



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 18 November 2013
(OR. en)**

16106/13

FIN 746

"A" ITEM NOTE

From: General Secretariat of the Council
To: Council

Subject: General budget of the European Union for the financial year 2014
- Approval of the joint text

1. Following meetings of the Conciliation Committee on 4 and 11/12 November 2013, an agreement has been reached between the European Parliament and the Council on a joint text as provided for in Article 314(5) TFEU.
2. This joint text and its annexes have been forwarded to the European Parliament and the Council on 12 November 2013, which each have a period of fourteen days from this day to approve it (see ANNEX) and consists of the following documents taken together, recorded in Addenda 1 to 5 to this document:
 - summary figures by financial framework headings (see document 16106/13 ADD 1);
 - line by line figures on all budget items (see documents 16106/13 ADD 2 and ADD 3);
 - consolidated document showing the figures and final text of all lines modified during the Conciliation (see document 16106/11 ADD 4 and ADD 5).

3. The Conciliation Committee has also agreed on the joint statements recorded in Annex 2 to the ANNEX.
 4. The Council is invited to:
 - approve the joint text on the budget for 2014 as set out in the ANNEX and in addenda 1 to 5 to this document;
 - record in its minutes the statements set out in Annex 2 to the ANNEX.
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EUROPEAN UNION**Conciliation Committee on the 2014 budget**

86813/12753

Brussels, 12 November 2013

President-in-Office of the Council of the European Union
175, rue de la Loi
B - 1048 Brussels

Dear President,

Based on Article 314(4) and (5) of the Treaty on the Functioning of the European Union (TFEU), and following information by the Council that it could not accept all the amendments adopted by the European Parliament on 23 October 2013 on the Council's position on the draft budget¹, the Conciliation Committee was convened for the 24th October 2013, with a view to reaching agreement on a joint text.

The Conciliation Committee had at its disposal the following elements:

- draft budget proposed by the Commission (COM(2013) 450 of 28.06.13), as amended by letters of amendment No 1 (COM(2013) 644 final of 20.09.13) and No 2 (COM(2013) 719 final of 17.10.13);
- Council's position on the draft budget (02.09.13);
- European Parliament's amendments to the Council's position (23.10.13).

Following meetings on 4 and 11/12 November 2013, an agreement has been reached on a joint text as provided for in Article 314(5) TFEU.

The joint text shall consist of the following documents taken together, recorded in Annex 1 to this letter:

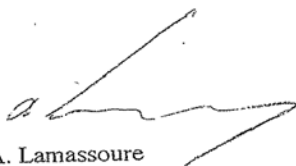
- summary figures by financial framework headings;
- line by line figures on all budget items;
- consolidated document showing the figures and final text of all lines modified during the conciliation.

¹ See letter by the President of the Council of 23 October 2013.

Pursuant to Article 314(6) TFEU, the joint text is hereby forwarded to the European Parliament and the Council, which shall each have a period of fourteen days from this day, in which to approve the text for the purposes of paragraphs 7 and 8 of the same article.

The Conciliation Committee has also agreed on or taken note of the statements recorded in Annex 2 to this letter.

An identical letter is addressed to the President of the European Parliament.



A. Lamassoure
Co-chair



Mr Algimantas RIMKUNAS
Co-chair

Annexes: Joint text
Joint statements

cc: Mr J. Lewandowski, Member of the European Commission

2014 BUDGETARY PROCEDURE

CONCILIATION DOCUMENT

JOINT TEXT¹

Doc No 1: SUMMARY TABLES:

- **FIGURES BY MFF HEADING**
- **ESTABLISHMENT PLAN BY SECTION**

Doc No 2: FIGURES BY BUDGET LINE

Doc No 2.1.: OTHER SECTIONS

Doc No 2.2.: SECTION III - COMMISSION

Doc No 3: AMENDMENTS BY BUDGET LINE

Doc No 3.1.: OTHER SECTIONS

Doc No 3.2.: SECTION III - COMMISSION

¹ All documents of the joint text will only be sent electronically.

2014 BUDGETARY PROCEDURE

CONCILIATION DOCUMENT

STATEMENTS

1. Joint statement on payment appropriations

"The European Parliament, the Council, and the Commission recall their shared responsibility, as laid down in Article 323 of the Treaty on the Functioning the European Union (TFEU), that *"the European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligation in respect of third parties"*.

The European Parliament and the Council recall the need to ensure, in the light of implementation, an orderly progression of payments so as to avoid any abnormal shift of outstanding commitments ("RAL") onto the 2015 budget. In this respect, they will have recourse, when appropriate, to the various flexibility mechanisms included in the MFF Regulation, among others in its Article 13.

The European Parliament and the Council agree to set the level of payment appropriations for 2014 at EUR 135 504 613 000. They ask the Commission to initiate any necessary action, on the basis of the provisions of the draft MFF Regulation and the Financial Regulation, to cover the responsibility assigned by the Treaty and, in particular, after having examined the scope for reallocation of the relevant appropriations, with particular reference to any expected under-implementation of appropriations (Financial Regulation Article 41§2) to request additional payment appropriations in an amending budget if the appropriations entered in the 2014 budget are insufficient to cover expenditure.

The European Parliament and the Council will take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations. In addition, the European Parliament and the Council undertake to process swiftly any possible transfer of payment appropriations, including across financial framework headings, in order to make the best possible use of payment appropriations entered in the budget and align them to actual execution and needs.

The European Parliament, the Council and the Commission will, throughout the year, actively monitor the state of implementation of the 2014 budget, in particular under sub-heading 1b (Economic, social and territorial cohesion) and rural development under heading 2 (Sustainable Growth: Natural Resources). This will take the form of dedicated inter-institutional meetings, in accordance with Point 36 of the Annex of the Interinstitutional Agreement, to take stock of payment implementation and revised forecasts."

2. European Parliament and Commission statement on payment appropriations

"The European Parliament and the Commission recall the need for specific and maximum flexibility within the 2014-2020 MFF. Changes to the proposed legal bases agreed by the legislative authority will lead to further pressure on the payment ceilings under the 2014-2020 MFF. In the context of the finalisation of the legislative package for the Cohesion policy 2014-2020 and taking into account the possible impact of the SME initiative, the Commission issued a declaration on the impact of the agreement reached on the performance reserve and pre-financing levels, on payment needs. Whilst the overall impact of these changes on additional payment appropriations in the 2014-2020 MFF is considered to remain limited, the Commission stated that the annual fluctuations in the global level of payments would be managed through the use of the global margin for payments. If needed, the Commission may also have recourse to the Flexibility Instrument and the Contingency Margin agreed upon in the draft MFF Regulation.

Therefore, the Commission intends to propose correcting measures in light of implementation, using, to the extent necessary, all the tools offered by the new MFF. Specifically, in the course of 2014 the Commission may have to propose to have recourse to the Contingency Margin, in accordance with Article 13 of the draft MFF Regulation."

3. Council statement on payment appropriations

"The Council recalls that the special instruments can only be activated to cater for genuinely unforeseen circumstances.

It recalls that the Contingency Margin shall not result in exceeding the total ceilings of commitment and payment appropriations.

As regards other special instruments, the Council recalls that Article 3(2) of the draft MFF Regulation states that commitment appropriations may be entered in the budget over and above the ceilings of the relevant headings."

4. Joint statement on decentralised agencies

"The European Parliament, the Council and the Commission recall the importance to progressively reduce the staffing levels of all EU institutions, bodies and agencies by 5 % over five years, as agreed in Point 23 of the draft Interinstitutional Agreement on budgetary discipline, cooperation in budgetary matters and on sound financial management.

The European Parliament and the Council commit to pursue progressively the above-mentioned 5 % staff reduction for the period 2013-2017 while insisting as well on the proper functioning of the agencies so that they can fulfil the tasks they have been assigned by the legislative authority. In this respect, they consider that further measures, including structural ones, may be required to achieve this reduction for decentralised agencies. In this context, the Commission will continue its assessment of the possibilities to merge and/or wind-up some of the existing agencies, and/or other ways to achieve synergies.

Further to the work carried out by the Inter-Institutional Working Group, which resulted in the Common Approach on decentralised agencies agreed in July 2012, the European Parliament, the Council and the Commission agree on the need for a closer and more permanent scrutiny on the development of decentralised agencies to ensure a coherent approach. Without prejudice to their respective prerogatives, they agree to establish a specific inter-institutional working group with the aim of defining a clear development path for agencies, based on objective criteria. The Group should in particular discuss:

- Evaluation of establishment plans on a case-by-case basis;
- Ways to provide adequate appropriations and staff for additional tasks, assigned to individual agencies by the legislative authority;
- Treatment of agencies which are fully or partially fee-financed;
- Administrative structure of agencies, financing models, treatment of assigned revenues;
- Reassessment of needs; potential mergers/closures; transfer of tasks to the Commission.

The European Parliament and the Council will take into due account the results achieved by the Inter-Institutional Working Group in their deliberations as legislative and budgetary authority."

5. Joint statement on heading 5 and salary adjustments

"The European Parliament and the Council agree that pending the outcome of the cases before the European Court of Justice, the appropriations related to the proposed salary adjustments of 1.7 % for 2011 and 1.7 % for 2012 will not be included at this stage in the 2014 budget.

Should the Court of Justice rule in favour of the Commission, the Commission will present a draft amending budget in 2014 in order to cover the proposed salary adjustments, for all the Sections. Under such a scenario, the European Parliament and the Council undertake to act swiftly on the relevant draft amending budget."

6. Joint statement on EU Special Representatives

"The European Parliament and the Council agree to examine the transfer of appropriations for the European Union Special Representatives from the Commission's budget (Section III) to the budget of the European External Action Service (Section X) in the context of the 2015 budgetary procedure."
