



Council of the
European Union

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BUDGET 21

EXPLANATORY MEMORANDUM

Subject: Draft general budget of the European Union for the financial year 2024:
Council position of 5 September 2023

I. INTRODUCTION

The draft general budget of the European Union for 2024 (**DB 2024**) as proposed by the European Commission amounts¹ to:

- EUR 189 340.98 million in **commitment** appropriations²;
- EUR 143 053.38 million in **payment** appropriations².

Compared to the budget 2023³, these amounts represent a +1.4 % increase in commitment appropriations and a –15.2 % decrease in payment appropriations.

II. APPROACH TAKEN

The DB 2024 has been examined during the months of June and July 2023 in the framework of the annual budgetary procedure alone and taking into account that the Commission proposal is based on the current Multiannual Financial Framework (MFF). It has also been examined on the basis of the principles established in the Council conclusions on the budget guidelines for 2024⁴. In particular, the aim to ensure prudent and realistic budgeting, as well as to provide adequate resources to support clearly set priorities, constituted the guiding principles in establishing the present Council position on the DB 2024.

¹ These amounts include appropriations foreseen for special instruments outside the MFF.

² Of which EUR 1 690 million programme-specific adjustments stemming from Article 5 MFF Regulation.

³ Amending budgets Nos 1/2023 and 2/2023 not included.

⁴ Doc. 7415/23.

This led the Council to undertake a detailed analysis of the commitment appropriations for each programme and action by budget line, in order to ensure:

- a realistic absorption capacity;
- an appropriate acceleration of the implementation of programmes by avoiding excessive increases compared to 2023;
- sufficient margins under the ceilings to deal with unforeseen circumstances.

The result of the Council's assessment is reflected in the proposal to adjust downwards the commitment appropriations by EUR 771.92 million. Very targeted adjustments are limited to headings 1 (*Single Market, Innovation and Digital*), 2 (*Cohesion, Resilience and Values*), 3 (*Natural Resources and Environment*), 4 (*Migration and Border Management*) and 5 (*Security and Defence*) and aim at reducing lines that were increased compared to the voted budget 2023, in order to prevent risks in terms of absorption capacity.

A targeted adjustment is also proposed for sub-heading 2b (*Resilience and Values*) for the European Union Recovery Instrument (EURI) line. The proposal supports a more conservative approach, in line with prudent budgeting, with respect to the financing costs of NextGenerationEU (NGEU). The suggested adjustment for the EURI line will make the use of the Single Margin Instrument, which was proposed by the Commission for sub-heading 2b, no longer necessary and it will also bring a reduction of the proposed use of the Flexibility Instrument.

An upward adjustment under heading 6 (*Neighbourhood and the World*) in Humanitarian Aid (HUMA) is also suggested to maintain the same level of humanitarian support as in the voted budget 2023, in order to respond to the consequences of Russia's war of aggression against Ukraine. As there is no margin available under heading 6, the proposed adjustment requests a proportional use of the Flexibility Instrument.

As regard payment appropriations, the result of the Council's assessment is reflected in the proposal to adjust the level downwards by EUR 514.62 million. In heading 6, it is proposed to maintain the same level of appropriations as in the voted budget 2023 for HUMA. The reduction on the EURI line (sub-heading 2b) results from the fact that this line contains non-differentiated appropriations (NDA). A Council statement on payments is recorded in Addendum 1 to this note.

As regards administrative expenditure, it is suggested to accept the Commission's proposal as such. The Commission has applied a horizontal approach and reduced all institutions' budgets to comply with its instructions. By doing so the Commission has aligned the institutions' budgets with the Council's expectations, especially when it comes to stable staffing levels and a limited increase in non-salary related expenditure. A Council statement on heading 7 (*European Public Administration*) is recorded in Addendum 1 to this note.

III. OUTCOME OF PROCEEDINGS^{1,2}

On the basis of the above approach, an agreement **was reached** on the **Council's position on the DB 2024** that would amount³ to:

- EUR 187 008.20 million in **commitment** appropriations;
- EUR 141 167.37 million in **payment** appropriations.

The total amount of payment appropriations provided for in the Council's position on the DB 2024 corresponds to 0.80 % of the EU gross national income (GNI).⁴

¹ A summary table of the outcome of proceedings is set out in Annex 1 of Addendum 2 to this document.

² The detailed results relating to the various policy areas are provided in Annexes 2 to 6 of Addendum 2 to this document.

³ These amounts include appropriations foreseen for special instruments outside the MFF.

⁴ Based on the May 2023 forecast of GNI.

In this respect, the following adjustments to the DB 2024 are suggested:

A. **EXPENDITURE BY HEADING OF THE MFF 2021-2027**

1. **Single Market, Innovation and Digital** (heading 1 of the MFF)¹

- establish the level of commitment appropriations, targeting a total reduction of EUR 230 million in the appropriations requested in the DB 2024 distributed on a number of specific budget lines related to:
 - **01 - Research and Innovation** (-EUR 178 million, of which -EUR 166 million on *Horizon Europe*, -EUR 2 million on the *Euratom Research and Training Programme* and -EUR 10 million on the *International Thermonuclear Experimental Reactor (ITER)*),
 - **02 - European Strategic Investments** (-EUR 22.5 million, of which -EUR 20 million on the *Digital Europe Programme* and -EUR 2.5 million on *decentralised agencies*, namely on the *European Union Aviation Safety Agency (EASA)*, the *European Maritime Safety Agency (EMSA)*, the *European Union Agency for Railways (ERA)* and the *European Union Agency for the Cooperation of Energy Regulators (ACER)*),
 - **03 - Single Market** (-EUR 27.5 million, of which -EUR 4 million on *Cooperation in the field of taxation (FISCALIS)*, -EUR 20 million on *Cooperation in the field of customs (CUSTOMS)* and -EUR 3.5 million on decentralised agencies, namely on the *European Banking Authority (EBA)*, the *European Securities and Markets Authority (ESMA)* and the *Anti-Money Laundering Authority (AMLA)*),

¹ The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

- **04 – Space** (-EUR 2 million, on the *European Union Agency for the Space Programme (EUSPA)*);
- set the level of payment appropriations, reducing the appropriations requested in the DB 2024 by a total amount of EUR 8 million as a consequence of the reductions in commitment appropriations, related to:
- **02 - European Strategic Investments** (-EUR 2.5 million on *decentralised agencies*, namely on the *European Union Aviation Safety Agency (EASA)*, the *European Maritime Safety Agency (EMSA)*, the *European Union Agency for Railways (ERA)* and the *European Union Agency for the Cooperation of Energy Regulators (ACER)*),
 - **03 - Single Market** (-EUR 3.5 million on *decentralised agencies*, namely on the *European Banking Authority (EBA)*, the *European Securities and Markets Authority (ESMA)* and the *Anti-Money Laundering Authority (AMLA)*),
 - **04 – Space** (-EUR 2 million on *decentralised agencies*, namely on the *European Union Agency for the Space Programme (EUSPA)*);
- for the other budget lines in this policy area, accept the level of both commitment and payment appropriations as proposed by the Commission;
- the margin available under heading 1 would be EUR 396.65 million.

2. Cohesion, Resilience and Values (heading 2 of the MFF)¹

(a) Economic, Social and Territorial Cohesion (sub-heading 2a of the MFF)

- accept the level of both commitment and payment appropriations as it stands (EUR 64 665.20 million and EUR 24 155.65 million respectively);
- the margin available under sub-heading 2a would be EUR 17.80 million, as proposed by the Commission.

(b) Resilience and Values (sub-heading 2b of the MFF)

- establish the level of commitment appropriations, targeting a total reduction of EUR 612.82 million in the appropriations requested in the DB 2024 related to:
 - **06 - Recovery and Resilience** (-EUR 572.82 million on the *Financing cost of the European Union Recovery Instrument (EURI)*), in order to follow a prudent budgeting, while waiting for more reliable figures based on most recent forecasts on payment requests for the Recovery and Resilience Facility (RRF) to be available only after the summer, as well as on the evolution of interest rates to be supposed to take a slower pace than at the beginning of the year,
 - **07 - Investing in People, Social Cohesion and Values** (-EUR 40 million on *Creative Europe*);

¹ The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

- set the level of payment appropriations, reducing the appropriations requested in the DB 2024 by a total amount of EUR 572.82 million as a consequence of the reduction in commitment appropriations, related to:
 - **06 - Recovery and Resilience** (-EUR 572.82 million on the *Financing cost of the European Union Recovery Instrument (EURI)*);
- for the other budget lines in this policy area, accept the level of both commitment and payments appropriations as proposed by the Commission;
- as there would be **no margin** available under sub-heading 2b, it is suggested to mobilise the Flexibility Instrument for an amount of EUR 1 095.35 million (-EUR 240 million). As a consequence of the proposed adjustments of the level of commitment appropriations of sub-heading 2b, the use of the Single Margin Instrument requested in the DB 2024 is not needed anymore.

3. Natural Resources and Environment (heading 3 of the MFF)^{1,2}

- establish the level of commitment appropriations, targeting a total reduction of EUR 10 million in the appropriations requested in the DB 2024, related to:

¹ A further examination of the proposal will take place in the context of the annual letter of amendment updating the estimated needs and appropriations for agricultural expenditure, as set out in the Council statement on payment appropriations recorded in Addendum 1 to this document.

² The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

- **09 - Environment and Climate Action** (-EUR 10 million, of which -EUR 5 million on the *Programme for Environment and Climate Action (LIFE)* and -EUR 5 million on *decentralised agencies*, namely on the *European Environment Agency (EEA)*);
- set the level of payment appropriations, reducing the appropriations requested in the DB 2024 by a total amount of EUR 5 million as a consequence of the reductions in commitment appropriations, related to:
 - **09 - Environment and Climate Action** (-EUR 5 million on decentralised agencies, namely on the European Environment Agency (EEA));
- for the other budget lines in this policy area, accept the level of both commitment and payment appropriations as proposed by the Commission;
- the margin available under heading 3 would be EUR 70.11 million.

4. **Migration and Border Management (heading 4 of the MFF)¹**

- establish the level of commitment appropriations, targeting a total reduction of EUR 20 million in the appropriations requested in the DB 2024, related to:
 - **11 - Border Management** (-EUR 20 million on *decentralised agencies*, namely on the *European Border and Coast Guard Agency (FRONTEX)*);

¹ The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

- set the level of payment appropriations, reducing the appropriations requested in the DB 2024 by a total amount of EUR 20 million, related to:
 - **11 - Border Management** (-EUR 20 million on *decentralised agencies*, namely on the *European Border and Coast Guard Agency (FRONTEX)*);
- for the other budget lines in this policy area, accept the level of both commitment and payment appropriations as proposed by the Commission;
- the margin available under heading 4 would be EUR 143.29 million.

5. Security and Defence (heading 5 of the MFF)¹

- establish the level of commitment appropriations, targeting a total reduction of EUR 17 million in the appropriations requested in the DB 2024, related to:
 - **12 - Security** (-EUR 7 million on decentralised agencies, namely on the *European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)*),
 - **13 – Defence** (-EUR 10 million on *Union Secure Connectivity*);
- set the level of payment appropriations, reducing the appropriations requested in the DB 2024 by a total amount of EUR 7 million, related to:
 - **12 - Security** (-EUR 7 million on decentralised agencies, namely on the *European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)*);

¹ The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

- for the other budget lines in this policy area, accept the level of both commitment and payment appropriations as proposed by the Commission;
- as there would be **no margin** available under heading 5, it is suggested to mobilise the Flexibility Instrument, in line with the “EDIRPA” proposal from July 2022, for an amount of EUR 283.18 million (-EUR 17 million).

6. Neighbourhood and the World (heading 6 of the MFF)¹

- establish the level of commitment appropriations, targeting a total increase of EUR 117.90 million in the appropriations requested in the DB 2024, related to:
 - **14 - External Action** (+EUR 117.90 million on *Humanitarian aid (HUMA)*);
- set the level of payment appropriations, increasing the appropriations requested in the DB 2024 by a total amount of EUR 98.20 million, related to:
 - **14 - External Action** (+EUR 98.20 million on *Humanitarian aid (HUMA)*);
- for the other budget lines in this policy area, accept the level of both commitment and payment appropriations as proposed by the Commission;
- as there would be **no margin** available under heading 6, it is suggested to mobilise the Flexibility Instrument for an amount of EUR 117.90 million.

¹ The detailed changes in comparison with the DB 2024 as regards figures by MFF heading are recorded in Annex 3 of Addendum 2 to this document.

7. **European Public Administration** (heading 7 of the MFF)¹

(a) **Section I - European Parliament**

For the **European Parliament**, it is suggested that the DB 2024 (Section I) be approved as it stands (EUR 2 354.86 million).

(b) **Section II - European Council and Council**

For the **European Council and Council**, it is suggested that the DB 2024 (Section II) be approved as it stands (EUR 676.84 million).

(c) **Section III - European Commission**

For the **administrative expenditure of the European Commission** (including OP, OLAF, EPSO, PMO, OIB and OIL) it is suggested that the DB 2024 (Section III) be approved as it stands (EUR 4 221.45 million).

The overall amount of EUR 2 812.625 million for **European Schools and Pensions** is accepted as it stands in the DB 2024.

Publications Office (OP)

For the **Publications Office** it is suggested that the DB 2024 be approved as it stands (EUR 120.45 million).

European Personnel Selection Office (EPSO)

For the **European Personnel Selection Office** it is suggested that the DB 2024 be approved as it stands (EUR 27.72 million).

¹ The amounts exclude the institutions' contributions to the European Schools (Type 2).

Office for Administration and Payment of Individual Entitlements (PMO)

For the **Office for Administration and Payment of Individual Entitlements** it is suggested that the DB 2024 be approved as it stands (EUR 53.83 million).

Office for Infrastructure and Logistics in Brussels (OIB)

For the **Office for Infrastructure and Logistics in Brussels** it is suggested that the DB 2024 be approved as it stands (EUR 94.67 million).

Office for Infrastructure and Logistics in Luxembourg (OIL)

For the **Office for Infrastructure and Logistics in Luxembourg** it is suggested that the DB 2024 be approved as it stands (EUR 31.73 million.)

European Anti-Fraud Office (OLAF)

For the **European Anti-Fraud Office** it is suggested that the DB 2024 be approved as it stands (EUR 67.18 million).

(d) **Section IV - Court of Justice of the European Union**

For the **Court of Justice of the European Union** it is suggested that the DB 2024 (Section IV) be approved as it stands (EUR 502.44 million).

(e) **Section V - European Court of Auditors**

For the **European Court of Auditors** it is suggested that the DB 2024 (Section V) be approved as it stands (EUR 184.80 million).

(f) **Section VI - European Economic and Social Committee**

For the **European Economic and Social Committee** it is suggested that the DB 2024 (Section VI) be approved as it stands (EUR 164.95 million).

(g) **Section VII - European Committee of the Regions**

For the **European Committee of the Regions** it is suggested that the DB 2024 (Section VII) be approved as it stands (EUR 121.88 million).

(h) **Section VIII - European Ombudsman**

For the **European Ombudsman** it is suggested that the DB 2024 (Section VIII) be approved as it stands (EUR 13.67 million).

(i) **Section IX - European Data Protection Supervisor**

For the **European Data Protection Supervisor** it is suggested that the DB 2024 (Section IX) be approved as it stands (EUR 23.92 million).

(j) **Section X – European External Action Service**

For the **European External Action Service** it is suggested that the DB 2024 (Section X) be approved as it stands (EUR 872.20 million).

With regard to **staffing levels**, it is suggested to accept for all the institutions the establishment plans in the DB 2024 as proposed by the Commission;

As there would be **no margin** available under heading 7, it is suggested to mobilise the Single Margin Instrument for a total amount of EUR 176.6 million, of which EUR 131.00 million for administrative expenditure of the institutions and EUR 45.62 million for pensions of all institutions and bodies, to allow the institutions to meet their legal obligations, as proposed by the Commission.

B. SPECIAL INSTRUMENTS

It is suggested to maintain the appropriations entered in the DB 2024 for the Solidarity and Emergency Aid Reserve, the European Globalisation Adjustment Fund and the Brexit Adjustment Reserve.

The commitment appropriations entered in the DB 2024 for the Flexibility Instrument are established at EUR 1 496.43 million (-EUR 139.1 million) and for the Single Margin Instrument at EUR 176.62 million (-EUR 372.82 million). The payment appropriations for both are maintained as they stand in the DB 2024.

C. REVENUE

As regards revenue, it is suggested to accept the DB 2024 after the technical adjustments arising from the changes made to expenditure in the Council's position.

D. OTHER GENERAL ASPECTS

1. Budget remarks

It is suggested to align the budget remarks contained in the DB 2024 with the changes made to expenditure in the Council's position and in particular the Union contributions to the financing of the different EU bodies.

2. Nomenclature

As regards nomenclature, it is suggested to accept the DB 2024.

3. Legal bases

Special care is taken to comply with the provisions of the Interinstitutional Agreement as regards legal bases.

IV. CONCLUSION

On 5 September 2023, the Council adopted its position on the draft general budget of the European Union for the financial year 2024.

The technical annexes, set out in Addendum 2 to this explanatory memorandum, contain a breakdown by heading of the MFF 2021-2027, as well as corresponding detailed figures for each institution and by title.

The statements that were agreed upon are recorded in Addendum 1 to this explanatory memorandum.
