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from: General Secretariat of the Council  
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Subject: **Budget: Outcome of the conciliation Committee  
Council and Commission statement  
Strasbourg, 21 November 2012**

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The President of the European Parliament Mr. Schulz outlined the state on play on negotiations between European Parliament and Council on a draft 2013 budget. He stated that the 21 days' deadline had expired, that the budgetary procedure had temporarily failed and that the Commission would present a new proposal, in line with the relevant treaty provisions. He indicated that the new proposal was expected to be on the table on 23 November and should serve as a basis for a compromise between Council and Parliament. He stressed that the Parliament was aware of its responsibilities and was determined to do its utmost towards the conclusion of a good agreement in a constructive spirit of compromise for the common good of Europe, but was not prepared to reach an agreement at all costs.

He referred to last year's difficult negotiations between Council and Parliament and recalled that the Parliament had agreed on a draft budget for 2012 below the level of funding needs as evaluated by the Commission and to accept a Council statement, which he read to the plenary, by which the Council was committing to pay the bills in the form of payment appropriations which would be submitted by the Commission for approval in the course of 2012.

He referred to the DAB nr. 6 for 2012 and stated that an agreement on a draft 2013 budget could only be reached once the issue of these pending bills for 2012 would be solved. He stated that this was an issue on which there would and could be no concessions by the European Parliament, since what the Council was asking is for the European Parliament to accept that the EU budget be closed in deficit, something which was not acceptable.

He added that if the bills were not paid within 60 days, these would become even more costly for the EU budget because of the interests for delayed payments to be paid in accordance with EU financial rules. He concluded by considering that this could not be considered as sound financial management and the draft 2013 budget ought to be at the level of EU's financial needs and payment appropriations.

He further recalled that the European Parliament had its own budgetary priorities and was in favour of a budget able to create growth, competitiveness and jobs, and that therefore the heading 1A amount ought to be increased.

He highlighted the agreement on the DAB 5 as an achievement by the European Parliament negotiating team and a positive signal of EU solidarity towards the people affected by the earthquake in Emilia-Romagna (Italy).

He expressed the hope that divisions within the Council could be shortly solved and that an agreement could be found on DAB n.6 soon so as to remove obstacles on the 2013 budget.

On behalf of political groups,

M. La Via, EPP; IT broadly reiterated the arguments stressed by President Schulz and stated that the Parliament, whilst being fully aware of the financial difficulties faced by Member States, was not prepared to give up on the EU's future prosperity and recovery nor on the need to ensure that there is a proper implementation of EU's financial rules.

Ms. Gardiazabal, S&D, ES referred to the jobless workers, Erasmus students and researchers throughout Europe as some of those who were anxiously waiting for their money and wondering whether the EU would respect its commitments. She regretted that the negotiation on the 2013 budget, which should have been concluded by now, had not even started because of the issue of the D.A.B. nr. 6, whilst stressing that what had been a deal breaker on the budget was specifically this issue and the fact that the Council did not respect its commitments on payments rather than any divergences on priority issues and pointed to the Council as being responsible for the failure to reach an agreement.

Mr. Mulder, ALDE, NL also stressed the need for the Council to respect its commitments and to pay its bills.

Mr. Ashworth, ECR, UK regretted the failure to reach an agreement with the Council on an issue which he described as technical, as well as the erroneous presentation of facts by the media, which presented the Parliament as requesting more money. As previous speakers, he considered that the EU budget could not possibly be in deficit and invited the Council to solve its internal divisions on the DAB so as to pave the way for an agreement on the draft 2013 budget.

Ms Andraesen, EFD, UK, contrary to her previous colleagues, was very critical to the Commission, which according to her was unable to provide credible figures on the budget and was submitting bills which Member States could not afford in times of crisis.

Mr. Mavroyannis on behalf of the Council made the statement in Annex I.

Ms Hedegaard on behalf of the Commission made the remarks set out in Annex II.

Mr. Lamassoure, EPP, FR, chair of the committee on budgets reiterated the arguments set out by his fellow colleagues and criticized the Council's attitude as being in breach of the EU's financial Regulation and the treaty. He warned that nothing could be achieved without the consent of the European Parliament, whether for the annual or multi-annual budget and expressed confidence both towards Commission and Presidency of the Council to take the steps and initiatives needed to unblock the situation.

Mr. Vaghan, S&D, UK, Rapporteur on the 2013 EP budget expressed concern that the EU was failing to meet its legal obligations and invited the Council to sort out its internal divergences. He considered that the Parliament was doing its homework in fixing its budget increase at 1.9 % and briefly outlined decisions taken by the European Parliament to limit its expenses. He criticized the Council's position for a blanket freeze of all institutions' budget as not taking into account the specific situation of each one of them. Concerning the Council's position on the 1.7% salaries' adjustment currently challenged in the Court of Justice, he warned the Council that it would be unwise to oppose adding the relevant amount as a minimum amount in the reserve of the various institutions.

MEPs in their individual interventions broadly echoed previous statements.

Mrs Hedegaard on behalf of the Commission concluded by urging Parliament and Council to reach an agreement on the draft 2013 budget before the end of the year in order to send a positive signal.

M. Mavroyannis on behalf of the Council paid tribute to the Parliament's negotiating team on the draft 2013 budget and gave assurances that the Presidency of the Council would do its utmost to reach this objective.

**Budget: Outcome of the conciliation Committee  
Speech by the CY Presidency of the Council  
Plenary Session of the European Parliament  
Strasbourg, 21 November 2012**

Mr President, Honourable Members,

- We very much regret that the Conciliation Committee which was convened after the European Parliament's last plenary session in October was not able to reach agreement on a joint text on the 2013 budget within the 21-day period foreseen by the Treaty.
- The Cyprus Presidency did its utmost to achieve a positive outcome within the given timeframe. We worked hard to try to reconcile positions right up to the last few hours. But in the end we had to accept that the views of our two institutions remained far apart, and that it was therefore unfortunately not possible to reach an agreement.
- The Council showed considerable openness throughout the negotiations, and in particular during the last few days of the Conciliation period. It was able to make some progress, and specifically was able to approve one of the key elements of the negotiation package - the draft amending budget No 5 for 2012 related to the mobilisation of EUR 670 million from the EU Solidarity Fund in support of Italy - without any modifications to the Commission's proposal. Despite this, we were not able to find the necessary flexibility in each of our institutions needed to make further progress on the 2013 budget.
- The mandate given to the Conciliation Committee was to find an agreement on the 2013 budget. However it proved impossible to find a way forward on this issue without having addressed first the issue of the draft amending budget No 6 for 2012 which seeks 9 billion euros in additional payment appropriations for this year.

- The Council was and remains ready to discuss all elements of the budgetary package, but we continue to take the view that they cannot be dealt with in isolation from each other if we are to find a balanced outcome which will meet the concerns of all parties. There is an inescapable link between the draft amending budget No 6 for 2012 and the 2013 budget, since both of them aim at ensuring the continuity of the same European Union programmes and actions, and both of them have to be financed from the same contributions from the Member States.
- We have only a few weeks left until the end of this year. We now await a new draft budget from the Commission which will need to take due account of the progress we have made to date in reconciling the different positions of our two institutions.
- Clearly I would have preferred to have been in a different situation to that which we find ourselves in today. But I remain hopeful that we can still reach a positive outcome in the short time that is left to us.
- The Cyprus Presidency will do its utmost to make rapid progress on the basis of the new draft budget. We count on the European Parliament's willingness to engage in a constructive dialogue so that we can have an EU budget in place from the beginning of the year.

Mr President, Honourable Members,

- I am convinced that the our collective credibility would be at stake if we failed to deliver this time round. It would simply not be understood if we were unable to reach agreement given what is at stake. But I am convinced that we can overcome the difficulties and reach a compromise. The Cyprus Presidency - and I personally - am committed to delivering a successful outcome.

Thank you very much for your attention.

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**Budget: Outcome of the conciliation Committee  
Speaking points by Commissioner Hedegaard on behalf of the Commission  
Plenary Session of the European Parliament  
Strasbourg, 21 November 2012**

Mr President, I would like to inform Parliament that unfortunately Mr Lewandowski has been called to Brussels for urgent preparations of the MFF. You will understand why it is quite a busy time for him so that is why I would like on his behalf and that of the Commission to echo what the President said in his introductory remark and welcome the approval of amending budget No 5 which will allow the payment of much awaited support to the people and authorities of Emilia-Romagna. I think that is just one example of what an EU money can actually do and why it matters.

While the Commission regrets it was not possible to reach agreement on the 2013 budget within the conciliation period foreseen in the Treaty, we are convinced that we can still find a solution by the end of this year and in the next days the Commission will present a new draft budget, as foreseen in Article 314 of the Treaty.

Although there are differences in the positions of Parliament and the Council, the Conciliation Committee already made some progress in identifying possible elements of compromise on the 2013 budget. The Commission is taking these into account in preparing its new draft budget.

In this way, the Commission hopes to maximise the chances for Council and Parliament to reach agreement on the 2013 budget before the end of the year and thus avoid recourse to provisional twelfths.

The level of payments is a key outstanding issue. During the conciliation, one real sticking point related to the shortage of payment appropriations in the budget and the additional payment appropriations requested by the Commission for the year 2012. We are all aware of the economic difficulties facing Europe and of the austerity measures prevailing across Member States. However, it is the Union's duty to meet its legal obligations resulting from commitments made in the current and previous budgets.

Draft amending budget No 6 is still on the table and there is general recognition that bills have to be paid, and I say to Mrs Andreasen: real bills, real commitments, not estimates; it is also about the credibility of what we are doing here.

A reasonable solution on meeting the payment needs in 2012 must be found now if the EU is to keep its credibility vis-à-vis national and regional authorities who have advanced the funds in the areas of cohesion and rural development, and also towards SMEs, researchers and, as has been mentioned already, students who are awaiting payments under programmes such as Erasmus and the Research Framework programme.

The Commission considers that an adequate and realistic level of payments is necessary to keep supporting investments on growth and job-enhancing measures, which are priorities shared by all institutions.

Let me just return to the 2013 budget and what comes next. The Commission will do its utmost to present a new draft budget that can be a sound basis for an agreement by Parliament and Council, and will continue to act as an honest broker to facilitate a swift adoption of the 2013 budget. We have already faced a similar situation back in 2010, with the first budget under the new Lisbon Treaty rules. At that time, after the failure of the Conciliation Committee, all institutions worked together in a very constructive and intense manner, which allowed for the adoption of the 2011 budget in due time.

Let me just finish, Mr President, by mentioning some of the consequences of not achieving this, because we believe that the consequences should not be underestimated. Just a few examples: implementation of key EU programmes and actions will be delayed with immediate effects on beneficiaries. That would include, among others, delayed reimbursements for expenditure on direct aid for agriculture because between 75% and 80% of the appropriations for direct aids are required for reimbursements in January and February 2013 next year.

It would be impossible to mobilise any of the special instruments like the EU Solidarity Fund, the Globalisation Adjustment Fund, or the Emergency Aid Reserve. And just a final example: some of the EU regulatory agencies which are in start-up phase and are to take on new tasks would face considerable difficulties in fulfilling their role – this would be the case for example with the large-scale IT systems agency in the area of home affairs, which will become operational in the next few days.



I know that both Parliament and the Cyprus Presidency are aware of these risks and that both are willing to cooperate intensively in the next two weeks to pave the way for a sound agreement before the end of the year.

I express my sincere hope for a solution, and trust that, based on common efforts, we will be able to meet in this House in December to endorse an agreed budget for 2013 which reflects shared priorities, can contribute to creating the conditions for economic growth, and shows the Union's ability to act, which is the best signal we can send to EU citizens in these difficult

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