 2014.

Contributions on behalf of the political groups

Mr RIQUET (EPP, FR) complained that budgetary lines for priority policies such as youth employment, research and infrastructures were being cut. He wondered what kind of Europe the Council was envisaging when it cut finances for youth employment. He also criticised what he considered as excessively low amount of payments compared to commitments.

Ms GARDIAZABAL RUBIAL (S&D, ES) announced that 300 amendments had been tabled by her group, in particular related to youth employment, Small and medium enterprises, Research and development and gender violence. She complained about the extraordinary BUDG Committee meeting that had also to be organised this week to address lack of liquidity for payments and that Eur 20 billion of outstanding payment claims were expected by the end of this year.

Mr LYON (ALDE, UK) welcomed the freeze of the EP budget. He also stressed the running deficit of EUR 20 Billion and requested the quick adoption of DABs 6 and 8.

Mr ASHWORTH (ECR, UK) agreed with the Council's cuts to the 2014 budget, but considered that budgetary lines for youth employment, growth and Frontex should be increased. He also considered that reliance on the flexibility instrument was unwise. He concluded by saying that MFF could only be voted if the DAB 6 and 8 were approved.

Mr KLUTE (GUE, DE) considered that a 6% cut was unacceptable, even in times of crisis and stressed the need for fighting youth unemployment. He also pointed out the insufficient amount of payment appropriations, since in his view 50% of the 2014 budget was necessary to pay for past commitments.

Mr MORGANTI (EFD, IT) considered that the point of no return for the EU had come, since the Council had made promises that it did not keep. He called for more institutional savings and called for a single seat of the EP.

Mr CLAEYS (NA, BE) also called for more savings to be made in administrative expenditure of the EU institutions, and mentioned in particular the building policy.

14 other MEPs took the floor mainly following the opinions expressed by the group / Committee representatives. Ms JĖDRZEJEWSKA (EPP, PL) complained that the European Council had spoken of even more budgetary cuts, which she strongly rejected. Mr KALFIN (S&D, BG) felt that more caution should be taken to avoid payment disruptions, due to the running budgetary deficit of EUR 20 billion. Ms HERCZOG (S&D, HU) stressed the importance of maintaining the proposed level of funding. Mr MARTIN (NA, AT) announced 82 amendments that would also address the subsidies to pensions of MEPs. Mr DAERDEN (S&D, BE) called for the Commission figures to be reinstated.

Commissioner LEWANDOWSKI acknowledged that the 2014 budget would not be easy to manage. No MS budget had experienced such a dramatic reduction in resources. Difficulties would be increased by the fact that more Europe was being requested, while the resources needed to deliver this were being reduced.

In his closing remarks, Mr RIMKŪNAS delivered the speech in annex II.

Ms HOHLMEIER closed the debate by reiterating the importance of research and innovation to exit the crisis. She also recalled the fact that organised crime damaged the EU budget, and mentioned cigarette smuggling. Ms JENSEN considered that the debate had provided proof to the Council and the Commission that the EP had considered in detail the 2014 Budget. She repeated that extra money was needed for the digital agenda and called for a reinforcement of the budget for preparatory actions and pilot projects, even if they remained outside a legal basis. She disagreed with the Commission on the financing of the Agencies (in particular that savings of some agencies should be offset by others). In her reply to a blue card from Mr POSSELT (EPP, DE) she stated that automatic cuts to agencies were not acceptable and that the correct approach would require a review of the existing agencies, one by one, to decide whether it should continue or be merged or shut down.

Mr President,
Honourable Members of the European Parliament,
Ladies and Gentlemen,

- As President of the Council, it is a pleasure for me to attend the European Parliament's debate on the draft budget of the European Union for the financial year 2014.
- On 10 September, I already had the honour to present to you in detail the Council's position on the draft budget, as adopted on 2 September.
- And last week, at a budgetary trilogue, we had the opportunity to discuss about the amendments which the European Parliament intends to vote.
- The Council fully supports the European Parliament's political priorities. We both agree that the EU budget is one of the tools to promote growth and employment. However, the overall level of appropriations retained should be sufficient but not overestimated.
- Let me now point out some of the issues to which the Council attaches particular importance.
- Firstly, the Council regrets the significant increase of appropriations that the European Parliament intends to vote, especially when they go beyond the Commission's initial proposal. We believe that this approach is not the most appropriate in a time when Member States face difficulties and have to make sacrifices.
- And secondly, the Council considers that the ceilings of the multiannual financial framework should be respected. The Council is particularly concerned about the European Parliament's approach to drastically reduce the margins available under the MFF ceilings and to propose the use of the Flexibility Instrument for a number of headings, leaving no leeway to cope with unforeseen situations in 2014.
- To conclude, let me reiterate the Council's hope and conviction that the existing excellent climate of interinstitutional cooperation will prevail during the rest of the budgetary procedure, leading to a mutually satisfying agreement on the 2014 budget.
- I am convinced that we will be able to bridge the gap between our respective positions in order to timely adopt a 2014 budget for the benefit of the citizens of the European Union.

Mr President,
Honourable Members of the European Parliament,
Ladies and Gentlemen,
Thank you for your attention.

Mr President,
Honourable Members of the European Parliament,
Ladies and Gentlemen,

- I noted with interest the various points raised during this debate and I will inform my colleagues in the Council accordingly.
- This debate has certainly contributed to clarifying our respective positions. Let me assure you that the Council will do its utmost in order to find an agreement on the 2014 budget within the deadlines foreseen by the Treaty.
- As regards the budget of the current year, I am glad to inform you that the Council has reached an agreement on all outstanding draft amending budgets relating to 2013. Draft amending budget No 7/2013 has already been agreed by the Council on 7 October. And yesterday, on request of the Commission, the Council advanced the formal adoption of draft amending budget No 6/2013 through a written procedure. The Council will formally adopt its position on the other amending budgets on 30 October.
- With that, the Council has made all possible efforts to leave only issues related to 2014 pending for the upcoming meetings of the Conciliation Committee, including the EUR 3.9 billion to which we committed ourselves with the agreement on draft amending budget No 2/2013 earlier this year.
- On the basis of these decisions, the Council will have approved a total amount of EUR 11.6 billion in additional payment appropriations. This important amount will need to be financed by Member States through higher contributions to the Union budget.
- Furthermore, the Council endorsed draft amending budget No 6/2013 and the related letter of amendment which will result in further EUR 2.7 billion of national contributions to the Union budget. To finance all these additional amounts will mean a major effort for the Member States which, at the same time, face a difficult economic situation and important constraints to their national budgets.
- By providing these appropriations through the different amending budgets, the Council has accepted to make full use of the amount available in 2013 under the ceiling for payments in the multiannual financial framework. All legal options to provide additional payment appropriations this year have now been exhausted.
- I would like to stress that draft amending budget No 9/2013 is for us equally important as draft amending budget No 8/2013. Both amending budgets are dealing with solidarity and burden sharing among Member States. But given the above mentioned additional financial engagements by Member States, we have to make all efforts to find the necessary funding within the existing ceiling.
- I hope that we can count also on your solidarity and will have a European Parliament vote in favour of the remaining draft amending budgets. If we would fail to reach that target, the Commission would clearly be unable to pay any bill any more in 2013, with all the disastrous consequences for ongoing EU financed programmes and projects.
- Once again, I thank you very much for your attention.