



28.8.2017

WORKING DOCUMENT

on Council's position on Draft Budget 2018 (Section III)

Committee on Budgets

Rapporteur: Siegfried Mureşan

The purpose of this working document is to present an assessment of the Council's position on the Draft Budget 2018 as part of the preparations for Parliament's position and for the subsequent negotiations with the Council, with a focus on Section III (Commission).

I. Background and general state-of-play

After adopting its statement of estimates on 30 May 2017, the European Commission formally adopted its consolidated Draft Budget (DB) for the year 2018 on 29 June 2017¹. The Draft Budget incorporates the new provisions of the amended Regulation laying down the multiannual financial framework (MFF) for the years 2014-2020².

A trilogue took place on 13 July on the basis of Council's reading (as approved by COREPER on 12 July) and of Parliament's resolution of 5 July 2017 on the mandate for the trilogue on the 2018 draft budget (2017/2043(BUD)).

Draft Budget 2018

The Commission's Draft Budget 2018 amounts to EUR 159 551,2 million in commitment appropriations (CA) in the MFF headings (EUR 160 642,1 million counting other special instruments - EUSF, EGF and EAR) and EUR 144 805,5 million in payment appropriations (PA) (EUR 145 425,1 million with other special instruments).³ Compared to the 2017 budget⁴, this represents an increase of +1,1% in CA (+1,4% with other special instruments) and +8% in PA (+8,1% with other special instruments).

The Draft Budget overall follows the Commission's financial programming deriving from the MFF and the reference amounts for financial programmes and instruments, with a number of exceptions:

- additional initiatives in Heading 3 (Security and citizenship) for migration, asylum and security;
- the continuation of the Youth Employment Initiative (YEI);
- the setting-up of the new European Solidarity Corps (ESC), financed partly by redeployments and partly from the Global Margin for Commitments (GMC);
- the extension of the European Fund for Strategic Investment (EFSI), largely financed by redeployments;
- the continuation of the preparatory action for defence research;
- in Heading 4 (Global Europe), reinforcements for Syria, Jordan and Lebanon as well as redeployments to the new European Fund for Sustainable Development (EFSD) and

¹ COM(2017) 400 final

² Council Regulation (EU, Euratom) 2017/1123 of 20 June 2017 amending Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020

³ The unusually significant gap stems from the Commission's proposal to enter EUR 524 million in a reserve for the EU Solidarity Fund (EUSF), on top of the EUR 50 million usually budgeted for advances.

⁴ including amending budgets and draft amending budgets 1 to 3

to the new initiative on capacity building for security and development under the Instrument contributing to Stability and Peace (IcSP).

Due to major reinforcements for migration, refugees and security in 2017 and despite reinforcements compared to the initial financial programming in 2018, Headings 3 and 4 comparatively show significant decreases in the Draft Budget 2018 in commitment appropriations (-18,9% and -5,6% respectively). Those two headings are also significantly reduced in payment appropriations (-21,7% and -5,6% respectively). The Commission opens the door to possible further reinforcements of Headings 3 and 4 as part of the Amending Letter due in October.

Apart from the above, main programmes are overall increasing from Budget 2017 to Draft Budget 2018 (with variations from line to line) except a few of them such as the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) - also as a reflection of the top-up secured in 2017 -, the Employment and Social Innovation programme (EaSI) and the Justice programme.

As a consequence of the DB 2018, there is a EUR 1,1 billion overall margin available in commitment appropriations, including no margin in Heading 3 and a relatively limited margin available in Subheading 1a - Competitiveness for Growth and Jobs (EUR 62,5 million). The DB 2018 also includes an offsetting of the 2017 mobilisation of the Contingency Margin (EUR -570 million in Heading 5 - Administration)

A very large margin of EUR 10,4 billion remains available in payment appropriations, largely due to delays in the implementation of Subheading 1b (Economic, social and territorial cohesion) as well as to an increase of the ceiling reflecting past under-execution via the Global Margin for Payments.

Beyond the MFF ceilings, the Commission proposes to mobilise EUR 817,1 million under the Flexibility instrument for needs under Heading 3. There would be EUR 664 million left available under the Flexibility instrument (or EUR 383,5 million if further mobilised in 2017 for the EFSD).

The Commission also proposes to mobilise EUR 891,7 million from the Global Margin for Commitments for EFSI, YEI and ESC. Unless further used in 2017 (beyond the pending draft amending budget for the YEI), this would leave EUR 773 million available under the GMC at the time of adoption of the 2018 budget.

Council position

When carrying out its reading, the Council declared that it examined the Draft Budget 2018 on the basis of the following principles:

- a budget complying with budgetary discipline and sound financial management, taking into account the economic and budgetary constraints in the Member States;
- adequate funding for the Union's various priorities, determining appropriations on the basis of past and current budget implementation and realistic absorption capacities;
- providing the appropriations necessary to enable the smooth implementation of the 2014-2020 programmes and to support the political priorities of the Union, notably

enhancing jobs and growth and responding to the challenges in the areas of security and migration;

- leaving adequate margins under the MFF ceilings to cope with unforeseen situations, with the exception of headings 1b and 3;
- keeping payment appropriations under control;

While Parliament largely shares these priorities, the Council in fact gave priority to widening the margins available under the ceilings at the cost of its stated priorities.

Indeed, the Council cuts down commitment appropriations at an unprecedented scale under this MFF: EUR -1,2 billion (-0,75%) compared to DB 2018 under the MFF headings, EUR -1,7 billion (-1,07%) when counting special instruments¹. In commitments, the Council's reading would represent an increase of the EU budget from 2017 to 2018 of +0,65%, a de facto decrease of the EU budget when taking inflation into account.

Subheading 1a is by far the most affected in commitments, with EUR -750 million alone (62,5% per cent of the Council's cuts to MFF headings). Despite being a widely shared priority programme and a highly successful one, Horizon 2020 is the most hit with EUR -491 million, followed by the Connecting Europe Facility (EUR -112 million). Operational lines are directly targeted, on top of support expenditure.

Further cuts are borne to Heading 4 (EUR -90 million) and to non-migration and non-security expenditure in Heading 3 (EUR -30,8 million). Finally, as usual, the Council challenges Commission's estimations in headings 2 and 5 and reduces commitments accordingly.

Despite a record high margin, payments appropriations are not spared, with EUR -795,5 million (-0,55%) compared to DB or EUR -995,5 million (-0,68%) when counting special instruments.

Besides corresponding cuts in payments for Headings 2 and 5 (mostly non-dissociated appropriations), the Council challenges Commission's requests in Subheading 1b by EUR -240 million. Payment appropriations in Subheading 1a would also be significantly reduced by -190 million.

¹ The gap corresponds to the abovementioned EUSF reserve, which is rejected by the Council.

	DB 2018 (1)		Council position (2)		2-1		2/1	
H1a	21.841,30	20.082,40	21.091,30	19.892,40	-750,00	-190,00	-3,43%	-0,95%
H1b	55.407,88	46.763,47	55.407,88	46.523,47		-240,00		-0,51%
H2	59.553,52	56.359,79	59.278,52	56.088,79	-275,01	-271,01	-0,46%	-0,48%
H3	3.473,06	2.963,85	3.442,24	2.944,29	-30,82	-19,56	-0,89%	-0,66%
H4	9.593,05	8.951,05	9.503,05	8.931,05	-90,00	-20,00	-0,94%	-0,22%
H5	9.682,40	9.684,95	9.627,42	9.629,97	-54,98	-54,98	-0,57%	-0,57%
Sub-total	159.551,20	144.805,51	158.350,40	144.009,96	-1.200,81	-795,55	-0,75%	-0,55%
Special instruments	1.090,90	619,60	566,90	419,60	-524,00	-200,00	-48,03%	-32,28%
TOTAL	160.642,11	145.425,11	158.917,30	144.429,56	-1.724,81	-995,55	-1,07%	-0,68%

The Council also adopted two statements, one on payment appropriations and one on the 5% staff reduction (see Annexes).

II. Analysis by heading

Subheading 1a

With an overall cut of EUR 750 million in CA (- 3,4% compared to DB) and EUR 190 million in PA (-1% compared to DB), Subheading 1a is by far the most affected heading, shouldering almost two thirds of the cuts proposed by Council to MFF headings in commitments.

The cut in commitments is higher than the increase proposed by the Commission in the DB (+ EUR 529 million), which means that Council proposes a net decrease compared to the 2017 budget (-1%).

The three areas most hit are Horizon 2020 (EUR - 491 million in CA and EUR - 117 million in PA), CEF (EUR - 112 million in CA and EUR - 23 million in PA), and Large infrastructure projects, within which Egnos and Galileo (EUR - 46 million in CA and EUR - 9 million in PA), ITER (EUR - 33 million in CA and EUR - 14 million in PA), and Copernicus (EUR - 20 million in CA and EUR - 8 million in PA).

Council cuts to Horizon 2020 will have detrimental effects on beneficiaries by putting a

number of projects at risk, notably the creation of knowledge and innovation communities as part of the European Institute of Technology. Council approach to the SME instrument would mean that the Commission is unable to meet the funding target for SMEs. Cuts to the joint undertakings may have serious knock-on effects on private investment as companies may withhold their own contribution if the EU budget fails to match it.

Apart from localised instances (namely CEF-Energy financial instruments), the implementation of CEF is also very good. Cuts to CEF-Transport would undermine the contracting of already selected projects, while cuts to CEF-ICT reverses the uptake planned as part of Wifi4EU. Reductions to the large infrastructure projects would simply result in further delaying their implementation and therefore postponing the benefits that the EU would reap from them.

The Council proposes cuts in almost all other programmes and areas which, in view of their size, can also have serious consequences. The cut to Euratom (- EUR 12 million in CA and EUR - 4 million in PA) would prevent the Joint Research Centre from paying the salaries of its staff. EaSI, whose commitments were already decreased in the DB, suffers an additional cut of EUR - 10 million, i.e. a significant decrease compared to 2017 (-10,4%), which could jeopardise future calls for the microfinance facility.

The Council however spares Erasmus+, the ESC, and Nuclear Safety and Decommissioning. For COSME, it does not propose additional cuts to the decreases already proposed in the DB.

Subheading 1b

The overall cuts in Subheading 1b proposed by the Council consist of EUR 240 million in payments only. This represents a change of -0,51% compared to the DB 2018, which substantially increased the payments appropriations (especially given the speeding up of the implementation of the programmes and the important cuts to PAs in 2016 and 2017).

The cuts concern:

- ESF lines 2014-2020 (transition regions: EUR -40 million; more developed regions: EUR -35 million)
- ERDF lines 2014-2020 (transition regions: EUR -15 million; more developed regions: EUR -50 million; European territorial cooperation: EUR -90,5 million; operational technical assistance: EUR -3 million; innovative actions in the field of sustainable urban development: EUR -1,5 million; additional allocation for outermost and sparsely populated regions: EUR -5 million).

The cuts do not concern the less developed regions, Cohesion fund, YEI, European Aid to the Most Deprived (FEAD).

The proposed cuts' ratios compared to the DB 2018 vary between -0,14% (ERDF outermost and sparsely populated regions) and -9% (ERDF European territorial cooperation) on the lines cut, with maximum -2,9% on the most important operational lines. Most of the cuts concern

the lines which have been significantly reinforced between 2017 and DB2018.

Very high underexecution in Subheading 1b has led to significant reductions in payment needs in 2016 and in 2017 compared to initial budgeting or to previous forecasts. Therefore, after the July update of Member States' forecasts, it cannot be excluded that the Commission once again revises downwards its payment needs for 2018.

Cuts should however not be done arbitrarily, and Parliament insists on sufficient appropriations and on avoiding the reconstitution of a backlog of unpaid bills once payment claims start surging, towards the end of the current MFF period. It will carefully examine the Commission's updated forecasts to be provided ahead of the October interinstitutional meeting on payments. Parliament remains preoccupied by those unacceptable implementation delays caused by the late adoption of the legal bases, delays in the designation of managing, auditing and certifying authorities, and lower regulatory incentives.

Heading 2

The Council reduces appropriations in Heading 2 by EUR -275 million in CA and EUR 271 million in PA. Most cuts apply to the European Agricultural Guarantee Fund (EUR -269,3 million in CA and 265,3 million in PA), notably on the basic payment scheme.

The Council declares in one of the accompanying statements that it will carefully examine the letter of amendment for agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 2 in the 2018 budget. It however anticipates a large part of this amending letter in its reading, without explaining the reasons for such a reduction. Parliament, for its part, usually relies on the amending letter to adjust the EAGF needs in the final budget.

Among other smaller cuts, a significant one is applied in the area of fisheries (EUR -4,3 million) which may prevent the Union from honouring compulsory financial contributions to fisheries partnership agreements and to Regional Fisheries Management Organisations.

Heading 3

In Heading 3, the Council reduces commitments by a total of EUR -30,8 million (-0,9%) and payments by EUR -19,6 million (-0,7%) compared to the DB, thus dipping even further below budget 2017 levels than DB 2018.

The Council's cuts affect operational expenditure in most areas/programmes. The most affected are Creative Europe (EUR -7,6 million in CA and EUR -2,2 million in PA), Food and feed (EUR -11,6 million in CA and EUR -4,7 million in PA) and actions financed under the prerogatives of the Commission (EUR -3,4 million in CA and EUR -5 million in PA, of which EUR -2,1 million in CA and EUR -4,1 million in PA for communication actions). There are also cuts in smaller programmes such as the Rights, Equality and Citizenship, Civil Protection, Europe for Citizens, Justice, Health and Consumer programmes.

As in previous years the Council also cuts administrative support expenditure of most

programmes for a total of around EUR -0,6 million in CA and PA, seeking savings of as little as EUR 5 000 (support expenditure of the Consumer programme).

Three major exceptions to these across-the-board cuts are the AMIF, ISF and IT systems, which Council leaves untouched as part of the priority given to migration and security.

As a consequence of the proposed cuts to commitments, the flexibility instrument would need to be mobilised for EUR 786 million in commitment appropriations (instead of EUR 817 million in DB).

A number of programmes that are cut by Council actually enjoy a very good implementation rate in commitments and/or in payments at mid-2017, which makes the Council's cuts unjustified. These include programmes such as Creative Europe, communication actions, Health, Consumer programme, Food and feed, and Europe for Citizens.

Creative Europe, in particular, has consistently boasted excellent performance with full implementation at year-end since the start of this MFF. In particular for the Culture sub-programme, the success rate of applicants is extremely low (15%), already undermining the impact of the programme. Moreover, the programme has proven very relevant and adaptable to current challenges and needs, with EUR 1,6 million spent on intercultural dialogue projects for refugee integration in 2017. Finally, the EUR -4,5 million cut to the Culture sub-programme can be considered as tantamount to a repudiation of the political agreement on the European Year of Cultural Heritage reached earlier this year (i.e. an additional 4 million EUR on the Culture line) while a number of remembrance and civil society projects will be put at risk.

Europe for Citizens is also a well-performing programme with full implementation and low success rate. Moreover, this is a small programme (EUR 26 million in CA), making the impact of any cuts all the more felt.

While the Food and feed programme has experienced some delays due to late programming, the various lines are expected to be fully implemented at year-end and the increase requested by the Commission is made necessary by the resurgence of the Avian Influenza.

Heading 4

Heading 4 is cut by EUR -90 million in commitments (-0,94%) and by EUR -20 million in payments (-0,22%) in comparison with the Draft Budget 2018.

The cuts target mainly Turkey lines under the Instrument for Pre-accession Assistance (IPA II), the Development Cooperation Instrument (DCI) and the Instrument contributing to Stability and Peace (IcSP) and avoid expenditure directly linked to the refugee crisis.

The largest share of the cuts is borne by IPA II, namely two Turkey lines, with EUR -35,15 million in commitments and EUR -6,7 million in payments. While the Council did not touch the main line through which the Facility for refugees in Turkey is channelled, it namely cuts the political reforms line (a line which, after a substantial drop in 2017, was going back to its

pre-2017 levels), as well as the agriculture line.

Within the DCI, the main cut is on the Cooperation with Asia (EUR -11,9 million in commitments and EUR -6,95 million in payments), being in absolute terms the most reinforced geographical DCI line in the DB 2018 compared to the 2017 budget. Significantly, the Council also cuts EUR -6,6 million in commitments on the line Civil society in development.

A cut of EUR -14,89 million in commitments and EUR -1,49 million in payments is also operated on the main line ('response to crisis and emerging crisis') of the IcSP. This line had been reinforced in the DB to finance the estimated launch of some 32 response actions in major conflict areas, a contribution to the Brussels pledge for Syria, as well as actions under the new 'Capacity Building for Security and Development' (CBSD) initiative. The Council's cut might jeopardise those additional actions.

Reductions are also imposed on smaller instruments such as the Partnership instrument (EUR -10,175 million in CA and -275.000 in PA), or within the Development and cooperation worldwide chapter (EUR -6,7 million in commitments, out of which EUR -2,55 million from the 'coordination and promotion of awareness on development issues' line).

Finally, support expenditure lines of different instruments are cut down by EUR -4,8 million, despite additional tasks linked to the migration and refugee crisis.

Heading 5

Overall, cuts in this heading amount to nearly EUR 55 million (-34,9 for the Commission and -20,1 for other institutions), i.e. -0,57% compared to DB. Heading 5 commitment appropriations would increase overall by 2,48% (CA)/2,51% (PA), instead of 3,06% (CA)/3,09% (PA) proposed by Commission. OLAF, EPSO and PMO see a net reduction of their appropriations of their budget as compared to 2017. Commission (excluding buildings) and OIL see an overall increase below the inflation, while OP and OIB are reinforced, mostly due to reallocation of staff and resources from others institutions/services.

Establishment plan posts included in the DB are untouched. Nevertheless, Council adds an overall one point to the standard abatement rate proposed by the Commission, thus reducing administrative appropriations for salaries. In particular, the proposed increase in the standard abatement rates for the salaries at Headquarters and the Offices (-18.203.130 €) corresponds to 299 posts in total without budgetary coverage, which would be equivalent to a staff cut of 1,5%.

Decentralised agencies

With regard to agencies the Council cuts appropriations for 5 of the 30 agencies for a total of EUR 5 million in commitments and payments. This is a cut of 0,3% compared to the combined appropriations for all agencies in the DB.

The European Medicines Agency (EMA) is affected most by these cuts with -2,8 million in

CA and PA, followed by the European Centre for Disease Prevention and Control (ECDC) with a net reduction of nearly EUR 1,3 million in commitment and payments. Furthermore, the European Chemical Agency appropriations in its activities in the field of biocides (ECHA-bio) legislation would be cut by EUR 407 068. The Agency for the Cooperation of Energy Regulators (ACER) is cut by EUR 325 828 and the European Agency for Safety and Health at Work (EU-OSHA) is further reduced by EUR 190 511.

With regard to staffing, the Council accepted the establishment plans as proposed by the European Commission in its Draft Budget, which follow the objectives set out in the Commission's communication on agencies (5% staff reduction) and the priority given to the response to the migration and security crisis.

Special instruments

The Council leaves the proposed appropriations for the Emergency Aid Reserve and the European Globalisation Adjustment Fund untouched, both in CA and PA. However, as last year, the Council opposes the Commission's proposal to enter EUR 524 million in a reserve for the EU Solidarity Fund (EUSF), on top of the EUR 50 million usually budgeted for advances. Under the Commission's proposal, a decision of mobilisation would still be needed but the financial contribution would be granted via a transfer from the reserve instead of through an amending budget. This would allow the Fund to be mobilised more quickly.

III. Assessment in the light of Parliament's priorities

Ahead of the Commission's Draft Budget, the European Parliament has set out its approach by adopting general guidelines on 15 March 2017, which put sustainable growth, jobs and security as headline goals and flagged research, investment, infrastructure, SMEs, education and youth employment as key policy areas, while stressing the internal and external challenges the EU is faced with.

On the basis of the Draft Budget, on 5 July, Parliament adopted a resolution on the mandate for the trilogue on the 2018 draft budget, which:

- welcomes the proposed reinforcements to Horizon 2020, CEF and Erasmus+ and considers that further increases will be needed;
- regrets the decreasing appropriations for COSME compared to 2017;
- takes positive note of the EU initiatives in the field of defence research, to be financed with additional funds and not to the detriment of existing programmes;
- notes the absence of a proposal on Interrail;
- welcomes the additional allocation for the Youth Employment Initiative, while considering that the proposed amounts are insufficient;
- expresses concerns about the unacceptable delays in the implementation of cohesion policy;

- criticizes the Commission's proposed decreases in Headings 3 and 4 compared to the 2017 budget and calls on the Commission to provide details as to possible additional proposals in an upcoming amending letter;
- expresses the intention to further mobilise the special instruments to finance its reinforcements.

While the Council expresses very similar political priorities for the 2018 budget, its actual reading contradicts the stated objective to support jobs and growth in the Union and to enable a smooth implementation of the 2014-2020 programmes. Furthermore, Council cuts seem to be driven by neither implementation trends nor absorption capacities. Rather, the Council set an overall reduction target with rounded amounts and identified underlying cuts accordingly.

In Subheading 1a, Parliament can be grateful to the Council for sparing areas from (further) cuts such as Erasmus+ and COSME. But the fact that two thirds of the Council's cuts to MFF headings in commitments are borne by this subheading alone is a clear indication of the internal contradictions within the Council when it comes to matching priorities with adequate financial means.

Horizon 2020 provides the most striking illustration. Horizon 2020 is a widely shared Union priority, which provides a key contribution to long-term economic growth and to the Union's competitiveness. Stepping up funding for research and development is a shared objective, given that the target of 3% GDP is far from being achieved. This programme displays a clear EU added value as 83% of the funded projects would not have gone ahead without EU-level support. Cuts to key operational lines such as the European Research Council, the SME Instrument or Improving lifelong health and well being (which finances medical research to address diseases such as cancer or rare diseases) are therefore hard to justify.

Furthermore, Horizon 2020 is by all accounts a very successful programme: full budget implementation has been ensured since the beginning and not a single part of it suffers from a lack of applicants. Horizon 2020 even exceeds the expectations: success rate of applications to funding is as low as 11,6%, and even 6% in the case of the SME instrument. Due to severe underfunding, Horizon 2020 can only support 1 in 4 of the proposals evaluated as high-quality and an additional EUR 62.4 billion would have been needed to fund all of them.

Despite those facts, the Council comes to the conclusion that this programme should be cut by almost half a billion Euros, although it was flagged by the Council itself as a programme to be topped up in the context of the MFF mid-term review/revision. It should be recalled that this new cut comes on top of the earlier EUR 416 million cut applied to Horizon 2020 to the benefit of EFSI in 2018.

A comparable assessment can be done regarding CEF. It is also a very successful programme (despite varying performances throughout its various strands) with strong EU added value and one that directly serves jobs and competitiveness. It was already massively put to contribution for EFSI (EUR -770 million in 2018) and is proposed to be used again for EFSI 2.0. Both CEF-Transport and CEF-ICT were set for topping-up in the context of the MFF mid-term review/revision and a specific deal was even reached on the financing of the related Wifi4EU proposal. Yet the Council further slashes CEF funding by EUR 112 million.

In doing so, the Council moves away from the EFSI status quo and from the joint statement on the top-ups - as Parliament intends to do, albeit in the opposite direction and fully consistent with the Union's stated political priorities.

The reasons for those major cuts in two well-performing priority programmes are well known. Since the Council cannot afford to cut programmes with a legally fixed pattern (agriculture, cohesion) or spending related to the migration and refugee crisis, the main adjustment variable remains long-term investment programmes that are directly managed by the Commission without pre-allocated national envelopes, in line with the short-sighted logic of 'fair return' that remains predominant in the Council.

Other cuts in Subheading 1a and in other headings, although less spectacular, do not really seem to be driven by an analysis of past and current budget implementation and realistic absorption capacities. Rather than basing itself on the track record of the respective lines, the Council has simply sought to apply a "haircut" by an arbitrary ratio to those lines which the Commission proposed to increase more than others from B2017 to DB2018. However, this disregards the fact that those increases are generally in line with their natural cycle (as per the financial programming) and/or their expected contracting, sometimes merely catching up from previous lows (e.g. large infrastructure projects), thus endangering or further delaying planned interventions.

In headings 3 and 4, the Rapporteur welcomes the Council's support to the DB 2018 when it comes to expenditure in the area of migration and security, while recalling that this funding is decreasing from B2017 to DB 2018. But one can regret the Council's attempt to finance part of this expenditure at the expense of support expenditure lines when the Commission is faced with less staff and more tasks, and at the expense of other successful programmes running at full capacity. Although some of the proposed cuts may seem minor, one needs to keep in mind the relatively small size of several of these important and valuable programmes, which makes them particularly vulnerable to cuts. The cut to the Culture sub-programme, in particular, is disconnected with its already very low success rate, and reverses the political agreement on the financing of the European Year of Cultural Heritage.

In headings 1b, 2 and 5 as well as in payment appropriations throughout all headings, the Council challenges the figures and forecasts of the Commission (whether they concern the estimations of assigned revenues, of upcoming payment claims or of vacancy rates in the Institutions) and therefore reduces the estimated needs. However, it once again does not substantiate its approach with objective facts. The Rapporteur would therefore rather rely on the Commission's estimations, and stands ready to consider any updates in conciliation based on the October amending letter and the interinstitutional meeting on payments.

Ultimately, the search of bigger margins under the MFF ceilings prevailed over the alignment with political priorities and implementation patterns.

It should be recalled that the current limited or inexistent margins are a consequence of significant new initiatives taken since 2014 (EFSI, migration and security-related proposals, EFSD, defence research, European Solidarity Corps), which have been largely squeezed within the low MFF ceilings agreed in 2013. This is the reason why the Council, with the consent of the European Parliament, agreed on a mid-term revision of the MFF Regulation by

increasing the potential of special instruments “*in order to maintain a sufficient capacity for the Union to react to unforeseen circumstances with particular focus on the new challenges*”¹.

As if disregarding the recent MFF revision, the Council now declares that leaving adequate margins also aims at coping with “*unforeseen situations*”. But artificially recreating margins does not give the Union more room for manoeuvre. Coping with unforeseen situations cannot realistically happen by depriving the Union from its capacity to face well-foreseen and well-known needs.

¹ Recital 4 of Regulation 2017/1123..

Annexes

Annex I Council's position by heading of the financial framework

Annex II Council statement on payment appropriations

Annex III Council statement on the 5 % staff reduction

Annex IV Draft calendar for the 2018 budgetary procedure

Annex I Council's position by heading of the financial framework

DETAIL OF BREAKDOWN BY HEADING FOR "TOTAL EXPENDITURE" IN THE MFF HEADINGS

Description	1		2		2/1		3		4		4-1		4/1	
	Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
I Smart and inclusive growth	74 898 754 456	56 521 763 545	77 249 180 217	66 845 867 101	+3,14%	+18,27%	- 750 000 000	- 430 000 000	76 499 180 217	66 415 867 101	+1 600 425 761	+9 894 103 556	+2,14%	+17,50%
<i>global margin for commitments</i>			891 685 985						891 685 985					
<i>ceiling</i>			76 420 000 000						76 420 000 000					
<i>margin</i>			62 505 768						812 505 768					
I.a Competitiveness for growth and jobs	21 312 155 821	19 320 944 503	21 841 301 956	20 082 398 844	+2,48%	+3,94%	- 750 000 000	- 190 000 000	21 091 301 956	19 892 398 844	- 220 853 865	+ 571 454 341	-1,04%	+2,96%
<i>global margin for commitments</i>			658 352 652						658 352 652					
<i>ceiling</i>			21 239 000 000						21 239 000 000					
<i>margin</i>			56 050 696						806 050 696					
Large infrastructure projects	1 827 610 000	1 810 612 003	1 828 870 999	1 826 154 660	+0,07%	+0,86%	- 98 638 803	- 30 881 033	1 730 232 196	1 795 273 627	- 97 377 804	- 15 338 376	-5,33%	-0,85%
European satellite navigation systems (EGNOS and Galileo)	897 465 000	687 500 000	811 949 000	718 000 000	-9,53%	+4,44%	- 45 905 928	- 8 805 000	766 043 072	709 195 000	- 131 421 928	+ 21 695 000	-14,64%	+3,16%
International Thermonuclear Experimental Reactor (ITER)	322 713 000	426 340 003	376 360 999	500 554 660	+16,62%	+17,41%	- 32 705 850	- 14 015 533	343 655 149	486 539 127	+ 20 942 149	+ 60 199 124	+6,49%	+14,12%
European Earth Observation Programme (Copernicus)	607 432 000	696 772 000	640 561 000	607 600 000	+5,45%	-12,80%	- 20 027 025	- 8 060 500	620 533 975	599 539 500	+ 13 101 975	- 97 232 500	+2,16%	-13,95%
Nuclear Safety and Decommissioning	138 357 000	150 091 776	141 124 000	152 352 000	+2,00%	+1,51%			141 124 000	152 352 000	+ 2 767 000	+ 2 260 224	+2,00%	+1,51%
European Fund for Strategic Investments (EFSI)	2 661 000 000	2 316 800 000	2 038 277 000	1 828 000 000	-23,40%	-21,10%			2 038 277 000	1 828 000 000	- 622 723 000	- 488 800 000	-23,40%	-21,10%
Common Strategic Framework (CSF) Research and Innovation	10 687 139 274	10 543 976 934	11 458 055 887	11 216 936 996	+7,21%	+6,38%	- 504 428 260	- 120 366 476	10 953 627 627	11 096 570 520	+ 266 488 353	+ 552 593 586	+2,49%	+5,24%
Horizon 2020	10 345 931 274	10 196 299 651	11 102 378 897	10 901 478 434	+7,31%	+6,92%	- 491 471 776	- 116 909 992	10 610 907 121	10 784 568 442	+ 264 975 847	+ 588 268 791	+2,56%	+5,77%
Euratom Research and Training Programme	341 208 000	347 677 283	355 676 990	315 458 562	+4,24%	-9,27%	- 12 956 484	- 3 456 484	342 720 506	312 002 078	+ 1 512 506	- 35 675 205	+0,44%	-10,26%
Competitiveness of enterprises and small and medium-sized enterprises (COSME)	349 313 563	369 163 563	339 108 686	253 455 686	-2,92%	-31,34%			339 108 686	253 455 686	- 10 204 877	- 115 707 877	-2,92%	-31,34%
Education, Training and Sport (Erasmus+)	2 064 157 000	1 886 871 811	2 260 549 000	2 133 613 784	+9,51%	+13,08%			2 260 549 000	2 133 613 784	+ 196 392 000	+ 246 741 973	+9,51%	+13,08%
Employment and Social Innovation (EaSI)	136 043 800	97 420 000	131 712 483	118 480 000	-3,18%	+21,62%	- 9 817 632	- 102 000	121 894 851	118 378 000	- 14 148 949	+ 20 958 000	-10,40%	+21,51%
Customs, Fiscalis and Anti-Fraud	137 052 700	117 246 581	136 380 800	124 754 441	-0,49%	+6,40%	- 4 248 280	- 2 066 000	132 132 520	122 688 441	- 4 920 180	+ 5 441 860	-3,59%	+4,64%
Connecting Europe Facility (CEF)	2 547 020 321	1 211 604 449	2 768 201 803	1 522 964 055	+8,68%	+25,70%	- 111 555 811	- 23 051 302	2 656 645 992	1 499 912 753	+ 109 625 671	+ 288 308 304	+4,30%	+23,80%
Energy	699 729 781	123 243 919	700 232 335	217 661 000	+0,07%	+76,61%	- 58 570 103	- 8 117 740	641 662 232	209 543 260	- 58 067 549	+ 86 299 341	-8,30%	+70,02%
Transport	1 723 333 282	970 527 530	1 897 628 956	1 163 313 055	+10,11%	+19,86%	- 19 988 162	- 9 911 992	1 877 640 794	1 153 401 063	+ 154 307 512	+ 182 873 533	+8,95%	+18,84%
Information and Communications Technology (ICT)	123 957 258	117 833 000	170 340 512	141 990 000	+37,42%	+20,50%	- 32 997 546	- 5 021 570	137 342 966	136 968 430	+ 13 385 708	+ 19 135 430	+10,80%	+16,24%
Energy projects to aid economic recovery (EERP)	p.m.	110 000 000	p.m.	210 000 000		+90,91%			p.m.	210 000 000		+ 100 000 000		+90,91%
European Solidarity Corps (ESC)			72 785 652	55 727 000					72 785 652	55 727 000	+ 72 785 652	+ 55 727 000		
Other actions and programmes	219 944 500	196 307 079	178 794 000	153 473 250	-18,71%	-21,82%	- 7 486 775	- 5 015 600	171 307 225	148 457 650	- 48 637 275	- 47 849 429	-22,11%	-24,37%
Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	143 878 200	131 271 352	131 802 000	116 926 816	-8,39%	-10,93%	- 13 308 100	- 8 001 250	118 493 900	108 925 566	- 25 384 300	- 22 345 786	-17,64%	-17,02%
Pilot projects and preparatory actions	56 390 000	43 831 043	40 000 000	51 812 228	-29,07%	+18,21%			40 000 000	51 812 228	- 16 390 000	+ 7 981 185	-29,07%	+18,21%

Description	1		2		2/1		3		4		4-1		4/1	
	Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
Decentralised agencies	344 249 463	335 747 912	315 639 646	317 747 928	-8,31%	-5,36%	- 516 339	- 516 339	315 123 307	317 231 589	- 29 126 156	- 18 516 323	-8,46%	-5,51%

	Description	1		2		2/1		3		4		4-1		4/1	
		Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
		c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
1.b	Economic, social and territorial cohesion <i>global margin for commitments</i> <i>ceiling</i> <i>margin</i>	53 586 598 635	37 200 819 042	55 407 878 261	46 763 468 257	+3,40%	+25,71%		- 240 000 000	55 407 878 261	46 523 468 257	+1 821 279 626	+9 322 649 215	+3,40%	+25,06%
				233 333 333						233 333 333					
				55 181 000 000						55 181 000 000					
				6 455 072						6 455 072					
	Investment for growth and jobs	49 278 457 372	34 603 458 143	50 797 975 622	43 592 388 952	+3,08%	+25,98%		- 145 000 000	50 797 975 622	43 447 388 952	+1 519 518 250	+8 843 930 809	+3,08%	+25,56%
	Regional convergence (Less developed regions)	26 121 899 253	19 314 948 177	27 012 257 827	23 387 572 196	+3,41%	+21,09%			27 012 257 827	23 387 572 196	+ 890 358 574	+4 072 624 019	+3,41%	+21,09%
	Transition regions	5 627 242 959	3 313 970 000	5 738 603 904	4 095 463 362	+1,98%	+23,58%		- 55 000 000	5 738 603 904	4 040 463 362	+ 111 360 945	+ 726 493 362	+1,98%	+21,92%
	Competitiveness (More developed regions)	8 251 457 936	5 853 378 990	8 426 791 809	7 484 060 077	+2,12%	+27,86%		- 85 000 000	8 426 791 809	7 399 060 077	+ 175 333 873	+1 545 681 087	+2,12%	+26,41%
	Outermost and sparsely populated regions	222 029 433	139 873 000	226 472 828	169 014 095	+2,00%	+20,83%		- 5 000 000	226 472 828	164 014 095	+ 4 443 395	+ 24 141 095	+2,00%	+17,26%
	Cohesion fund	9 055 827 791	5 981 287 976	9 393 849 254	8 456 279 222	+3,73%	+41,38%			9 393 849 254	8 456 279 222	+ 338 021 463	+2 474 991 246	+3,73%	+41,38%
	Connecting Europe Facility (CEF) – CF contribution	1 593 294 593	382 682 095	1 655 141 180	625 754 548	+3,88%	+63,52%			1 655 141 180	625 754 548	+ 61 846 587	+ 243 072 453	+3,88%	+63,52%
	European territorial cooperation	1 939 823 546	968 900 629	1 934 268 881	1 325 171 720	-0,29%	+36,77%		- 90 500 000	1 934 268 881	1 234 671 720	- 5 554 665	+ 265 771 091	-0,29%	+27,43%
	Youth Employment initiative (specific top-up allocation)	—	600 000 000	233 333 333	600 000 000					233 333 333	600 000 000	+ 233 333 333			
	Technical assistance and innovative actions	215 966 212	190 091 277	230 284 592	204 112 610	+6,63%	+7,38%		- 4 500 000	230 284 592	199 612 610	+ 14 318 380	+ 9 521 333	+6,63%	+5,01%
	European Aid to the Most Deprived (FEAD)	546 256 912	441 430 000	556 874 653	401 400 000	+1,94%	-9,07%			556 874 653	401 400 000	+ 10 617 741	- 40 030 000	+1,94%	-9,07%
	Pilot projects and preparatory actions	12 800 000	14 256 898	p.m.	14 640 427	-100,00%	+2,69%			p.m.	14 640 427	- 12 800 000	+ 383 529	-100,00%	+2,69%
2	Sustainable growth: natural resources <i>ceiling</i> <i>margin</i>	58 584 443 884	54 913 969 537	59 553 523 122	56 359 793 633	+1,65%	+2,63%	- 275 006 000	- 271 006 000	59 278 517 122	56 088 787 633	+ 694 073 238	+1 174 818 096	+1,18%	+2,14%
				60 267 000 000						60 267 000 000					
				713 476 878						988 482 878					
								275 006 000							
	European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments <i>sub-ceiling</i> <i>excluded when calculating the sub-margin (1)</i>	42 612 572 079	42 562 967 974	43 518 316 899	43 472 477 466	+2,13%	+2,14%	- 269 364 200	- 265 364 200	43 248 952 699	43 207 113 266	+ 636 380 620	+ 644 145 292	+1,49%	+1,51%
				44 163 000 000						44 163 000 000					
				- 650 000						- 650 000					
	European Agricultural Fund for Rural Development (EAFRD)	14 365 515 785	11 208 460 943	14 381 013 672	11 852 226 093	+0,11%	+5,74%	- 763 770	- 763 770	14 380 249 902	11 851 462 323	+ 14 734 117	+ 643 001 380	+0,10%	+5,74%
	European Maritime and Fisheries Fund (EMFF), Sustainable Fisheries Partnership Agreements (SFPAs) and compulsory contributions to Regional Fisheries Management Organisations (RFMOs) and to other international organisations	1 050 142 078	710 784 562	1 074 461 233	646 147 000	+2,32%	-9,09%	- 4 324 502	- 4 324 502	1 070 136 731	641 822 498	+ 19 994 653	- 68 962 064	+1,90%	-9,70%
	European Maritime and Fisheries Fund (EMFF)	911 742 078	577 384 562	933 361 233	514 547 000	+2,37%	-10,88%	- 105 000	- 105 000	933 256 233	514 442 000	+ 21 514 155	- 62 942 562	+2,36%	-10,90%
	Sustainable Fisheries Partnership Agreements (SFPAs) and compulsory contributions to Regional Fisheries Management Organisations (RFMOs) and to other international organisations	138 400 000	133 400 000	141 100 000	131 600 000	+1,95%	-1,35%	- 4 219 502	- 4 219 502	136 880 498	127 380 498	- 1 519 502	- 6 019 502	-1,10%	-4,51%
	Environment and climate action (LIFE)	493 737 000	363 667 822	522 797 000	316 101 000	+5,89%	-13,08%	- 146 460	- 146 460	522 650 540	315 954 540	+ 28 913 540	- 47 713 282	+5,86%	-13,12%
	Other actions and measures	p.m.	p.m.	p.m.	6 000 000					p.m.	6 000 000		+ 6 000 000		
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	p.m.	p.m.	p.m.	p.m.					p.m.	p.m.				
	Pilot projects and preparatory actions	7 700 000	13 311 294	p.m.	9 907 756	-100,00%	-25,57%			p.m.	9 907 756	- 7 700 000	- 3 403 538	-100,00%	-25,57%

Description	1		2		2/1		3		4		4-1		4/1	
	Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
Decentralised agencies	54 776 942	54 776 942	56 934 318	56 934 318	+3,94%	+3,94%	- 407 068	- 407 068	56 527 250	56 527 250	+ 1 750 308	+ 1 750 308	+3,20%	+3,20%

	Description	1		2		2/1		3		4		4-1		4/1	
		Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
		c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
3	Security and citizenship	4 284 030 960	3 786 957 287	3 473 056 199	2 963 847 175	-18,93%	-21,74%	- 30 819 328	- 19 559 660	3 442 236 871	2 944 287 515	- 841 794 089	- 842 669 772	-19,65%	-22,25%
	<i>flexibility instrument</i>			817 056 199				- 30 819 328		786 236 871					
	<i>ceiling</i>			2 656 000 000						2 656 000 000					
	<i>margin</i>			0				0		0					
	Asylum, Migration and Integration Fund	1 620 259 120	1 182 102 892	719 154 622	594 384 530	-55,61%	-49,72%			719 154 622	594 384 530	- 901 104 498	- 587 718 362	-55,61%	-49,72%
	Internal Security Fund	738 555 190	747 655 159	719 985 988	481 233 967	-2,51%	-35,63%			719 985 988	481 233 967	- 18 569 202	- 266 421 192	-2,51%	-35,63%
	IT systems	19 708 000	16 906 850	26 334 000	13 167 000	+33,62%	-22,12%			26 334 000	13 167 000	+ 6 626 000	- 3 739 850	+33,62%	-22,12%
	Justice	53 831 000	41 488 720	47 149 000	35 871 149	-12,41%	-13,54%	- 433 333	- 1 183 333	46 715 667	34 687 816	- 7 115 333	- 6 800 904	-13,22%	-16,39%
	Rights, Equality and Citizenship	62 615 000	46 800 000	63 382 000	46 600 000	+1,22%	-0,43%	- 850 000	- 475 000	62 532 000	46 125 000	- 83 000	- 675 000	-0,13%	-1,44%
	Union Civil Protection Mechanism	31 025 000	30 925 000	33 246 000	34 270 000	+7,16%	+10,82%	- 166 667	- 500 000	33 079 333	33 770 000	+ 2 054 333	+ 2 845 000	+6,62%	+9,20%
	Europe for Citizens	26 441 000	26 370 000	27 555 000	28 634 000	+4,21%	+8,59%	- 673 667	- 507 000	26 881 333	28 127 000	+ 440 333	+ 1 757 000	+1,67%	+6,66%
	Food and feed	256 228 000	234 470 000	286 678 000	248 375 000	+11,88%	+5,93%	- 11 600 000	- 4 683 333	275 078 000	243 691 667	+ 18 850 000	+ 9 221 667	+7,36%	+3,93%
	Health	64 529 000	57 709 000	66 373 500	55 906 500	+2,86%	-3,12%	- 1 711 750	- 647 250	64 661 750	55 259 250	+ 132 750	- 2 449 750	+0,21%	-4,25%
	Consumer	26 923 000	20 731 000	27 966 000	23 091 000	+3,87%	+11,38%	- 255 000	- 338 333	27 711 000	22 752 667	+ 788 000	+ 2 021 667	+2,93%	+9,75%
	Creative Europe	207 912 000	176 860 691	226 886 000	180 684 727	+9,13%	+2,16%	- 7 634 780	- 2 179 780	219 251 220	178 504 947	+ 11 339 220	+ 1 644 256	+5,45%	+0,93%
	Instrument for emergency support within the Union	200 000 000	219 000 000	200 000 000	220 583 000		+0,72%			200 000 000	220 583 000		+ 1 583 000		+0,72%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	100 908 000	102 328 455	98 757 000	91 713 226	-2,13%	-10,37%	- 3 416 500	- 4 968 000	95 340 500	86 745 226	- 5 567 500	- 15 583 229	-5,52%	-15,23%
	Of which 'Communication actions'	76 253 000	73 805 000	76 393 000	75 341 000	+0,18%	+2,08%	- 2 116 500	- 4 768 000	74 276 500	70 573 000	- 1 976 500	- 3 232 000	-2,59%	-4,38%
	Pilot projects and preparatory actions	11 650 000	19 462 870	p.m.	11 597 289	-100,00%	-40,41%			p.m.	11 597 289	- 11 650 000	- 7 865 581	-100,00%	-40,41%
	Decentralised agencies	863 446 650	864 146 650	929 589 089	897 735 787	+7,66%	+3,89%	- 4 077 631	- 4 077 631	925 511 458	893 658 156	+ 62 064 808	+ 29 511 506	+7,19%	+3,42%
4	Global Europe	10 162 120 000	9 483 081 178	9 593 045 411	8 951 045 154	-5,60%	-5,61%	- 90 000 000	- 20 000 000	9 503 045 411	8 931 045 154	- 659 074 589	- 552 036 024	-6,49%	-5,82%
	<i>ceiling</i>			9 825 000 000						9 825 000 000					
	<i>margin</i>			231 954 589				90 000 000		321 954 589					
	Instrument for Pre-accession assistance (IPA II)	2 114 742 602	1 716 168 576	1 743 770 880	1 527 913 774	-17,54%	-10,97%	- 36 240 000	- 7 790 000	1 707 530 880	1 520 123 774	- 407 211 722	- 196 044 802	-19,26%	-11,42%
	European Neighbourhood Instrument (ENI)	2 440 356 566	2 357 990 263	2 316 636 521	2 265 502 173	-5,07%	-3,92%	- 1 910 000	- 1 910 000	2 314 726 521	2 263 592 173	- 125 630 045	- 94 398 090	-5,15%	-4,00%
	Development Cooperation Instrument (DCI)	3 168 185 991	2 768 536 334	2 956 020 208	2 717 630 485	-6,70%	-1,84%	- 19 570 000	- 8 020 000	2 936 450 208	2 709 610 485	- 231 735 783	- 58 925 849	-7,31%	-2,13%
	Partnership instrument for cooperation with third countries (PI)	133 713 000	135 871 214	143 187 000	100 714 770	+7,09%	-25,87%	- 10 175 000	- 275 000	133 012 000	100 439 770	- 701 000	- 35 431 444	-0,52%	-26,08%
	European Instrument for Democracy and Human Rights (EIDHR)	188 997 927	168 352 547	192 750 231	169 347 088	+1,99%	+0,59%	- 225 000	- 225 000	192 525 231	169 122 088	+ 3 527 304	+ 769 541	+1,87%	+0,46%
	Instrument contributing to Stability and Peace (IcSP)	273 280 000	294 180 000	370 010 177	325 265 000	+35,40%	+10,57%	- 15 100 000	- 1 700 000	354 910 177	323 565 000	+ 81 630 177	+ 29 385 000	+29,87%	+9,99%
	Humanitarian aid (HUMA)	945 429 000	1 145 809 853	1 085 394 000	1 094 986 536	+14,80%	-4,44%			1 085 394 000	1 094 986 536	+ 139 965 000	- 50 823 317	+14,80%	-4,44%
	Common Foreign and Security Policy (CFSP)	327 270 000	294 051 000	333 030 000	297 040 770	+1,76%	+1,02%			333 030 000	297 040 770	+ 5 760 000	+ 2 989 770	+1,76%	+1,02%
	Instrument for Nuclear Safety Cooperation (INSC)	62 331 000	81 446 869	32 967 000	45 461 337	-47,11%	-44,18%			32 967 000	45 461 337	- 29 364 000	- 35 985 532	-47,11%	-44,18%
	Macro-financial Assistance (MFA)	45 828 000	45 828 000	42 086 000	42 086 000	-8,17%	-8,17%			42 086 000	42 086 000	- 3 742 000	- 3 742 000	-8,17%	-8,17%
	Guarantee Fund for external actions (GF)	240 540 250	240 540 250	137 800 722	137 800 722	-42,71%	-42,71%			137 800 722	137 800 722	- 102 739 528	- 102 739 528	-42,71%	-42,71%
	Union Civil Protection Mechanism	20 711 000	19 577 707	16 121 000	15 466 903	-22,16%	-21,00%			16 121 000	15 466 903	- 4 590 000	- 4 110 804	-22,16%	-21,00%
	EU Aid Volunteers initiative (EUAV)	22 011 000	23 717 550	20 328 000	16 873 963	-7,65%	-28,85%	- 50 000	- 50 000	20 278 000	16 823 963	- 1 733 000	- 6 893 587	-7,87%	-29,07%

Description	1		2		2/1		3		4		4-1		4/1	
	Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
European Fund for Sustainable Development (EFSD)	p.m.	p.m.	25 000 000	25 000 000					25 000 000	25 000 000	+ 25 000 000	+ 25 000 000		
Other actions and programmes	84 147 868	92 770 290	84 535 375	73 903 375	+0,46%	-20,34%	- 30 000	- 30 000	84 505 375	73 873 375	+ 357 507	- 18 896 915	+0,42%	-20,37%
Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	66 054 796	67 310 241	73 352 000	66 055 013	+11,05%	-1,86%	- 6 700 000		66 652 000	66 055 013	+ 597 204	- 1 255 228	+0,90%	-1,86%
Pilot projects and preparatory actions	8 750 000	11 159 484	p.m.	9 940 948	-100,00%	-10,92%			p.m.	9 940 948	- 8 750 000	- 1 218 536	-100,00%	-10,92%
Decentralised agencies	19 771 000	19 771 000	20 056 297	20 056 297	+1,44%	+1,44%			20 056 297	20 056 297	+ 285 297	+ 285 297	+1,44%	+1,44%
5 Administration	9 394 513 816	9 394 599 816	9 682 398 486	9 684 953 486	+3,06%	+3,09%	- 54 981 463	- 54 981 463	9 627 417 023	9 629 972 023	+ 232 903 207	+ 235 372 207	+2,48%	+2,51%
<i>ceiling</i>			10 346 000 000						10 346 000 000					
<i>offset of the contingency margin</i>			- 570 000 000						- 570 000 000					
<i>margin</i>			93 601 514						148 582 977					
Pensions and European Schools	1 975 611 156	1 975 611 156	2 091 169 200	2 091 169 200	+5,85%	+5,85%			2 091 169 200	2 091 169 200	+ 115 558 044	+ 115 558 044	+5,85%	+5,85%
Pensions	1 789 856 000	1 789 856 000	1 898 402 000	1 898 402 000	+6,06%	+6,06%			1 898 402 000	1 898 402 000	+ 108 546 000	+ 108 546 000	+6,06%	+6,06%
European schools	185 755 156	185 755 156	192 767 200	192 767 200	+3,77%	+3,77%			192 767 200	192 767 200	+ 7 012 044	+ 7 012 044	+3,77%	+3,77%
Administrative expenditure of the institutions	7 418 902 660	7 418 988 660	7 591 229 286	7 593 784 286	+2,32%	+2,36%	- 54 981 463	- 54 981 463	7 536 247 823	7 538 802 823	+ 117 345 163	+ 119 814 163	+1,58%	+1,61%
<i>sub-ceiling</i>			8 360 000 000						8 360 000 000					
<i>offset of the contingency margin</i>			- 570 000 000						- 570 000 000					
<i>sub-margin</i>			198 770 714						253 752 177					
European Parliament	1 909 295 000	1 909 295 000	1 953 037 773	1 953 037 773	+2,29%	+2,29%			1 953 037 773	1 953 037 773	+ 43 742 773	+ 43 742 773	+2,29%	+2,29%
European Council and Council	561 576 000	561 576 000	575 221 000	575 221 000	+2,43%	+2,43%	- 1 000 000	- 1 000 000	574 221 000	574 221 000	+ 12 645 000	+ 12 645 000	+2,25%	+2,25%
Commission	3 498 411 200	3 498 497 200	3 573 217 500	3 575 772 500	+2,14%	+2,21%	- 34 886 964	- 34 886 964	3 538 330 536	3 540 885 536	+ 39 919 336	+ 42 388 336	+1,14%	+1,21%
Commission, excluding Offices	3 193 167 000	3 193 167 000	3 249 846 500	3 249 846 500	+1,78%	+1,78%	- 31 391 174	- 31 391 174	3 218 455 326	3 218 455 326	+ 25 288 326	+ 25 288 326	+0,79%	+0,79%
Annex 2 - Publications Office	82 761 200	82 761 200	95 959 000	95 959 000	+15,95%	+15,95%	- 546 230	- 546 230	95 412 770	95 412 770	+ 12 651 570	+ 12 651 570	+15,29%	+15,29%
Annex 3 - European Anti-Fraud Office	59 945 500	59 945 500	59 204 000	59 204 000	-1,24%	-1,24%	- 563 854	- 563 854	58 640 146	58 640 146	- 1 305 354	- 1 305 354	-2,18%	-2,18%
Annex 4 - European Personnel Selection Office	26 667 000	26 667 000	26 207 000	26 207 000	-1,72%	-1,72%	- 83 674	- 83 674	26 123 326	26 123 326	- 543 674	- 543 674	-2,04%	-2,04%
Annex 5 - Office for Administration and Payment of Individual Entitlements	38 698 500	38 698 500	38 746 000	38 746 000	+0,12%	+0,12%	- 376 128	- 376 128	38 369 872	38 369 872	- 328 628	- 328 628	-0,85%	-0,85%
Annex 6 - Office for Infrastructure and Logistics — Brussels	68 153 000	68 153 000	78 456 000	78 456 000	+15,12%	+15,12%	- 1 712 442	- 1 712 442	76 743 558	76 743 558	+ 8 590 558	+ 8 590 558	+12,60%	+12,60%
Annex 7 - Office for Infrastructure and Logistics — Luxembourg	24 369 000	24 369 000	24 799 000	24 799 000	+1,76%	+1,76%	- 213 462	- 213 462	24 585 538	24 585 538	+ 216 538	+ 216 538	+0,89%	+0,89%
Pilot projects and preparatory actions	4 650 000	4 736 000	p.m.	2 555 000	-100,00%	-46,05%			p.m.	2 555 000	- 4 650 000	- 2 181 000	-100,00%	-46,05%
Decentralised agencies	p.m.	p.m.	p.m.	p.m.					p.m.	p.m.				
Court of Justice of the European Union	399 323 000	399 323 000	411 124 500	411 124 500	+2,96%	+2,96%	- 4 262 250	- 4 262 250	406 862 250	406 862 250	+ 7 539 250	+ 7 539 250	+1,89%	+1,89%
Court of Auditors	141 240 000	141 240 000	146 469 000	146 469 000	+3,70%	+3,70%	- 2 095 000	- 2 095 000	144 374 000	144 374 000	+ 3 134 000	+ 3 134 000	+2,22%	+2,22%
European Economic and Social Committee	133 807 338	133 807 338	135 913 366	135 913 366	+1,57%	+1,57%	- 864 405	- 864 405	135 048 961	135 048 961	+ 1 241 623	+ 1 241 623	+0,93%	+0,93%
Committee of the Regions	93 294 946	93 294 946	96 309 933	96 309 933	+3,23%	+3,23%	- 1 839 392	- 1 839 392	94 470 541	94 470 541	+ 1 175 595	+ 1 175 595	+1,26%	+1,26%
European Ombudsman	10 650 441	10 650 441	10 659 161	10 659 161	+0,08%	+0,08%			10 659 161	10 659 161	+ 8 720	+ 8 720	+0,08%	+0,08%
European data-protection Supervisor	11 324 735	11 324 735	14 472 053	14 472 053	+27,79%	+27,79%	- 1 043 356	- 1 043 356	13 428 697	13 428 697	+ 2 103 962	+ 2 103 962	+18,58%	+18,58%
European External Action Service	659 980 000	659 980 000	674 805 000	674 805 000	+2,25%	+2,25%	- 8 990 096	- 8 990 096	665 814 904	665 814 904	+ 5 834 904	+ 5 834 904	+0,88%	+0,88%

Description	1		2		2/1		3		4		4-1		4/1	
	Budget 2017 (AB No 1/2017 to AB No 2/2017 incl.)		DB 2018		Difference (%)		Council's Changes on DB 2018		Council's Position on DB 2018		Difference (amount)		Difference (%)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
Negative reserve	p.m.	- 70 402 434	p.m.	p.m.					p.m.	p.m.			+ 70 402 434	-100,00%
MFH Headings	157 323 863 116	134 029 968 929	159 551 203 435	144 805 506 549	+1,42%	+8,04%	-1 200 806 791	- 795 547 123	158 350 396 644	144 009 959 426	+1 026 533 528	+9 979 990 497	+0,65%	+7,45%
<i>flexibility instrument</i>			817 056 199	667 152 692			- 30 819 328	- 667 152 692	786 236 871	0				
<i>global margin for commitments</i>			891 685 985						891 685 985					
<i>ceiling</i>			159 514 000 000	154 565 000 000					159 514 000 000	154 565 000 000				
<i>offset of the contingency margin</i>			- 570 000 000						- 570 000 000					
<i>margin (2)</i>			1 101 538 749	10 426 646 143			1 169 987 463	128 394 431	2 271 526 212	10 555 040 574				
Appropriations as % of GNI (3)(4)	1,05%	0,89%	1,01%	0,92%			-0,01%	-0,01%	1,01%	0,91%				

(1) This amount, resulting from the rounding for the calculations of the sub-ceiling and the net transfer, is excluded when calculating the sub-margin.

(2) These amounts are calculated not taking into account appropriations for special instruments (EAR, EGF, EUSF).

(3) The GNI for 2017 is based on the forecast of GNI issued after the Advisory Committee on Own Resources (ACOR) meeting held on 18 May 2016.

(4) The GNI for 2018 is based on the forecast of GNI issued after the Advisory Committee on Own Resources (ACOR) meeting held on 19 May 2017.

Annex II

Council statement on payment appropriations

'The Council will carefully examine the letter of amendment for agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 2 (*Sustainable growth: natural resources*) in the 2018 budget.

The Council calls on the Commission to continue closely scrutinising the implementation of the 2014-2020 programmes. To that end, it invites the Commission to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2018 payment appropriations with a view to allowing the budgetary authority to take any necessary decisions in due time for justified needs.'

Annex III Council statement on the 5 % staff reduction

'The Council recalls that the target year for implementing the 5 % reduction of staff, to be applied to all institutions, bodies and agencies, is 2017 as stipulated in Point 27 of the Interinstitutional Agreement of 2 December 2013 on budgetary discipline, on cooperation in budgetary matters and on sound financial management.

The Council acknowledges the efforts made to reach this target, as illustrated in the table provided by the Commission and included in Appendix 1. It considers that the level of staff in all institutions, bodies and agencies needs to be kept under continuous monitoring to ensure that the savings achieved in administrative expenditure are lasting. The Council also underlines the importance of monitoring closely the appropriations for all categories of external staff. It therefore welcomes the Commission's overview of consolidated data on all external staff employed by the institutions, presented in Appendix 2, in line with point (b) of Article 38(3) of the Financial Regulation. It invites the Commission to continue providing this information to the budgetary authority when presenting its draft budgets for future years.

The Council insists that a proper assessment of the outcome of the 5 % staff reduction exercise be carried out, and in that context looks forward to receiving the independent evaluation of the results from the European Court of Auditors.'

Appendix 1 to the Council statement on the 5 % staff reduction

Establishment plan posts – All institutions												
Evolution to date vis-à-vis the -5 % reduction target over 5 years 2013-2017												
Institutions	2012 budget ¹	2013-2017 reduction target -5 %	Annual reference target ² -1 %	Posts reduction implementation ³							Remaining distance to -5 %	
				2013	2014	2015	2016	2017	DB2018	Total	Posts	% points
European Parliament ⁴	5 603	-281	-56	-	-37	-47	-17 ⁵	-60 ⁶	-60	-187	94	1.7%
European Council and Council	3 136	-157	-31	-46	-42	-22	-32	-15	-	-157	-	0.0%
Commission	25 073	-1 254	-251	-250	-250	-263	-252	-239	-	-1 254	-	0.0%
Court of Justice of the European Union	1 952	-98	-20	-20	-20	-7 ⁵	-13 ⁵	-19	-	-79	19	1.0%
European Court of Auditors	885	-44	-9	-9	-9	-9	-9	-9	-	-45	-	0.0%
European Economic and Social Committee	685	-34	-7	-7	-7	-7	-7	-6	-	-34	-	0.0%
Committee of the Regions	500	-25	-5	-	-5	-5	-7	-9	-	-26	-	0.0%
European Ombudsman	64	-3	-1	-	-	-1	-1	-1	-	-3	-	0.0%
European Data-Protection Supervisor	43	-2	-	-	-	-1	-1	-	-	-2	-	0.0%
European External Action Service	1 679	-84	-17	-	-17	-17	-17	-17	-16	-84	-	0.0%
Total institutions	39 620	-1 982	-397	-332	-387	-379	-322	-375	-76	-1 871	113	0.3%

¹ Authorised 2012 posts excluding Croatia enlargement (140 posts) and EP political groups (1 015 posts) with the following adjustments:

- 60 posts were added to the EP and deducted from the EESC (-36) and from the CoR (-24) in order to reflect the impact of the cooperation agreement signed on 5 February 2014 between those institutions;
- 10 posts were transferred from the Council to the EEAS in 2014;
- 2 posts were transferred from the EEAS to the Commission (PMO) in 2014;
- 1 post was transferred from the Court of Auditors to the Commission (PMO) in 2015;
- 1 post was transferred from the Council to the EEAS in 2015;
- 6 posts were transferred from the Council to the Commission (PMO) in 2015;
- 2 posts were transferred from the EP to the Commission in 2016;
- 1 post was transferred from the Court of Auditors to the Commission in 2016;
- 2 posts will be transferred from the Council to the Commission in 2018.

² Linear projection over 5 years at 1 % per year, rounded figures.

³ Sources: authorised budgets 2013, 2014, 2015, 2016, 2017 (including amending and/or draft amending budgets), and 2018 draft budget.

⁴ The reduction target for the EP is based on the 2014 budget (excluding posts relating to political groups); as stipulated in the EP's statement on the application of Point 27 of the Interinstitutional Agreement (*see budget 2016 Joint Conclusions*). The EP is committed to continue the reduction of the total number of posts in its establishment plan and to complete it by 2019.

⁵ Posts granted to the institution by the budgetary authority during the period 2013-2017 thus consciously deviating from the trajectory proposed by the Commission to reach the overall reduction target.

⁶ 76 posts have been reduced in the establishment plan of the EP's administration as a compensatory decrease to fully offset an increase of 76 posts for political groups.

Appendix 2 to the Council statement on the 5 % staff reduction

EVOLUTION OF EXTERNAL STAFF IN ALL INSTITUTIONS 2013 - 2018																
Institution	B2013		B2014		B2015		B2016 (incl. DAB3/2016)		B2017		DB2018		Evolution 2018/2017		Evolution 2018/2013	
	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE	€ (mn)	FTE
European Parliament	217.7	6 854	231	7 515	237.3	7 253	257.6	7 672	273.8	7 579	276.5	7 750	2.7	171	58.8	896
European Council and Council	10.7	240	9.9	234	10.2	234	10.2	234	11.1	246	11.6	246	0.5	0	0.9	6
Commission	455.5	8 412	448.9	8 313	449.2	8 162	454.1	8 040	464	7 928	473	7 889	9.0	-39	17.5	-523
Court of Justice of the European Union	6.1	158	6.2	163	6.4	156	6.7	162	7.7	176	8.4	184	0.7	8	2.3	26
Court of Auditors	3.5	74	3.4	69	3.5	71	3.9	77	4.3	80	4.9	86	0.6	6	1.4	12
European Economic and Social Committee	2.7	50	2.5	47	2.6	47	2.6	45	2.7	53	2.8	53	0.1	0	0.1	3
Committee of the Regions	2.6	88	2.5	88	2.5	55	2.7	59	2.9	63	3.2	64	0.3	1	0.6	-24
European Ombudsman	0.3	6	0.4	9	0.5	10	0.5	12	0.7	15	0.7	15	0.0	0	0.4	9
European Data-Protection Supervisor	0.4	8	0.4	8	0.4	9	0.6	12	0.9	16	0.9	16	0.0	0	0.5	8
European External Action Service	83.1	1 853	80.6	1 894	81.3	1 828	86.3	1 764	92.3	1 826	100.1	1 884	7.8	58	17.0	31
Total institutions	782.6	17 743	785.7	18 338	793.8	17 825	825.3	18 077	860.3	17 981	882.1	18 186	21.8	205	99.5	443

Annex IV

Calendar for 2018 budgetary procedure

Thursday, 31 August	Presentation of WD on Council position in BUDG committee
Thursday, 31 August - 12h	Deadline for tabling budgetary amendments: - by individual members to BUDG - and by Committees and MEPS (38 signatures) to Plenary
Thursday, 7 September - 12h	Deadline for tabling budgetary amendments by groups to Plenary
Monday 25 (pm) - Thursday 28 (am) September	BUDG vote on budgetary amendments
Monday, 2 October	Draft report on the resolution available
Thursday, 5 October - 18h	Deadline for amendments to the resolution
	Deadline for opinions from other committees to the resolution
Tuesday, 10 October	BUDG adoption of budgetary resolution - all sections
Wednesday, 18 October	Trilogue ahead of Parliament's reading
Wednesday, 25 October	Adoption of Parliament's reading
Tuesday, 31 October	Start of the 21-day conciliation period
Monday, 20 November	End of the 21-day conciliation period