



Council of the  
European Union

Brussels, 16 February 2023  
(OR. en)

6246/23  
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FIN 159  
PE-L 6  
INST 24

## REPORT

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From: Budget Committee

To: Permanent Representatives Committee/Council

Subject: Council conclusions on the budget guidelines for 2024

- *Approval*
- *Approval of a letter*

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**DRAFT COUNCIL CONCLUSIONS**  
**ON THE BUDGET GUIDELINES FOR 2024**

1. The Council underlines that the budget for 2024 has a key role in the development and delivery of the long-term objectives and political priorities agreed by the Union.
2. Following Russia's war of aggression against Ukraine, the Council, in line with European Council guidance, reiterates that the European Union remains committed to providing, along with partners, financial relief to Ukraine, and supporting its resilience and long-term reconstruction. The Council stresses the importance for the budget for 2024 to continue showing the Union's solidarity with the people of Ukraine and to respond to the related crises.
3. The Council recalls the principle of solidarity and underlines that effective use of the EU budget will bolster the credibility of the Union with the European citizens.
4. The Council reiterates that the budget should be established in accordance with the budgetary principles set out in the Financial Regulation<sup>1</sup>, notably the principles of unity, annuality, sound financial management and transparency.

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<sup>1</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1), as amended by Regulation 2022/2434 (OJ L 319, 13.12.2022, p. 1).

5. The Council considers that the budget for 2024 should be realistic, in line with actual needs, ensure prudent budgeting and, without prejudice to the provisions of the Interinstitutional Agreement (IIA)<sup>2</sup>, leave sufficient margins under the multiannual financial framework (MFF) ceilings to deal with unforeseen circumstances. At the same time, the budget for 2024 should provide sufficient resources to ensure the implementation of Union programmes and to allow commitments already made under the current and previous MFF to be paid in due time. To this end, if necessary and in duly justified cases, after implementing all possible reallocations within the budget, adequate appropriations should be ensured through the use of available flexibilities, in order to avoid any unpaid claims submitted by the Member States. The level of outstanding commitments (RAL) should be continuously monitored.
6. The Council stresses the need for all Union institutions, bodies, offices and agencies to respect and comply with all elements of the MFF 2021-2027<sup>3</sup> when establishing and implementing the budget for 2024.
7. Besides, the Council underlines that budgetary discipline should be maintained by all Union institutions, bodies, offices and agencies, and stresses the need to budget only expenditure items considered necessary. The Council underlines the need for the Commission to honour the previous assurances given in respect of what is considered necessary. Furthermore, the Council points out that the additional amounts included in the budget, such as from the re-use of decommitments under Article 15(3) Financial Regulation, should be fully compliant and limited to the agreement on the MFF 2021-2027.

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<sup>2</sup> Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28).

<sup>3</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I, 22.12.2020, p. 11).

8. The Council reiterates that the ceiling for heading 7 of the MFF 2021-2027 is founded on the premise that all Union institutions adopt a comprehensive and targeted approach for stabilising the number of staff and reducing administrative expenditure. Several years of increases in the staff levels, particularly of the European Parliament but also of some other institutions, is undermining the institutional balance and putting heading 7 under significant pressure. That pressure is being amplified by the current method of automatic salary updates, the energy prices and general price increases in the present unprecedented inflationary environment. The Council therefore calls for common measures to contain that heading. Where appropriate, in light of the above, it calls on the Commission to exercise its powers under Article 314(1) TFEU.
9. In this context, the Council reiterates its requests towards the Commission, to present, firstly, and without prejudice to its right of initiative, in line with Article 241 TFEU, effective measures to ensure that the current ceilings of heading 7 of the MFF would not be exceeded and that the special instruments will not be mobilised for this heading. Secondly, to present an assessment allowing to ensure a coordinated approach towards cybersecurity so that the financial burden of all institutions can be mitigated. Both requests should be addressed in a timetable compatible with the negotiation of the budget for 2024, and in any case before the 1st of June 2023.

10. The Council takes note of the increased accuracy of Member States' forecasts<sup>4</sup> and invites the Commission to consider this when estimating the level of payments in the draft budget. The Council emphasises the need for predictability of both Member States' contributions to the Union budget and payments from the Union budget to Member States, recalling that accurate budgeting avoids unwelcome challenges for national budgets. In this regard, the Council invites the Commission to provide in a transparent way accurate and reliable forecasts of all revenues, including reflows, fines and the annual amount payable by the United Kingdom in 2024 in accordance with the Withdrawal Agreement<sup>5</sup>, which will allow Member States to assess their expected contribution to the Union budget in a timely manner.
11. The Council underlines that corrective budgetary tools, such as amending budgets, should be kept to a justified minimum, introduced in a timely manner in order to allow for proper examination and to avoid disruptions in the functioning of Union programmes and financed primarily by redeployments. In particular, the Council invites the Commission to present revenue driven draft amending budgets separately and without delay, once the relevant information becomes available. The Council reaffirms its strong commitment to take a position on draft amending budgets as soon as possible.
12. In order for the national parliaments to have adequate time to carry out detailed scrutiny and for the Council to thoroughly prepare its position, the Council calls on the Commission to present the draft budget for 2024 as soon as possible, and at the latest, by week 22. It also encourages the Commission to continuously improve the content of its budgetary documents by making them simpler, more concise and transparent, and to ensure that the most recent data is available. The Council invites the Commission to include, in a reserve, commitment and payment appropriations foreseen for new legal acts or amendments to existing legal acts not yet adopted, in line with the provisions of the Financial Regulation.

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<sup>4</sup> As reported in Table 1 of Cohesion policy overview and Member States' forecasts of 9 March 2022.

<sup>5</sup> Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ L 29, 31.1.2020, p. 7).

13. In addition, the Council urges the Commission to accompany the draft budget with the complete set of applicable documents listed in Article 41 Financial Regulation. The Council calls on the Commission to guarantee full transparency and visibility of all funds under the EURI by providing all relevant information, including summary tables on budget appropriations.
14. The Council invites the Commission to regularly inform Member States on the assigned revenue entered in the budget, including from the EURI and the Trade and Cooperation Agreement with the United Kingdom<sup>6</sup>, and to comply with its obligations in the Financial Regulation as regards other assigned revenue allocated to certain programmes in accordance with the agreement on the MFF 2021-2027.
15. The Council stresses the importance of transparency on the financing costs of the EURI and of the financial assistance referred to in Article 220a Financial Regulation, the management of debt and all other liabilities of the Union budget. The Council calls on the Commission to provide updates on the available funds for EURI interest payments and the interests payments related to the financial assistance referred to in Article 220a Financial Regulation. In this respect, it invites the Commission to provide in the budget for 2024 significant means to finance the interest rate costs of the 2023 macro-financial assistance to Ukraine.
16. The Council encourages all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure and the establishment of the budget for 2024 within the deadlines set by the TFEU. Notably, the Council invites the Commission to act as honest broker during the whole budgetary procedure. In order to facilitate the conciliation process, the Council calls on the Commission to provide timely access to draft elements for joint conclusions, which should be comprehensive and contain all the relevant information (in particular on commitments and payments).

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<sup>6</sup> Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, Part Five on Participation in Union programmes, Sound Financial Management and Financial Provisions and the related protocol (OJ L 444, 31.12.2020, p. 14).

17. The Council reiterates the great importance it attaches to these guidelines and expects the Commission to duly take them into account in the preparation of the draft budget for 2024.
  18. These guidelines will be made available to the European Parliament and the Commission, as well as to the other Union institutions and bodies.
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