



**COUNCIL OF
THE EUROPEAN UNION**



11792/09 (Presse 210)

PRESS RELEASE

2955th Council meeting

Economic and Financial Affairs

BUDGET

Brussels, 10 July 2009

President Hans **LINDBLAD**
State Secretary to the Swedish Minister for Finance

P R E S S

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Main results of the Council

*The Council unanimously agreed on the EU's **draft general budget for 2010** at first reading, and made **one joint statement** with the European Parliament and **three unilateral statements**. The agreement will be formally adopted at one of the Council's forthcoming meetings.*

The draft budget 2010 amounts to

- *EUR 137.944 billion in commitment appropriations, leaving a margin of EUR 2.4 billion under the total ceiling of the financial framework, and*
- *EUR 120.521 billion in payment appropriations, corresponding to 1.02% of the Gross National Income (GNI) of the EU.*

These figures reflect the wish of the Council to strike a sound balance between targeted cuts in some areas and the financing of political priorities such as measures stimulating growth and employment against the background of the current economic and financial crisis.

The reductions in the appropriations compared to the amounts requested in the preliminary draft budget of the Commission (- EUR 612.90 million in commitments and - EUR 1.795 billion in payments) were agreed by the Council on the basis of a thorough examination of budget implementation in past years and in the current year, and by taking into account the 2009 budget forecast.

Compared with the 2009 budget, the draft budget 2010 represents a 3.06% increase in commitment appropriations and a 3.81% increase in payment appropriations.

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OTHER ITEMS APPROVED

none

¹ Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks. Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>). Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

The governments of the member states and the Commission were represented as follows:

Belgium:

Mr Melchior WATHELET

State Secretary for the Budget, attached to the Prime Minister, and State Secretary for Family Policy, attached to the Minister for Employment and, for matters relating to law of persons and family law, attached to the Minister for Justice

Bulgaria:

Mr Boyko KOTZEV

Permanent Representative

Czech Republic:

Mr Bohdan HEJDUK

Deputy Minister for Finance

Denmark:

Mr Poul Skytte CHRISTOFFERSEN

Permanent Representative

Germany:

Mr Edmund DUCKWITZ

Permanent Representative

Estonia:

Mr Raul MÄLK

Permanent Representative

Ireland:

Mr Martin MANSERGH

Minister of State at the Department of Finance

Greece:

Mr Theodoros N. SOTIROPOULOS

Permanent Representative

Spain:

Mr Carlos BASTARRECHE SAGÜES

Permanent Representative

France:

Mr Philippe ETIENNE

Permanent Representative

Italy:

Mr Giuseppe VEGAS

Deputy Minister for Finance

Cyprus:

Mr Andreas D. MAVROYIANNIS

Permanent Representative

Latvia:

Mr Mārtiņš BIČEVSKIS

State Secretary, Ministry of Finance

Lithuania:

Ms Asta KUNIYOSHI

Counsellor

Luxembourg:

Mr Christian BRAUN

Permanent Representative

Hungary:

Mr Tamás KATONA

State Secretary, Ministry of Finance

Malta:

Mr Joseph RAPA

Director-General, Ministry of Finance

Netherlands:

Mr Frans TIMMERMANS

Minister for European Affairs

Austria:

Mr Reinhold LOPATKA

State Secretary, Federal Ministry of Finance

Poland:

Mr Jacek DOMINIK

Deputy State Secretary, Ministry of Finance

Portugal:

Mr Manuel LOBO ANTUNES

Permanent Representative

Romania:

Mr Mihnea Ioan MOTOC

Permanent Representative

Slovenia:

Mr Igor SENČAR

Permanent Representative

Slovakia:

Mr Maroš ŠEFČOVIČ

Permanent Representative

Finland:

Ms Mari KIVINIEMI

Minister for Public Administration and Local Government

Sweden:

Mr Hans LINDBLAD

State Secretary to the Minister for Finance

United Kingdom:

Mr Ian PEARSON

Economic Secretary to the Treasury

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Commission:

Mr Siim KALLAS

Vice President

ITEMS DEBATED**CONCILIATION MEETING WITH THE EUROPEAN PARLIAMENT**

Before agreeing on the draft budget for 2010, the Council held its usual conciliation meeting with a delegation from the European Parliament in the framework of the Interinstitutional Agreement on budgetary discipline and sound financial management.

This meeting, which had been prepared on the basis of the outcome of discussions conducted during a trilogue on 7 July 2009, was intended to find some common ground for forthcoming negotiations on the 2010 budget.

The Council and the European Parliament agreed on one joint statement on *recruitment in relation with the 2004 and 2007 enlargement*, which can be found in the Annex.

DRAFT BUDGET OF THE EUROPEAN COMMUNITIES FOR 2010

(see [11620/09](#), [11620/09 ADD 1](#), [11620/09 ADD 1 COR 1](#), [11620/09 ADD 2](#), [11621/09](#), [11621/09 + ADD 1](#))¹

At the close of the conciliation meeting with the European Parliament, and on the basis of the work done in its preparatory bodies, the Council **unanimously** confirmed the agreement reached by the Permanent Representatives Committee on the draft general budget for 2010.

The draft general budget for the financial year 2010 as agreed by the Council amounts to:

- **EUR 137 944 243 872 in commitment appropriations,**
- **EUR 120 520 906 320 in payment appropriations.**

Against the background of the current economic and financial crisis, the draft 2010 budget is intended to strike a sound balance between targeted cuts in some areas and the financing of political priorities such as measures stimulating growth and employment. It takes into account the budget implementation rate in 2008, the budget forecast alert in 2009 and realistic absorption capacities. It leaves sufficient margins under the different headings of the financial framework in order to cope with unforeseen budgetary needs.

Compared with the preliminary draft general budget of the European Union for 2010², the Council reduced the commitment appropriations by a total of EUR 612.90 million, leaving a margin of EUR 2 373.64 million under the total ceiling of the financial framework. The payment appropriations were cut by a total of EUR 1 794.90 million.

Compared with the 2009 budget³, these amounts represent a 3.06 % increase in commitment appropriations and a 3.81 % increase in payment appropriations.

¹ This and other documents mentioned in this press release can be found in the public register of the Council by typing in the corresponding number, see

² <http://www.consilium.europa.eu/showPage.aspx?id=549&lang=en>

³ <http://eur-lex.europa.eu/budget/www/index-en.htm>

As adopted on 18 December 2008, see

<http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:069:SOM:EN:HTML>

The financing of the second part of the European Economic Recovery Plan of EUR 2.4 billion does not form part of the draft 2010 budget; according to the agreement between the Council and the European Parliament, this amount should be secured through a compensation mechanism at the conciliation of the 2010 budgetary procedure during the second reading in November 2009.

The draft 2010 budget also does not take into account the expenditure related to a possible entry into force of the Lisbon Treaty.

The Council also confirmed three unilateral statements relating respectively to *payment appropriations, heading 4* and the *building policy of EU Institutions and bodies* which can also be found in the Annex.

The Council took note of a unilateral statement by Germany on the programme "Food aid for the most deprived persons in the European Union" (see Annex).

With regard to the different headings and sub-headings, the agreement of the Council includes the following elements:

- (1) **Sustainable growth** (heading 1 of the financial framework)
 - (a) **Competitiveness for growth and employment** (sub-heading 1a of the financial framework)

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amount requested in the PDB by a **total** of EUR 99.82 million;
- diminish the appropriations for a number of specific budget lines under this heading by EUR 88.76 million, on the basis of past and current budgetary implementation and realistic absorption capacities;
- cut the subsidies for decentralised agencies by EUR 11.06 million, as a result of not accepting new posts for existing agencies; the Council accepted only 35 posts for the two new agencies envisaged in 2010, the Agency for the Cooperation of Energy Regulators (ACER) and the Body of European Regulators for Electronic Communications (BEREC);
- leave a margin of EUR 218.41 million under this sub-heading.

With regard to **payment appropriations**, the Council targeted a **total** reduction of EUR 408.33 million in the amounts requested in the PDB on a number of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alert.

(b) Cohesion for growth and employment (sub-heading 1b of the financial framework)

The Council accepted the PDB as regards **commitment appropriations**; the margin amounts to EUR 11.91 million.

Concerning **payment appropriations**, the Council reduced the amounts requested in the PDB for structural funds and the completion of the 2000-2006 structural policy programmes by a **total** of EUR 293.10 million.

(2) **Preservation and management of natural resources (heading 2 of the financial framework)**

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amounts requested in the PDB by a total of EUR 363.37 million, taking into account past and current budget implementation as well as available information on some specific agricultural areas;
- spread this reduction over the budget line for clearance of accounts (EUR 230.00 million), the chapter for interventions in agricultural markets (EUR 118.77 million) and various other budget lines (EUR 14.60 million);
- leave a margin of EUR 1 472.67 million.

Concerning **payment appropriations**, the Council agreed to:

- reduce the amount in the PDB by a total of EUR 491.48 million, on the basis of past and current budget implementation;
- diminish the amounts envisaged for clearance of accounts by EUR 230.00 million, for the chapter for interventions in agricultural markets by EUR 118.77 million, for rural development by EUR 98.00 million and for various other budget lines by EUR 44.71 million;

- reject the request for new posts for decentralised agencies;
- review, if necessary, the amounts for heading 2 in the light of the autumn letter of amendment.

(3) Citizenship, freedom, security and justice (heading 3 of the financial framework)

(a) Freedom, security and justice (sub-heading 3a of the financial framework)

Concerning **commitment appropriations**, the Council concurred to:

- reduce the amounts of the PDB by a total of EUR 5.92 million;
- diminish the appropriations for subsidies for decentralised agencies by EUR 3.47 million; this is the result of not accepting new posts for existing agencies; the Council intends to accept only 486 posts for the European Asylum Support Office (EASO), a new agency envisaged in 2010, the European Agency for the Management of Operational Cooperation at the External Borders of the member states of the European Union (FRONTEX) and the European Police Office (EUROPOL)¹;
- cut the appropriations for a number of specific budget lines under this heading by EUR 2.45 million, on the basis of past and current budget implementation;
- leave a margin under sub-heading 3a of EUR 50.73 million.

With regard to **payment appropriations**, the Council targeted a **total** reduction of EUR 27.90 million on a number of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alerts.

(a) Citizenship (sub-heading 3b of the financial framework)

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amounts in the PDB by a total of EUR 15.14 million;

¹ As from 1 January 2010, Europol will be fully financed from the EU budget, rather than on the current intergovernmental basis. The Council plans to maintain the 436 existing Europol posts .

- diminish the appropriations for a number of specific budget lines by EUR 11.96 million, on the basis of past and current budget implementation and on realistic absorption capacities;
- cut the appropriations for subsidies for decentralised agencies by EUR 3.18 million, as a result of not accepting new posts for existing agencies;
- leave a margin of EUR 33.87 million.

Concerning **payment appropriations**, the Council reduced the **total** amount by EUR 26.19 million in a targeted manner over a series of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alerts.

(4) **The EU as a global partner (heading 4 of the financial framework)**

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amounts in the PDB by a total of EUR 89.11 million on a number of specific budget lines, on the basis of past and current budget implementation and on the assumption of realistic absorption capacities;
- leave a margin of EUR 309.90 million to cover additional needs at a later stage, e.g. the priorities referred to in the European Council conclusions of June 2009.

Concerning **payment appropriations**, the Council agreed:

- to diminish the amounts in the PDB by a total of EUR 508.35 million;
- to cut the appropriations by EUR 259.46 million in a targeted manner over a series of budget lines, on the basis of an analysis of the 2008 budget implementation and the 2009 budget forecast alerts;
- not to retain the amount proposed in the PDB of EUR 248.89 million regarding the Emergency Aid Reserve.

(5) **Administration (heading 5 of the financial framework)**

The Council acted in accordance with the following principles:

- establish the global increase of EU administrative expenditure at a level near the inflation rate;
- set the administrative budget of each institution at the appropriate level, taking into account their specificities as well as real and justified needs;
- carry out targeted reductions under certain budgetary lines for all the institutions, taking into account the 2008 budget outturn and real needs;
- insist on the need to fill all vacant posts;
- not accept any new post requested by the institutions for new activities.

On the basis of this approach the Council reduced the **commitment and payment appropriations** in the PDB by a **total** of EUR 39.56 million, leaving a margin of EUR 276.15 million under the ceiling of heading 5. In accordance with the "gentlemen's agreement", the amounts for the European Parliament were approved as they stand.

(6) **Revenue**

The Council accepted the PDB subject to the technical adjustments arising from the changes made to expenditure in the draft budget.

A summary of the Council's first reading (including a comparison with the PDB and the budget 2009) is set out in the table below:

(in EUR)

Heading	1st reading		Difference from PDB 2010 (amount)		Difference from budget 2009 (as adopted on 18.12.2008, in %)		Margin below existing Financial Framework
	Commitments	Payments	Commitments	Payments	Commitments	Payments	
1. Sustainable growth							
1a. Competitiveness for growth and employment	12 169 589 253	10 573 940 303	-99 821 000	-408 331 000	7.65 ²	-4.09 ²	218 410 747
1b. Cohesion for growth and employment	49 382 092 092	36 089 285 000	0	-293 100 000	+1.97	+3.19	11 907 908
Total	61 551 681 345	46 663 225 303	-99 821 000	-701 431 000	+3.08²	+1.44²	230 318 655
European Globalisation Adjustment Fund	500 000 000		0				
2. Preservation and management of natural resources	58 640 332 302	57 583 424 809	-363 366 000	-491 481 000	+4.49	+9.54	1 472 667 698
of which market related expenditure and direct aids	43 389 980 768	43 270 686 586	-354 946 000	-355 746 000	+5.49	+5.32	1 356 209 232
3. Citizenship, freedom, security and justice							
3a. Freedom, security and justice	974 270 370	692 113 370	-5 917 000	-27 897 000	+12.77	+12.09	50 729 630
3b. Citizenship	634 128 000	613 530 500	-15 137 000	-26 187 000	-2.59	-9.64	33 872 000
Total	1 608 398 370	1 305 643 870	-21 054 000	-54 084 000	+6.17	+0.71	84 601 630
4. The EU as a global player	7 583 103 270	7 156 270 753	-89 106 000	-259 466 000	-3.36	-14.03	
Emergency Aid Reserve	248 882 000	0	0	-248 882 000	0.00	-100.00	
Total	7 831 985 270	7 156 270 753	-89 106 000	-508 348 000	-3.36	-14.03	309 896 730
5. Administration	7 811 846 585	7 812 341 585	-39 556 092	-39 556 092	+1.44²	+1.45²	276 153 415
6. Compensations	p.m.	p.m.			-100.00	-100.00	
GENERAL TOTAL	137 944 243 872	120 520 906 320	-612 903 092	-1 794 900 092	+3.06	+3.81	2 373 638 128
Payment appropriations, as a % of GNI	1.17%	1.02%					

² These figures do not take into account the change of the classification of EUR 5.8 million for the European Institute for Innovation and Technology (EIIT) from heading 5 to sub-heading 1a from budget year 2010.

ANNEX

Joint statement:**Recruitment in relation with the 2004 and 2007 enlargement**

"The European Parliament and the Council stress again the importance of a full recruitment on all posts related to the 2004 and 2007 enlargement, especially for middle and high management level, and insist that all efforts should be made by the institutions and specifically by EPSO to ensure that the necessary action is taken to speed up the whole process of filling up the posts granted by the budgetary authority with officials. The criteria should be as stipulated in Article 27 of the Staff Regulation and to arrive at the broadest possible geographical proportional basis as soon as possible.

The European Parliament and the Council intend to continue to monitor closely the ongoing recruitment process. To this effect, they request each institution and EPSO to provide twice a year, in March and October, an information to the budgetary authority on the state of affairs regarding recruitments in relation with the 2004 and 2007 enlargement."

Unilateral statements of the Council:**1. PAYMENT APPROPRIATIONS**

"The Council asks the Commission to submit an amending budget if the appropriations entered in the 2010 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources) and heading 4 (EU as a global player)."

2. HEADING

"The Council, noting the Commission's intention to present a letter of amendment to the 2010 PDB covering at a later stage additional needs in the field of external actions, especially the priorities covered by previous letters of amendment and those referred to in the European Council conclusions of June 2009, has established its draft budget for 2010 with an appropriate margin under heading 4 allowing it to be taken into account."

3. BUILDING POLICY OF EU INSTITUTIONS AND BODIES

"The Council recalls its conclusions on the Court of Auditors' special report No. 2/2007 concerning the Institutions' expenditure on buildings and, acknowledging that building costs represent a significant part of the overall administrative expenditure of the EU Institutions, considers that a sound financial management of building expenses is essential.

The Council reiterates the importance of a strong interinstitutional cooperation in this field. It underlines the need for the Institutions to cooperate to the highest possible extent and to join their forces, both for the rental or purchase of buildings and for connected current expenses. It invites the Institutions to share facilities whenever appropriate in order to limit building expenses to the necessary minimum.

In this context, the Council welcomes the efforts already made by the Institutions to cooperate at interinstitutional level and to harmonise their building management methods. It notes with satisfaction the agreement on common guidelines for defining and measuring building space which was recently reached by interinstitutional working groups set up in Brussels and Luxembourg. The Council asks the Institutions to look into the potential for further interinstitutional cooperation which could include sharing of premises, joint management of premises and the scope for a possible interinstitutional buildings office.

The Council calls on the Institutions to establish long-term building strategies, based on realistic estimates of future staff numbers and ensuring the necessary flexibility by means of an equilibrium between owned and rented buildings, in order to avoid as far as possible any ad-hoc decisions on buildings. It also requests the Institutions to use available space in the most efficient way and to take any possible measures of internal rationalisation. The Council welcomes the work already carried out by the Institutions on alternative financing methods and awaits the coming report from the Commission.

The Council attaches great importance to receive the information required by the relevant provisions of the Financial Regulation as soon as possible. The information should include thorough need assessments and comprehensive cost-benefit analyses, the various alternatives, outlining the options to rent or buy as well as the alternative financing possibilities, and taking all financing costs into account. Well before decisions need to be taken, the information should be made available to both arms of the budgetary authority, so that they can establish their position without time pressure.

Moreover, it reiterates its call on the Secretaries-General of the Institutions to provide information before the presentation of the preliminary draft budget. While recognising each Institution's own specificities and additional particularities characterising each project, the Council asks the Institutions to pursue their work towards harmonising this information through common definitions and indicators to allow comparisons of building space and building costs between the different Institutions, including the common understanding of the method for calculating annual costs of own property spread over the entire period of their utilisation.

The Council encourages the Institutions to continue and to intensify the energy-efficiency and environment measures in their buildings, including the certification according to environmental standards, wherever this is appropriate and feasible with the given resources.

The Council takes note of the excellent cooperation between the Institutions and the administrations of their host Member States, which contribute significantly to the sound management of building issues.

The Council recalls that its observations apply equally to the specific situation of the executive agencies, and where applicable to the decentralised agencies."

Unilateral statement of Germany:

"With regard to the adoption of the Council's position on the draft budget for 2010 and in view of proceedings pending before the Court of First Instance, Germany states that the programme "Food aid for the most deprived persons in the European Union" must be implemented in accordance with Community law. Germany states its view that market purchasing should not be used for this programme. The programme must be implemented in the light of the proceedings before the Court of First Instance."
