



Brussels, 5 February 2021
(OR. en)

5791/21

FIN 82
INST 40
PE-L 3

'I' ITEM NOTE

From: Budget Committee
To: Permanent Representatives Committee
Subject: Council conclusions on the budget guidelines for 2022
– *Approval*

1. By way of preparation of the budget guidelines for 2022 to be established by the Council, the Budget Committee considered a set of draft Council conclusions, on the basis of a proposal from the Presidency.
2. At its meeting on 4 February 2021, the Budget Committee reached an agreement on the text as recorded in ANNEX 1.
3. In view of the above, the Permanent Representatives Committee is invited to:
 - confirm its agreement on the text of the draft Council conclusions on the budget guidelines for 2022, as set out in ANNEX 1 to this note;

- decide, in accordance with the first subparagraph of Article 12(1) of the Council's Rules of Procedure and Article 1 of Council Decision 2020/430¹, as further extended by Council Decision 2021/26², that the Council uses the written procedure for the adoption of the draft Council conclusions, as set out in ANNEX 1 to this note; and
 - arrange for them to be forwarded to the European Parliament, the Commission and the other institutions and to approve the draft letter in ANNEX 2 to that effect.
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¹ Council Decision (EU) 2020/430 of 23 March 2020 on a temporary derogation from the Council's Rules of Procedure in view of the travel difficulties caused by the COVID-19 pandemic in the Union (OJ L 88 I, 24.3.2020, p. 1).

² Council Decision (EU) 2021/26 of 12 January 2021 further extending the temporary derogation from the Council's Rules of Procedure introduced by Decision (EU) 2020/430, and extended by Decisions (EU) 2020/556, (EU) 2020/702, (EU) 2020/970, (EU) 2020/1253 and (EU) 2020/1659, in view of the travel difficulties caused by the COVID-19 pandemic in the Union (OJ L 11, 14.01.21, p. 19).

DRAFT COUNCIL CONCLUSIONS
ON THE BUDGET GUIDELINES FOR 2022

1. The Council notes that the budgetary procedure for 2022 will be the second in the programming period 2021-2027. In this regard, the budget will play an important role in the development and delivery of the long-term objectives and political priorities agreed by the Union, contributing to the recovery of the European economy in the aftermath of the COVID-19 pandemic, reinforced by the funds provided from the temporary recovery instrument Next Generation EU (NGEU).
2. The Council stresses that all Union institutions, bodies, offices and agencies need to respect and comply with all elements of the multiannual financial framework (MFF) 2021-2027³ when establishing and implementing the budget for 2022.
3. The Council reiterates that the budget should be established in accordance with the budgetary principles set out in the Financial Regulation⁴, notably the principles of unity, annuality, sound financial management and transparency.

³ 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).

⁴ 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).

4. The Council considers that the budget for 2022 should be realistic, in line with actual needs, ensure prudent budgeting and, without prejudice to the provisions of the Interinstitutional Agreement (IIA)⁵, leave sufficient margins under the ceilings of the MFF to deal with unforeseen circumstances. At the same time, the budget for 2022 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, if necessary and in duly justified cases, after implementing all possible reallocations within the budget, 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.
5. The Council underlines that budgetary discipline should be maintained at all levels, and stresses the need to budget only if it is an item of expenditure considered necessary. Furthermore, the Council points out that the additional amounts included in the budget, such as from the re-use of de-commitments under Article 15(3) of the Financial Regulation, should be fully compliant and limited to the agreement on the MFF 2021-2027.
6. The Council stresses the need for predictability of both Member States' contributions to the Union budget and payments from the Union budget to Member States, recalling that both under- and over-budgeting pose 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 2022 in accordance with the Withdrawal Agreement⁶, which will allow Member States to assess in a timely manner their expected contribution to the Union budget.

⁵ 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).

⁶ 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).

7. 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, after the relevant information becomes available. The Council reaffirms its strong commitment to take a position on draft amending budgets as soon as possible.
8. Taking into account the impact of the coronavirus pandemic and the importance of furthering the recovery at the European level, the Council calls on all Union's institutions, bodies, offices and agencies to present by the end of 2021 a comprehensive and targeted approach for optimising staff resources at the 2020 level, and for implementing the new ways of digital working, as well as to continue to seek efficiency gains in non-salary related expenditure, including by deepening inter-institutional cooperation in line with the European Council conclusions⁷. Furthermore, the Council stresses the importance of keeping the funding of decentralised agencies under firm control and of limiting it only to justified needs, as reflected in the Council conclusions on Special Report No 22/2020 of the European Court of Auditors⁸.
9. The Council calls on the Commission to present the draft budget for 2022 as soon as possible, so that the Council and national parliaments can have adequate time to carry out a detailed scrutiny and thoroughly prepare their positions. It also encourages the Commission to continuously improve the content of its budgetary documents by making them simpler, more concise and transparent. The Council invites the Commission to include commitment and payment appropriations foreseen for new legal acts or amendments to existing legal acts that are not adopted yet in a reserve, in line with the provisions of the Financial Regulation.

⁷ EUCO 10/20.

⁸ Doc. 5375/21.

10. In addition, the Council urges the Commission to accompany the draft budget with the complete set of applicable documents listed in Article 41 of the Financial Regulation. The Council calls on the Commission to guarantee full transparency and visibility of all funds under the NGEU by providing all relevant information, including summary tables on budget appropriations under the NGEU.
11. The Council also invites the Commission to regularly inform Member States on the assigned revenue entered in the budget, including from the NGEU and the Trade and Cooperation Agreement with the United Kingdom⁹, and to follow its obligations foreseen in the Financial Regulation as regards the other assigned revenue that is allocated to certain programmes in accordance with the agreement on the MFF 2021-2027. The Council also stresses the importance of transparency as regards the financing costs of the NGEU, and the management of debt and all other liabilities of the Union budget.
12. The Council encourages all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure and the establishment of the budget for 2022 within the deadlines set by the Treaty on the Functioning of the European Union (TFEU). Notably, the Council invites the Commission to act as honest broker during the whole budgetary procedure. The Council calls on the Commission to ensure the timely access to draft elements for joint conclusions, containing all relevant information (in particular on commitments and payments) in order to facilitate the conciliation process.
13. 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 2022.
14. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions.

⁹ 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).

DRAFT LETTER

from : President of the Council

to : President of the European Parliament
Secretary-General of the Council
President of the Commission
President of the Court of Justice
President of the Court of Auditors
President of the Committee of the Regions
President of the European Economic and Social Committee
European Ombudsman
European Data Protection Supervisor
High Representative of the Union for Foreign Affairs and Security Policy

Dear Madam / Dear Sir,

I am sending you under separate cover¹⁰ the Council's conclusions on the budget guidelines for 2022, adopted by the Council on 16 February 2021.

[Complimentary close].

¹⁰ Doc. 5791/21.