



Brussels, 6 December 2018
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FIN 969
INST 477
PE-L 60

NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Council's position on the second draft budget of the European Union for the financial year 2019
– *Adoption*

I. INTRODUCTION

1. Following the inability of the Conciliation Committee to reach an agreement on the budget for 2019, the Commission submitted to the Council on 30 November 2018 a second draft budget for 2019 in accordance with Article 314(8) TFEU.
2. The second draft budget for 2019 was examined by the Budget Committee on 30 November 2018, and by the Permanent Representatives Committee on 3 December 2018, giving a mandate to the Presidency to start negotiations with the European Parliament.

II. OUTCOME OF PROCEEDINGS

3. At a trilogue on 4 December 2018, the European Parliament and the Council reached an *ad referendum* agreement on a draft package, including the second draft budget for 2019 and draft statements, as set out in ANNEX 1.
4. On 5 December 2018, the Permanent Representatives Committee was informed about the agreement on the above mentioned draft package.

As regards the Council's position on the second draft budget of the European Union for the financial year 2018, a detailed breakdown by heading of the multiannual financial framework is recorded in Addendum 1 to this note. The corresponding detailed figures for each institution and by policy area are recorded in Addendum 2. Addendum 3 contains the evolution to the establishment plans. The total revenue needs to be updated taking into account the Council's position.

III. CONCLUSION

5. The Permanent Representatives Committee is invited to advise the Council to:
 - confirm the political agreement on the draft package, as set out in ANNEX 1 of this note;
 - adopt, by a qualified majority, the Council's position on the second draft budget of the European Union for the financial year 2019;
 - mandate the Presidency to forward the Council's position together with the explanatory memorandum to the European Parliament, in accordance with Article 314(3) TFEU, and approve the draft letter in ANNEX 4 of this note to that effect;

- have the Council's position published in the *Official Journal of the European Union*, as set out in ANNEX 3;
 - enter in its minutes the joint statements 2.1, 2.2, 2.4 and 2.5 accompanying the draft package, set out in section 3 of ANNEX 1, as well as the unilateral statement by the United Kingdom set out ANNEX 2.
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DRAFT PACKAGE

Budget 2019 - Joint conclusions

These joint conclusions cover the following sections:

1. Budget 2019
2. Statements

SUMMARY OVERVIEW

According to the draft package:

- the overall level of commitment appropriations (c/a) in the budget 2019 is set at EUR 165 795.6 million. Overall, this leaves a margin below the MFF ceilings for 2019 of EUR 1 291.1 million in c/a;
- the overall level of payment appropriations (p/a) in the budget 2019 is set at EUR 148 198,9 million;
- the Flexibility Instrument for 2019 is mobilised in c/a for an amount of EUR 1 164.3 million for sub-heading 1a (*Competitiveness for Growth and Jobs*) and heading 3 (*Security and Citizenship*);
- the Global Margin for Commitments is used at the level of EUR 1 476.0 million for sub-heading 1a (*Competitiveness for Growth and Jobs*), sub-heading 1b (*Economic, Social and Territorial Cohesion*) and heading 4 (*Global Europe*);
- the Contingency Margin mobilised in 2017 is offset for EUR 253.9 million against the unallocated margins under heading 5 (*Administration*);
- the 2019 p/a related to the mobilisation of the Flexibility Instrument in 2016, 2017, 2018 and 2019 are estimated by the Commission at EUR 961.9 million.

1. BUDGET 2019

The European Parliament and the Council have agreed on the joint conclusions included in sections 1.1 to 1.6 below.

1.1. Horizontal issues

a) Decentralised agencies

The EU contribution (in c/a and p/a) and the number of posts for decentralised agencies are set at the level proposed by the Commission in the second draft budget (DB).

b) Executive agencies

The EU contribution (in c/a and p/a) and the number of posts for executive agencies are set at the level proposed by the Commission in the second DB.

c) Pilot Projects/Preparatory Actions

A comprehensive package of 75 pilot projects/preparatory actions (PP/PA) is agreed, as proposed by the Commission in the second DB.

When a PP or a PA appears to be covered by an existing legal basis, the Commission may propose the transfer of appropriations to the corresponding legal basis in order to facilitate the implementation of the action.

This package, proposed by the European Parliament in its reading of the original DB, fully respects the ceilings for PP/PA provided in the Financial Regulation.

1.2. Expenditure headings of the financial framework - commitment appropriations

a) Sub-heading 1a (*Competitiveness for Growth and Jobs*)

c/a are set at the level proposed by the Commission in the second DB, but with the adjustments detailed in the following table.

(in EUR)

| Budget line / Programme | Name | Variation in commitment appropriations | | |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------|---------------------|
| | | Second DB 2019 | Budget 2019 | Difference |
| Horizon 2020 | | | | +150 000 000 |
| 08 02 03 04 | Achieving a European transport system that is resource-efficient, environmentally friendly, safe and seamless | 252 946 905 | 260 946 905 | +8 000 000 |
| 08 02 08 | SME instrument | 541 589 527 | 641 589 527 | +100 000 000 |
| 09 04 01 01 | Strengthening research in future and emerging technologies | 429 937 089 | 442 937 089 | +13 000 000 |
| 15 03 01 01 | Marie Skłodowska-Curie actions — generating, developing and transferring new skills, knowledge and innovation | 916 586 364 | 945 586 364 | +29 000 000 |
| Education, Training and Sport (Erasmus+) | | | | +40 000 000 |
| 15 02 01 01 | Promoting excellence and cooperation in the European education and training area and its relevance to the labour market | 2 411 836 200 | 2 441 036 200 | +29 200 000 |
| 15 02 01 02 | Promoting excellence and cooperation in the European youth area and the participation of young people in European democratic life | 175 070 000 | 185 870 000 | +10 800 000 |
| TOTAL | | | | +190 000 000 |

As a consequence, the agreed level of c/a is set at EUR 23 335.4 million, with no margin left under the expenditure ceiling of sub-heading 1a, the use of the Global Margin for Commitments for an amount of EUR 74.7 million and the mobilisation of EUR 178.7 million through the Flexibility Instrument.

b) Sub-heading 1b (*Economic, Social and Territorial Cohesion*)

c/a are set at the level proposed by the Commission in the second DB.

As a consequence, the agreed level of c/a is set at EUR 57 192.0 million, with no margin left under the expenditure ceiling of sub-heading 1b and the use of the Global Margin for Commitments for an amount of EUR 350.0 million.

c) Heading 2 (Sustainable Growth: Natural Resources)

c/a are set at the level proposed by the Commission in the second DB.

As a consequence, the agreed level of c/a is set at EUR 59 642.1 million, leaving a margin of EUR 701.9 million.

d) Heading 3 (Security and Citizenship)

c/a are set at the level proposed by the Commission in the second DB.

As a consequence, the agreed level of c/a is set at EUR 3 786.6 million, with no margin left under the expenditure ceiling of heading 3, and the mobilisation of EUR 985.6 million through the Flexibility Instrument.

e) Heading 4 (Global Europe)

c/a are set at the level proposed by the Commission in the second DB.

As a consequence, the agreed level of c/a is set at EUR 11 319.3 million, with no margin left under the expenditure ceiling of heading 4 and the use of the Global Margin for Commitments for an amount of EUR 1 051.3 million.

f) Heading 5 (Administration)

The number of posts in the establishment plans of the Institutions and the appropriations are set at the level proposed by the Commission in the second DB.

As a consequence, and after taking into account PP/PA (EUR 4.1 million) proposed under section 1.1 above, the agreed level of c/a is set at EUR 9 943.0 million, leaving a margin of EUR 589.1 million under the expenditure ceiling of heading 5, after the use of EUR 253.9 million of the margin to offset the mobilisation of the Contingency Margin in 2017.

- g) Special instruments: European Globalisation Adjustment Fund (EGF), Emergency Aid Reserve (EAR) and European Union Solidarity Fund (EUSF)

c/a for the EGF, the EAR and the EUSF are set at the level proposed by the Commission in the second DB.

1.3. Payment appropriations

The overall level of payment appropriations in the budget 2019 is set at the level proposed by the Commission in the second DB.

1.4. Budgetary remarks

Budgetary remarks as proposed by the Commission in the second DB are approved, except for the following budget lines:

- Article 08 02 08 (*SME Instrument*) of the Commission's section of the budget, for which the text as proposed in the original DB is approved;
- Item 2 2 1 4 (*Strategic Communication Capacity*) of the European External Action Service's section of the budget, for which the text included in the reading of the European Parliament of the original DB is approved.

1.5. Nomenclature

The nomenclature as proposed by the Commission in the second DB is approved.

1.6. Reserves

The reserves as proposed by the Commission in the second DB are approved. In addition, an amount of EUR 19 321 000 is put in reserve in both c/a and p/a pending the adoption of the Commission's proposal (COM(2018) 632) of 12 September 2018 for Article 18 03 02 (*European Border and Coast Guard Agency (Frontex)*).

2. STATEMENTS

2.1. Joint statement by the European Parliament, the Council and the Commission on payment appropriations

"The European Parliament and the Council recall the need to ensure, in the light of implementation, an orderly progression of payments in relation to the appropriations for commitments so as to avoid any abnormal level of unpaid invoices at year-end.

The European Parliament and the Council call on the Commission to continue monitoring closely and actively the implementation of the 2014-2020 programmes. To that end, they invite the Commission to present, in a timely manner, updated figures concerning the state of implementation and estimates regarding payment appropriations requirements in 2019.

If the figures show that the appropriations entered in the 2019 budget are insufficient to cover the needs, the European Parliament and the Council invite the Commission to present as soon as possible an appropriate solution, inter alia amending budget, with a view to allow the Budgetary Authority to take any necessary decisions in due time for duly justified needs. Where applicable, the European Parliament and the Council will take account the urgency of the matter."

2.2. Joint statement by the European Parliament, the Council and the Commission on the Youth Employment Initiative

"The European Parliament, the Council and the Commission recall that reducing youth unemployment remains a high and shared political priority and reaffirm their determination to make the best possible use of budgetary resources to reach this goal, and in particular through the Youth Employment Initiative (YEI).

The European Parliament and the Council take note of the past experience in the context of the increase of the resources of the specific allocation for the YEI, which triggered extensive amendments to programmes to provide amounts from the European Social Fund (ESF) to match the support from the YEI specific allocation.

Therefore, the European Parliament and the Council invite the Commission to present a legislative proposal for smooth implementation of the increased budgetary resources for YEI. The European Parliament and the Council agree to swiftly examine this proposal, taking into account the upcoming European Parliament elections, to make the re-programming exercise in 2019 as smooth as possible."

2.3. Unilateral statement by the Commission on the Youth Employment Initiative

"Without prejudice to the powers of the budgetary authority, the Commission confirms that the increase of the Youth Employment Initiative agreed for 2019 will not be considered as a frontloading of the amount currently foreseen for 2020 when it presents the updated financial programming and the legislative proposal to revise the Common Provisions Regulation."

2.4. Joint statement by the European Parliament, the Council and the Commission on the climate mainstreaming

"The European Parliament, the Council and the Commission recall the importance of building a low-carbon, resource-efficient and climate resilient economy. To this end, the the European Parliament and the Council agreed to invest at least 20% of the EU budget in climate-related expenditure over the period 2014-20. On average - and even though the budget 2019 alone does reach the 20% target - the current forecast for the whole 2014-20 period indicates that 19.3% of the EU budget will be allocated to climate action, mainly due to the delays in the implementation of the European Structural Investment Funds at the beginning of the period.

The European Parliament and the Council take note of this evolution and invite the Commission to make every effort to reach the 20% target for the whole 2014-20 period."

2.5. Joint statement by the European Parliament, the Council and the Commission on the reinforcement of sub-heading 1a through an amending budget

"Due to the limited availabilities of the Flexibility Instrument and the Global Margin For Commitments, the European Parliament and the Council have agreed to budget EUR 100 million in an amending budget in 2019 to reinforce H2020 and Erasmus+. The Commission will present this amending budget, which will not contain any other elements, as soon as the technical adjustment of the Multiannual Financial Framework for 2020 including the calculation of the Global Margin for Commitments is completed in the spring of 2019. This is without prejudice to any normal technical corrections the Commission will be called upon to make to ensure an orderly execution of the 2019 budget.

The European Parliament and the Council undertake to process swiftly the draft amending budget for 2019 put forward by the Commission."

STATEMENT FOR ENTRY IN THE COUNCIL MINUTES

Unilateral statement by the United Kingdom on budget 2019 funding for future EEAS delegations in the United Kingdom

"The United Kingdom (UK):

- notes that the agreed Union budget for 2019 includes appropriations to finance prospective EEAS delegations in the UK, after its departure from the Union; and
- declares that this agreement to the Union budget for 2019 is entirely without prejudice to any position that the UK may subsequently take in bilateral discussions between the UK and the Union to agree the establishment of such delegations."

DRAFT LETTER

from : President of the Council

to : President of the European Parliament

Sir,

Please find under separate cover the Council's position on the second draft general budget of the European Union for the financial year 2019 as adopted by the Council on 11 December 2018¹.

(Complimentary close)

¹ Doc. 15209/18 + ADD 1 to ADD 3.

COUNCIL DECISION

adopting the Council's position on the second draft budget of the European Union for the financial year 2019

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 314(3) thereof, in conjunction with the Treaty establishing the European Atomic Energy Community and in particular Article 106a thereof,

Whereas:

- (1) on 30 November 2018, the Commission submitted a proposal containing the second draft general budget of the European Union for the financial year 2018²,
- (2) the Council examined the Commission proposal with a view to defining a position consistent, on the revenue side, with Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union³, and, on the expenditure side, with Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020⁴,
- (3) given the need to adopt a Council position on the second draft budget as soon as possible with a view to a budget being definitively adopted before the beginning of the financial year 2019, thus ensuring the continuity of the Union's action, it is justified to shorten, in accordance with Article 3(3) of the Council's Rules of Procedure, the eight-week period for the information of National Parliaments, as well as the ten-day period foreseen for placing the item on the Council's provisional agenda laid down in Article 4 of Protocol No 1.

² COM(2018) 900 final.

³ OJ L 168, 7.6.2014, p. 105.

⁴ OJ L 347, 20.12.2013, p. 884.

HAS DECIDED AS FOLLOWS:

Sole Article

The Council's position on the second draft general budget of the European Union for the financial year 2018 was adopted by the Council on 11 December 2018.

The full text can be accessed for consultation or downloading on the Council's website:

<http://www.consilium.europa.eu/>.

Done at Brussels, on 11 December 2018.

For the Council

The President
