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BUDGET 52

EXPLANATORY MEMORANDUM

Subject: Draft general budget of the European Union for the financial year 2025:
Council position of 13 September 2024
– *Statements*

STATEMENTS FOR ENTRY IN THE COUNCIL MINUTES

1. Statement on payments

In order to ensure the proper implementation of Union's programmes and to avoid an excessive increase of RAL in the final years of the current MFF, the Council invites the Commission to continue closely and actively monitoring, during the year 2025, the implementation of the programmes (particularly in sub-heading 2a and Rural Development).

To that end, taking into account the forecasts accuracy of the Member States where applicable and the payments margin in the draft budget 2025 - mainly driven by sub-heading 2a, it expects the Commission to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2025 payment appropriations.

If the figures show that the appropriations entered in the budget 2025 are insufficient to cover the justified needs, the Council invites the Commission to present as soon as possible an appropriate solution, *inter alia* a draft amending budget, with a view to allow the budgetary authority to take any necessary decisions as soon as possible without undue delay for justified needs.

Where applicable, the Council will take into account the urgency of the matter, shortening the eight-week period for a decision if deemed necessary. The same applies *mutatis mutandis* if the figures show that the appropriations entered in the budget 2025 are higher than needed.

The Council will carefully examine the letter of amendment concerning agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 3 (*Natural resources and environment*) in the budget 2025.

2. **Statement on the progress of work on the implementation of the MFF mid-term revision**

The Council acknowledges that the budgetary challenges that the Union and the Member States are facing in a context of repeated crisis, geopolitical turbulences and uncertainty that led to the mid-term revision of the Multiannual Financial Framework (MFF) amount to new, objective, long-term circumstances within the meaning of Point 18 of the Interinstitutional Agreement of 16 December 2020 on budgetary discipline (IIA).

The Council considers that this exceptional situation, which should not serve as a precedent for any future implementation of Point 18 of the IIA, allows the European Parliament and the Council, and the Commission when it draws up the draft budget, to depart by more than 15 % from the financial envelope of Union programmes, which constitute the prime reference amount for the European Parliament and for the Council during the annual budgetary procedure.

The Council recalls that, in line with Point 18 of the IIA, any increase resulting from such variation shall remain beneath the existing ceiling for the heading concerned, without prejudice to the use of instruments referred to in the MFF Regulation and in the IIA. Moreover, this possibility does not apply to appropriations for cohesion adopted in accordance with the ordinary legislative procedure and pre-allocated per Member State which contain a financial envelope for the entire duration of the programme or to the large-scale projects referred to in Article 18 of the MFF Regulation.

While recalling the need to ensure legal certainty through the adoption of the necessary changes for the implementation of the MFF mid-term revision with regard to Brexit Adjustment Reserve¹, notably the redeployment of the remaining allocations for 2025 that have not been transferred, the Council notes that, at this stage, there is no basis for moving forward with the work on the proposal for a Regulation of the European Parliament and of the Council as regards the changes to the amounts of funds for certain programmes and funds², and the proposal for a Regulation of the European Parliament and of the Council as regards the financial envelope and the allocation for the thematic facility³.

3. Statement on budgetary nomenclature for the Western Balkans Facility

The Council recalls the joint declaration by the European Parliament and the Council on the appropriate budgetary nomenclature for the Western Balkans Facility, approved as part of the political agreement to set up the Facility for the Western Balkans. In this regard, it takes note that the Commission did not give consideration to the declaration when presenting the draft budget 2025. The Council considers that new budget lines should be introduced in the budget 2025, in particular one per beneficiary country and also invites the European Parliament and the Commission to consider introducing the necessary changes during the budgetary negotiations.

¹ Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1–26).

² Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 2021/522, (EU) No 2021/1057, (EU) No 2021/1060, (EU) No 2021/1139, (EU) No 2021/1229, and (EU) No 2021/1755 as regards the changes to the amounts of funds for certain programmes and funds (COM(2024) 100 final).

³ Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 2021/1148 as regards the financial envelope and the allocation for the thematic facility (COM(2024) 301 final).

4. **Statement on heading 6 (Neighbourhood and the World)**

The Council recalls the European Council conclusions of 1 February 2024, including its Table 1, where it is underlined that the reinforcement of heading 6 will help to support, among others, the Southern neighbourhood with EUR 2 billion.

The Council calls on the Commission to prioritise the use of the NDICI cushion in order to respect the above priority set by the European Council and to ensure that the minimum amounts referred to in Regulation (EU) 2021/947, Article 6, paragraph 2 (a) for the Neighbourhood and Sub-Saharan Africa is attained.

The Council considers crucial and calls on the Commission to provide for adequate quarterly reporting on the achievement of the above-mentioned minimum amounts as well as on the amount of decommitments materialising in heading 6 with special attention to NDICI and IPA. The Council can take this information into account in the annual budgetary procedure.

As regards Humanitarian Aid (HUMA), the Council emphasizes that the additional amount of EUR 30 million (as compared to the European Commission draft budget 2025) agreed in the Council position for the Humanitarian aid budget line should be prioritized towards partners in the Eastern neighbourhood, especially Ukraine, Moldova and Georgia, not excluding support for those countries under the regular HUMA assistance or any future mobilization of the Emergency Aid Reserve.

5. **Statement on heading 7 (European Public Administration)**

The Council expresses its disappointment that the Commission has disregarded the clear signal from the Heads of State and Government at the February 2024 European Council meeting, which emphasized the need for restraint in administrative expenditure. Referring to paragraph 130 of the July 2020 European Council conclusions, all EU institutions, bodies, agencies, and their administrations were called on to optimize staff resources to the 2020 level and seek efficiency gains in non-salary related expenditures. Therefore, the Council strongly urges all institutions to further control and manage administrative spending and pursue for efficiencies.

The Council also considers that, due to a pending clear legal basis, the proposed housing allowance in Luxembourg requires further regulatory and budgetary discussion. In light of the above, the Council will examine the proposed housing allowance for EU staff in Luxembourg, once a clear legal basis and detailed modalities thereof have been provided.

The Council highlights recent information suggesting that the parameters used by the Commission to estimate the necessary amounts for the 2024 salary adjustment may be overestimated. If this is confirmed in the forthcoming amending letter to the draft budget for 2025 the Council expects that the surplus amounts in heading 7 will be fully reinstated into the Single Margin Instrument to address unforeseen needs in 2025.
