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WORKING DOCUMENT

on Council's position on Draft Budget 2022 (Section III)

Committee on Budgets

Rapporteur: Karlo Ressler

The purpose of this working document is to present an initial assessment of the Council's position on the Draft Budget 2022 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 overview

The Commission formally adopted the consolidated Draft Budget 2022 (DB 2022) on 9 July 2021¹. A budgetary trilogue took place on 15 July on the basis of Council's reading (as approved by COREPER on 14 July) and of Parliament's resolution of 25 March 2021 on general guidelines for the preparation of the 2022 budget, Section III – Commission². The rapporteur had also drawn a preliminary assessment of the Commission DB 2022³.

Draft Budget 2022

The Commission proposes EUR 166 293,1 million in commitment appropriations (CA) for the MFF Headings, with an additional contribution from the European Union's Recovery Instrument (EURI) - or Next Generation EU (NGEU) - as external assigned revenue of EUR 143 502,8 million. Regarding payment appropriations (PA), the Commission proposes EUR 168 068,0 million for the headings, reinforced by an additional EUR 78 billion for payments under NGEU.

The Commission further proposes to mobilise EUR 1 500,3 million in CA (1 329,9 million in PA) for the thematic special instruments - the European Globalisation Adjustment Fund for Displaced Workers (EGF), the Solidarity and Emergency Aid Reserve (SEAR), and the Brexit Adjustment Reserve (BAR) - whose appropriations are entered over and above the MFF ceilings.

Regarding the total appropriations - including the thematic special instruments (total of EUR 167 793,3 million in CA and EUR 169 391,9 million in PA) - both commitment and payments appropriations see an overall decrease compared to 2021, respectively by -0,6% and -0,7%. However, this proposal did not factor in the later agreement between Parliament and Council on the BAR regulation, including on pre-financing instalments.

The proposed level of expenditure for 2022 broadly reflects the indicative financial programming for 2022, as technically updated in February 2021, with the following main exceptions when it comes to changes across several headings:

- Owing to the low amount of fines in 2020, the top-up in DB 2022 based on Article 5 of the MFF regulation (MFFR) is set at the minimum annual level provided for in the MFFR: EUR 1 500 million in 2018 prices, which corresponds to 1 624 million in current prices for 2022. This has an impact on Horizon Europe, InvestEU, EU4Health, Erasmus+, Creative Europe, Rights and Values (i.e. the Citizens, Equality, Rights and Values programme), and the Integrated Border Management Fund (IBMF) - Instrument for border management and visa (BMVI).
- Regarding changes across headings, adjustments to several decentralised agencies have been made: notably higher levels of surpluses in 2020 are offset by corresponding decreases

¹ <https://eur-lex.europa.eu/budget/www/index-en.htm>

² Texts adopted, P9_TA(2021)0106.

³ Working Document on the Draft Budget 2022 (Section III), 30.06.2021.

in CA, and a significant reinforcement of the European Fisheries Control Agency (EFCA) that is partially offset from the European Maritime, Fisheries and Aquaculture Fund (EMFAF). Moreover, there are reallocations for several programmes (Horizon Europe, Single Market Programme, the European Defence Fund, Digital Europe Programme, European Space Programme, and the Just Transition Fund) between the support expenditure lines and the operational lines, or between the support expenditure lines and the executive agencies, within the same budgetary year.

The DB 2022 leaves an overall available margin of EUR 1 222,9 million in CA and of EUR 1 369,0 million margin in PA.

Council's position

The position adopted by COREPER on 14 July 2021⁴ will be submitted to the Council for approval on 6 September.

The Council's position is summarised in the following table (see Annex I for a detailed breakdown):

EUR million, current prices

	DB 2022 (1)		Council position (2)		2 - 1		2 / 1	
	CA	PA	CA	PA	CA	PA	CA	PA
<i>1. Single Market, Innovation and Digital</i>	21 644,1	21 729,3	21 219,1	21 588,1	-425,1	-141,2	-2,0 %	-0,6 %
<i>2. Cohesion, Resilience and Values</i>	56 098,6	62 219,4	55 707,1	61 882,6	-391,4	-336,8	-0,7 %	-0,5 %
<i>3. Natural Resources and Environment</i>	56 097,4	56 508,1	56 072,4	56 499,7	-25,0	-8,3	-0,04 %	-0,01 %
<i>4. Migration and Border Management</i>	3 124,0	3 121,0	3 079,0	3 076,0	-45,0	-45,0	-1,4 %	-1,4 %
<i>5. Security and Defence</i>	1 785,3	1 237,9	1 765,3	1 231,2	-20,0	-6,7	-1,1 %	-0,5 %
<i>6. Neighbourhood and the World</i>	16 698,4	12 407,1	16 197,4	12 243,4	-501,0	-163,7	-3,0 %	-1,3 %
<i>7. European Public Administration</i>	10 845,3	10 845,4	10 822,5	10 822,6	-22,8	-22,8	-0,2 %	-0,2 %
MFH Headings	166 293,1	168 068,0	164 862,8	167 343,6	-1 430,3	-724,4	-0,9 %	-0,4 %
<i>Thematic special instruments</i>	1 500,3	1 323,9	2 799,2	2 622,8	1 298,9 ⁵	1 298,9	86,6 %	98,1 %
TOTAL	167 793,3	169 391,9	167 662,0	169 966,4	-131,3	574,5	-0,1%	0,3 %

⁴ <https://data.consilium.europa.eu/doc/document/ST-10550-2021-REV-1/en/pdf>

⁵ Technical increase which merely reflects the agreement between Parliament and Council on the Brexit Adjustment Reserve (BAR) regulation.

The Council also adopted two statements: on payments and on NGEU (see Annex II).

Commitments

In its position, the Council cuts EUR - 1,43 billion in commitments for the MFF Headings. This corresponds to a nominal increase in commitments by +1,2 % compared to the 2021 budget (meaning a decrease in real terms, when neutralising inflation).

Heading 6 (Neighbourhood and the World) is the most affected by cuts in commitments, by - EUR 501 million. Apart from Subheading 2a (Economic, social and territorial cohesion), no heading is spared from cuts.

Similarly to past years, the Council declares that its position is based on:

- a realistic absorption capacity;
- an appropriate acceleration of the implementation of programmes by avoiding excessive increases compared to 2021.

However, the Council cuts several programmes with excellent absorption capacity - one of the most striking illustrations being the Horizon Europe programme. As usual, the Council gave priority to widening the margins available under the ceilings, to the detriment of the Union programmes.

Furthermore, the Council proposes to backload part of the financing of some budget lines. This is also the case for the EUR 77,3 million proposed by the Commission under Article 15(3) in 2022 for Horizon Europe, as the Council wants to use this amount only in the second part of the MFF. The Council also rejects the proposed frontloading of EUR 70 million in 2022 for EU4Health.

Payments

The Council proposes a reduction of EUR - 724,4 million in payments for the MFF Headings, with cuts targeted on lines with non-differentiated appropriations and related to the cuts in the corresponding commitment appropriations. The biggest cut is EUR - 300 million for the financing cost of the EURI.

A statement on payments is proposed to be entered in the Council minutes, in which the Commission is invited “to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2022 payment appropriations”, so that the budgetary authority can swiftly take any necessary decisions in case of insufficient appropriations to cover the needs.

Special instruments

Regarding the total appropriations - including the thematic special instruments - the cuts by the Council seem overall much smaller for commitment appropriations (EUR - 131,3 million), and there is an increase in terms of payment appropriations (EUR + 574,5 million). However, this merely reflects the political agreement on the BAR Regulation, i.e. EUR 1 299 million are entered in both commitment and payment appropriations in 2022.

The Council does not propose changes to the appropriations entered in the DB 2022 for the SEAR, the EGF and the Flexibility Instrument.

II. Analysis by heading

Heading 1 - Single market, Innovation and Digital

Heading 1 is one of the worst affected by Council cuts, with an overall reduction of EUR - 425,1 million (-1,9% compared to the DB) in commitments and EUR - 141,2 million (-0,6%) in payments. Operational lines account for the overwhelming majority of cuts in absolute terms.

The programmes worst hit are:

- Horizon Europe with cuts of EUR - 316,0 million in CA and EUR - 104,0 million in PA, representing almost $\frac{3}{4}$ of the cuts applied to this heading. A few examples of cuts in CA can be underlined, notably to the European Research Council (EUR - 70 million, i.e. -3,3%); the European Innovation Council (EUR - 50 million, i.e. -4,4%); the Culture, Creativity and Inclusive Society Cluster (EUR - 50 million, i.e. - 19,4%); the Health Cluster (EUR - 45 million, i.e. -7,8%); and the Civil Security for Society Cluster (EUR - 20 million, i.e. -9,9%). Additionally, the Council does not want to make available again the research decommitments in line with Article 15(3) of the Financial Regulation⁶ in 2022 but to rather backload the EUR 77,3 million proposed by the Commission to the second part of the MFF period, which has an impact on the following clusters: ‘Digital, Industry and Space’ (EUR - 46,4 million) ‘Culture, Creativity and Inclusive Society’ (EUR - 15,5 million) and ‘Climate, Energy and Mobility’ (EUR -15,5 million);
- InvestEU Fund with EUR - 45,5 million in CA and EUR - 15,5 million in PA. In particular, the InvestEU Advisory Hub and Portal sees its commitment appropriations (excluding the NGEU contribution) almost cut in half (EUR - 15 million);
- Digital Europe Programme: EUR - 50,0 million in CA (- 4%) and EUR - 16,5 million in PA. The cuts are applied to the following objectives: artificial intelligence, skills and deployment.

The Connecting Europe Facility (digital strand) and the Single Market Programme are both reduced by the exact same amounts (EUR - 4 million in CA and EUR - 1,3 million in PA), and the Euratom Research and Training Programme is also affected by the cuts (EUR -3,5 million in CA and EUR -1,4 million in PA).

Appropriations for agencies are cut by EUR - 1,05 million in both CA and PA, with EUR - 0,75 million for the European Maritime Safety Agency (EMSA) and EUR - 0,3 million for the European Chemicals Agency.

The margin available under Heading 1 would be EUR 658,9 million.

⁶ OJ L 193, 30.7.2018, p. 1.

Heading 2 - Cohesion, Resilience and Values

Sub-heading 2a - Economic, social and territorial cohesion

The Council accepts the level of both commitment and payment appropriations as it stands (EUR 49 706 million and EUR 56 349 million, respectively) in the DB 2022 as proposed by the Commission. The margin available under Sub-heading 2a would be EUR 32,9 million.

Sub-heading 2b - Resilience and values

The Council cuts commitment appropriations in this sub-heading by EUR - 391,4 million, resulting in an available margin of EUR 460 million.

In the 'Recovery and Resilience' cluster, Council applied the following main cuts for commitments: EUR - 300,00 million on the financing cost of the EURI (corresponding to a decrease by -78,0% compared to the DB), EUR - 70,00 million on the EU4Health Programme (i.e. -9,2%), and EUR - 2,00 million on the Union Civil Protection Mechanism (RescEU). Corresponding cuts to payments are made by -EUR 336,8 million.

The Council cuts commitment appropriations in the 'Investing in People, Social Cohesion and Values' cluster by EUR - 18,4 million (out of a total of EUR 17 861 million in the DB) - and makes corresponding cuts to payment appropriations of EUR - 13,1 million. The breakdown of the cuts is as follows:

- The cuts to Erasmus+ (EUR - 7,38 million in CA and PA, i.e. -31,4%) and to Creative Europe (EUR - 2.5 million in CA and PA, i.e. -45%) target specifically support expenditure rather than the operational lines;
- The European Solidarity Corps is also affected by cuts (EUR - 3 million in CA and - 1 million in PA) without justification;
- The Council cuts EUR - 0,5 million cut to Eurojust and EUR - 36 000 to the European Centre for the Development of Vocational Training (Cedefop). No justification is given for the proposed cuts to the two decentralised agencies;
- Finally, there is also no rationale given for the Council cuts to communications lines (EUR - 5 million in CA and - 1,7 million in PA).

Heading 3 - Natural Resources and Environment

The Council leaves the cluster ‘Agriculture and Maritime Policy’ untouched. In the cluster ‘Environment and Climate Action’, Council reduces the appropriations for the Programme for Environment and Climate Action (LIFE) by EUR - 25 million in commitments and EUR - 8,3 million in payments. This amount is distributed in roughly proportionate shares among the articles for:

- Nature and Biodiversity (EUR - 10 million);
- Circular economy and quality of life (EUR - 6 million);
- Climate Change mitigation and adaptation (EUR- 4 million) and
- the new Clean Energy Transition strand (EUR- 5 million).

The resulting EUR 659,5 million in commitments would constitute a decrease of EUR - 58,4 million (-8%) compared to the budget 2021 (EUR 717,9 million without counting support expenditure).

The margin available under Heading 3 would be EUR 446,6 million.

Heading 4 - Migration and Border Management

Heading 4 sees a EUR - 45 million cut in commitment and payment appropriations. The result is a substantial increase (+67%) in the available margin from EUR 67 million to 112 million. The cut is entirely concentrated on the European Border and Coast Guard Agency (Frontex). This represents a -11,9% cut to the Frontex budget compared to the DB, with the Council stating that, in line with the Joint Declaration on the reinforcement of specific programmes and adaptation of basic acts, the 45 million EUR is ‘expected’ to be backloaded to the years 2023-2027.

In addition, the Council places a further EUR 45 million into the reserve in accordance with Article 49(1)(b) of the Financial Regulation⁷. The Council indicates that part or the full amount of the reserve should be released “where justified on the basis of a thorough assessment of needs, while taking into account the Agency's progress in complying with Recommendations 1-5 made by ECA in its Special report 08/2021 "Frontex's support to external border management: not sufficiently effective to date".

⁷ (b) “there are serious grounds for doubting the adequacy of the appropriations or the possibility of implementing, under conditions in accordance with the principle of sound financial management, the appropriations entered on the budget lines concerned”.

Heading 5 - Security and Defence

In Heading 5, the Council reduces commitment appropriations by a total of EUR - 20 million (-1,1 %) and payment appropriations by EUR - 6,7 million (-0,5 %) compared to the DB. Such cut applies entirely to the Internal Security Fund, for which it corresponds to a reduction by - 8,9 % in commitments and -5,5 % in payments.

The margin available under Heading 5 is proposed at EUR 102,7 million.

Heading 6 - Neighbourhood and the World

Heading 6 is cut by EUR - 501 million in commitments (-3%) and by EUR - 163,67 million in payments (-1,3%) in comparison with the Draft Budget 2022.

The cuts target mainly the new global external instrument - Neighbourhood, Development and International Cooperation Instrument (NDICI) - which is reduced by EUR - 500 million in commitments and - 163,33 million in payments (i.e. -4% and -2,1% respectively) and Actions under the prerogatives of the Commission and specific competences conferred to the Commission (EUR - 1 million in commitments and - 0,3 million in payments). The Council does not cut the CFSP chapter this year.

The margin available under Heading 6 would be EUR 604,6 million.

Heading 7- European Public Administration

The Council's cuts under Heading 7 total EUR 22,8 million (out of which EUR 10,25 million for the Commission and EUR 12,5 million for all the other institutions). These cuts bring the overall amount of administrative expenditure to EUR 10 822,5 million in commitment appropriations (CA) and EUR 10 822,5 million in payment appropriations (PA), i.e. an increase of respectively +3,64% (CA) and +3,62% (PA) compared with the 2021 budget instead of +3,85% (CA) and +3,84% (PA) proposed by the Commission in its DB 2022.

The margin available under Heading 7 would be EUR 235,5 million.

III. Assessment in the light of Parliament's priorities

Parliament's overarching priority for the 2022 budget is to support the recovery from the COVID-19 crisis and lay the foundations for a more resilient Union, as set out in its report on the Guidelines for next year's budget. In this report, Parliament broke down this objective into five political themes:

- 1) A vibrant economy to boost investment and tackle unemployment;
- 2) Meeting the challenge of digital and green transitions;
- 3) A strong European Health Union;
- 4) Inclusive recovery with a focus on the young generation;
- 5) Ensuring a safe and prosperous environment for European citizens.

Additionally, the EP underlined several specific and cross-cutting issues which will be of particular relevance for the 2022 budget, including the following:

- full implementation of the MFF agreement and acceleration of the implementation of Union programmes;
- sufficient level of payment appropriations to notably ensure that the Union budget provides the necessary economic stimulus and to avoid payment crisis;
- adequate resources for decentralised agencies to deliver the best possible results;
- optimal use of flexibility and provisions of the MFF Regulation and Financial Regulation to reinforce key EU programmes and respond to urgent needs.

Following the presentation of the Commission's statement of estimates, the rapporteur published a Working Document, in which he made an initial assessment of the Commission's proposal against Parliament's priorities. He underlined in particular that the DB leaves room for manoeuvre for the budgetary authority to better stick to the EU's ambitions and take into account more recent political developments and unforeseen circumstances. In that respect, the rapporteur wishes to underline that the Council's position is far from Parliament's expectations for a recovery budget. The DB will therefore be the starting point for Parliament's budgetary work.

As a general comment, it is of the rapporteur's opinion that the cuts proposed by the Council follow the usual top-down approach of implementing an overall arbitrary reduction target, which is neither driven by an objective assessment of implementation trends nor absorption capacities. Despite the long-lasting COVID-19 crisis and its economic and social impacts, the Council has still proposed cuts across the board. This comes in direct contradiction with core shared policy priorities, such as delivering on the European Green Deal and fostering the digital transition, building a European Health Union, and ensuring that the EU is a strong and credible partner on the international stage. Artificially inflating the margins comes at the expense of the sound implementation of the programmes and their objectives. The rapporteur therefore intends to advise Parliament to reverse the Council's cuts and ensure that Parliament's political priorities are matched with sufficient funding.

The substantial cuts applied to **Heading 1** are a clear indication of the internal contradictions within the Council when it comes to matching priorities with adequate financial means. The rapporteur criticises in particular the cuts applied to programmes with excellent absorption capacity, in flagrant contradiction with Council's indications that their approach is notably based on "a realistic absorption capacity".

Horizon Europe provides once again the most striking illustration. This highly successful programme is largely over-subscribed and supports core policy priorities and shared ambitions, notably when it comes to health, digital, and green objectives. Yet the Council seeks to cut the health cluster during a pandemic and fails to augment spending on the green transition, despite the severe warning in the sixth report of the Intergovernmental Panel on Climate Change (IPCC)⁸ and the destructive fires in the Mediterranean basin. The rapporteur further questions the Council's approach not to make available again the 2020 research decommitments as provided for in the Article 15(3) of the Financial Regulation. He recalls on this occasion Parliament's position to fully make available again the unexpectedly high amount of 2020 research decommitments (EUR 486 million as per the corrected data provided by the Commission on 14 July 2021) in order to step-up the Union's response to the challenges posed by the COVID-19 health crisis and not waste opportunities which can support the recovery.

The digital dimension is also largely cut in the Council position, both when it comes to CEF-Digital and the Digital Europe programme, which contradicts key priorities of the Slovenian Presidency in respect of supporting the EU's digital sovereignty. Another notable example of political inconsistency that can be underlined is the Council's reduced support to small and medium-sized enterprises (SMEs) which serve as the backbone of the economy and despite their significant contribution to the creation of jobs, economic growth and stability, which is all the more vital in a recovery context.

In **Sub-heading 2b**, the rapporteur strongly criticises the Council's approach leading to a substantial arbitrary cut to the budget line for financing cost of the EURI. It is too early in the process to make such rough and unsubstantiated adjustments, which further give a negative signal to investors. The rapporteur therefore calls on the Commission to provide an accurate update of the financing needs in the Amending Letter to be presented in October ahead of the conciliation.

The rapporteur further calls into question the fact that the entirety of the proposed reinforcement by the Commission for the EU4Health programme in 2022 (EUR 70 million) is cut in the current pandemic context, and in contradiction with the Slovenian Presidency's objective of further building a European Health Union. Strengthening the capacity of EU health systems remains a key priority that will be defended by Parliament.

The cuts proposed by the Council to education, culture and youth programmes would impact on programme implementation. The cultural and creative sectors have been heavily impacted by the COVID-19 pandemic, hence the decision to frontload the Creative Europe programme in the first years of the 2021-2027 MFF. Although the Council seems to have deliberately avoided cuts to operational spending lines, the drastic -45% cut to support expenditure would inevitably impact programme implementation and undermine the deliberate decision to

⁸ <https://www.ipcc.ch/assessment-report/ar6/>

frontload the programme in response to the enormous impact felt by the cultural and creative sectors as a result of the pandemic. This would be a wrong message to send out to a sector that has significantly suffered and that is often made up of small organisations and even individual artists and creators who are ill-equipped to withstand the impact of the crisis.

As Parliament made clear, programmes focused on young people are a key plank of a sustainable recovery and growth strategy. Owing to public health restrictions, an entire generation did not have the benefit to study or volunteer abroad. Cuts to the Erasmus+ support expenditure line and to the European Solidarity Corps run counter to efforts to offer more and better opportunities to young people, especially those from disadvantaged backgrounds, and fail to deliver a positive message of recovery and hope for a generation that has suffered greatly from the COVID-19 pandemic.

Parliament further emphasised the need for a better judicial response to cross-border threats and for adequate resourcing of justice and home affairs agencies. The Council's proposed cut to Eurojust would leave the agency -0,7 million EUR below its estimated needs and undermine that judicial response. Additionally, the EUR - 36 000 cut to Cedefop, while small, comes in a context where the Commission itself acknowledges in the DB that the stable staffing levels restrict the agency's ability to fulfil its mandate.

In **Heading 3**, LIFE is the only major programme which falls – at least in part – under direct management and whose endowment is not subdivided into national pre-allocations. In order to create some additional margin, LIFE seems to be considered by the Council as the only 'adjustment variable' available in the Heading, with cuts coming on top of the Commission's decrease for LIFE appropriations in the DB 2022, as the Commission is following the approach of going back to the level of the Financial Programming after the reinforcement secured for 2021.

The rapporteur underlines that LIFE is an explicit priority in Parliament's guidelines, not least because it contributes significantly to the climate and biodiversity mainstreaming targets. The Council's indiscriminate cuts are to the detriment of the mainstreaming ambitions and LIFE should not be singled out just because it happens to be the only programme without pre-allocations in the Heading. These cutbacks are even more striking against a background of the 'fit for 55' initiatives and the recent IPCC report, which accentuate the urgent and immediate financial needs in the area of climate action. Additionally, there are certainly no specific budgetary grounds, such as lack of performance in previous years, absorption capacity or abnormal *reste à liquider* (RAL), that could justify these reductions.

Regarding **Heading 4**, Parliament underlined the need to ensure that Frontex is adequately resourced to enable it to deliver fully on its new mandate and continue efficiently managing EUs external borders. The Council cuts would entail further backloading of the resources following the agreement to reduce the planned envelope in the 2021 budget, placing greater absorption pressure on the latter years of the 2021-2027 MFF.

For **Heading 5**, the cut to the Internal Security Fund further seems to follow the logic of a top-down reduction to reach a pre-determined overall reduction target, even though the Presidency indicated the willingness to put the strengthening of the security of the EU at the centre of its efforts.

In **Heading 6**, the rapporteur is concerned by the cuts proposed by the Council to NDICI-Global Europe, as their motivation seems to be primarily, if not solely, to create artificial margins under this heading to finance the package in favour of refugees from Syria and beyond. As this was not an unpredictable or unforeseen crisis, the rapporteur believes that the package, although justified in principle, should not be funded at the expense of the newly adopted co-legislated programmes and their priorities, nor through the mobilisation of NDICI-Global Europe cushion or through the reduction or almost a depletion of margins, which would prevent Parliament from exercising duly its budgetary powers and priorities-setting.

In view of Parliament's reading, the rapporteur intends to assess the support to candidate countries and countries in the EU neighbourhood. He further believes that the Union budget should provide the sufficient firepower to the EU to be a proactive global actor.

IV. Annexes

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

Annex II Council statements

Annex III Draft calendar for the 2022 budgetary procedure

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

	Description	1		2		3	
		DB 2022		Council's Changes on DB 2022		Council's Position on DB 2022	
		c/a	p/a	c/a	p/a	c/a	p/a
1	Single Market, Innovation and Digital						
		21,644,141,840	21,729,301,276	-425,050,000	-141,200,000	21,219,091,840	21,588,101,276
	<i>Ceiling</i>	21,878,000,000				21,878,000,000	
	<i>Margin</i>	233,858,160		425,050,000		658,908,160	
1.0.1	Research and Innovation	13,159,951,624	13,553,811,926	-319,500,000	-105,400,000	12,840,451,624	13,448,411,926
1.0.11	Horizon Europe	12,179,157,276	12,559,321,538	-316,000,000	-104,000,000	11,863,157,276	12,455,321,538
1.0.12	Euratom Research and Training Programme	270,700,347	314,482,077	-3,500,000	-1,400,000	267,200,347	313,082,077
1.0.13	International Thermonuclear Experimental Reactor (ITER)	710,094,001	667,793,252			710,094,001	667,793,252
1.0.10TH	Other actions	p.m.	p.m.			p.m.	p.m.
1.0.1PPPA	Pilot projects and preparatory actions	p.m.	12,215,059			p.m.	12,215,059
1.0.2	European Strategic Investments	5,502,319,851	5,119,790,209	-100,250,000	-34,050,000	5,402,069,851	5,085,740,209
1.0.21	InvestEU Fund	1,196,627,000	1,032,432,172	-45,500,000	-15,500,000	1,151,127,000	1,016,932,172
1.0.22	Connecting Europe Facility (CEF)	2,843,414,950	2,734,281,035	-4,000,000	-1,300,000	2,839,414,950	2,732,981,035
1.0.23	Digital Europe Programme	1,247,755,377	1,114,530,703	-50,000,000	-16,500,000	1,197,755,377	1,098,030,703
1.0.2DAG	Decentralised Agencies	190,924,250	190,924,250	-750,000	-750,000	190,174,250	190,174,250
1.0.20TH	Other actions	p.m.	p.m.			p.m.	p.m.
1.0.2PPPA	Pilot projects and preparatory actions	p.m.	24,397,049			p.m.	24,397,049
1.0.2SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	23,598,274	23,225,000			23,598,274	23,225,000
1.0.3	Single Market	905,332,460	899,339,236	-5,300,000	-1,750,000	900,032,460	897,589,236
1.0.31	Single Market Programme (incl. SMEs)	583,544,000	579,977,000	-4,000,000	-1,300,000	579,544,000	578,677,000
1.0.32	EU Anti-Fraud Programme	24,368,999	31,094,000			24,368,999	31,094,000
1.0.33	Cooperation in the field of taxation (Fiscalis)	36,939,861	35,888,504			36,939,861	35,888,504
1.0.34	Cooperation in the field of customs (Customs)	130,444,000	114,670,328			130,444,000	114,670,328
1.0.3DAG	Decentralised Agencies	119,735,600	119,735,600	-300,000	-300,000	119,435,600	119,435,600
1.0.30TH	Other actions	10,300,000	9,000,000	-1,000,000	-150,000	9,300,000	8,850,000
1.0.3PPPA	Pilot projects and preparatory actions	p.m.	8,973,804			p.m.	8,973,804
1.0.4	Space	2,076,537,905	2,156,359,905			2,076,537,905	2,156,359,905
1.0.41	European Space Programme	2,008,237,000	2,088,059,000			2,008,237,000	2,088,059,000
1.0.4DAG	Decentralised Agencies	68,300,905	68,300,905			68,300,905	68,300,905
1.0.4PPPA	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
2	Cohesion and Values						
		56,098,583,548	62,219,351,658	-391,439,000	-336,772,333	56,707,144,548	61,882,579,325
	<i>Ceiling</i>	56,200,000,000				56,200,000,000	
	<i>Margin</i>	101,416,452		391,439,000		492,855,452	
2.1	Economic, Social and territorial cohesion	49,706,125,007	56,349,452,460			49,706,125,007	56,349,452,460
		49,739,000,000				49,739,000,000	
	<i>Ceiling</i>	32,874,993				32,874,993	
2.1.1	Regional Development and Cohesion	36,532,616,509	42,613,127,460			36,532,616,509	42,613,127,460
2.1.11	European Regional Development Fund (ERDF)	30,173,831,991	29,597,476,589			30,173,831,991	29,597,476,589
2.1.12	Cohesion Fund (CF)	6,358,784,518	13,013,812,538			6,358,784,518	13,013,812,538
2.1.10TH	Other actions	p.m.	p.m.			p.m.	p.m.
2.1.1PPPA	Pilot projects and preparatory actions	p.m.	1,838,333			p.m.	1,838,333
2.1.3	Investing in People, Social Cohesion and Values	13,173,508,498	13,736,325,000			13,173,508,498	13,736,325,000
2.1.31	European Social Fund+	13,173,508,498	13,736,325,000			13,173,508,498	13,736,325,000
2.2	Investing in Competitiveness, People and Values	6,392,458,541	5,869,899,198	-391,439,000	-336,772,333	6,001,019,541	5,533,126,865
		6,461,000,000				6,461,000,000	
	<i>Ceiling</i>	68,541,459		391,439,000		459,980,459	
2.2.1	Regional Development and Cohesion	33,276,000	36,873,475			33,276,000	36,873,475
2.2.13	Support to the Turkish-Cypriot Community	33,276,000	36,873,475			33,276,000	36,873,475
2.2.2	Recovery and Resilience	1,671,745,285	1,307,284,376	-373,000,000	-323,666,667	1,298,745,285	983,617,709

	Description	1		2		3	
		DB 2022		Council's Changes on DB 2022		Council's Position on DB 2022	
		c/a	p/a	c/a	p/a	c/a	p/a
2.2.21	European Recovery and Resilience Facility (incl. Technical Support Instrument)	118,691,534	111,970,000			118,691,534	111,970,000
2.2.22	Protection of the euro against counterfeiting (the "Pericles IV programme")	850,169	917,426			850,169	917,426
2.2.23	Financing cost of the European Union Recovery Instrument (EURI)	389,706,000	389,706,000	-300,000,000	-300,000,000	89,706,000	89,706,000
2.2.24	Union Civil Protection Mechanism (RescEU)	95,254,030	180,866,480	-2,000,000		93,254,030	180,866,480
2.2.25	EU4Health Programme	788,672,701	353,258,926	-70,000,000	-23,333,333	718,672,701	329,925,593
2.2.26	Instrument for emergency support within the Union (ESI)	p.m.	8,100,000			p.m.	8,100,000
2.2.2DAG	Decentralised agencies	266,570,851	251,865,544			266,570,851	251,865,544
2.2.2PPPA	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
2.2.2SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	12,000,000	10,600,000	-1,000,000	-333,333	11,000,000	10,266,667
2.2.3	Investing in People, Social Cohesion and Values	4,687,437,256	4,525,741,347	-18,439,000	-13,105,667	4,668,998,256	4,512,635,680
2.2.31	European Social Fund+	104,482,000	87,230,000			104,482,000	87,230,000
2.2.32	Erasmus+	3,366,740,438	3,273,756,286	-7,378,000	-7,378,000	3,359,362,438	3,266,378,286
2.2.33	European Solidarity Corps (ESC)	138,427,764	115,935,774	-3,000,000	-1,000,000	135,427,764	114,935,774
2.2.34	Creative Europe	401,027,982	400,244,090	-2,500,000	-2,500,000	398,527,982	397,744,090
2.2.35	Justice, Rights and Values	253,029,193	207,892,182			253,029,193	207,892,182
2.2.3DAG	Decentralised Agencies	234,632,181	226,143,002	-561,000	-561,000	234,071,181	225,582,002
2.2.3OTH	Other actions	8,707,925	6,750,000			8,707,925	6,750,000
2.2.3PPPA	Pilot projects and preparatory actions	p.m.	44,009,655			p.m.	44,009,655
2.2.3SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	180,389,773	163,780,358	-5,000,000	-1,666,667	175,389,773	162,113,691
3	Natural Resources and Environment						
	<i>Ceiling</i>	56,097,406,716	56,508,073,963	-25,000,000	-8,330,000	56,072,406,716	56,499,743,963
	<i>Margin</i>	56,519,000,000		25,000,000		56,519,000,000	
	Of which: European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	40,298,859,305	40,323,039,132			40,298,859,305	40,323,039,132
	<i>Sub-ceiling</i>	41,257,000,000				41,257,000,000	
	<i>This amount, resulting from the rounding for the calculations of the sub-ceiling and the net transfer, is excluded when calculating the sub-margin.</i>	-618,000,000				-618,000,000	
	<i>Sub-margin</i>	340,140,695				340,140,695	
3.1	Market related expenditure and direct payments	40,298,859,305	40,323,039,132			40,298,859,305	40,323,039,132
3.1.1	Agriculture and Maritime Policy	40,298,859,305	40,323,039,132			40,298,859,305	40,323,039,132
3.1.11	European Agricultural Guarantee Fund (EAGF)	40,298,859,305	40,323,039,132			40,298,859,305	40,323,039,132
3.2	Other programmes of Natural Resources and Environment	15,798,547,411	16,186,034,831	-25,000,000	-8,330,000	15,773,547,411	16,176,704,831
3.2.1	Agriculture and Maritime Policy	13,876,605,544	15,592,085,633			13,876,605,544	15,592,085,633
3.2.12	European Agricultural Fund for Rural Development (EAFRD)	12,727,698,920	14,680,190,175			12,727,698,920	14,680,190,175
3.2.13	European Maritime and Fisheries Fund (EMFF)	971,874,000	732,413,496			971,874,000	732,413,496
3.2.14	Sustainable Fisheries Partnership Agreements (SFPA) and Regional Fisheries Management Organisations (RFMO)	148,293,754	144,965,754			148,293,754	144,965,754
3.2.1DAG	Decentralised Agencies	28,738,870	28,738,870			28,738,870	28,738,870
3.2.1PPPA	Pilot projects and preparatory actions	p.m.	5,777,338			p.m.	5,777,338
3.2.2	Environment and Climate Action	1,921,941,867	592,949,198	-25,000,000	-8,330,000	1,896,941,867	584,619,198
3.2.21	Programme for Environment and Climate Action (LIFE)	708,045,484	528,533,576	-25,000,000	-8,330,000	683,045,484	520,203,576
3.2.22	Just Transition Fund	1,159,748,744	1,315,000			1,159,748,744	1,315,000
3.2.23	Public sector loan facility under the Just Transition Mechanism (JTM)	p.m.	p.m.			p.m.	p.m.
3.2.2DAG	Decentralised Agencies	54,147,639	54,147,639			54,147,639	54,147,639
3.2.2PPPA	Pilot projects and preparatory actions	p.m.	8,952,983			p.m.	8,952,983
4	Migration and Border Management						
	<i>Ceiling</i>	3,123,967,387	3,120,985,566	-45,000,000	-45,000,000	3,078,967,387	3,075,985,566
	<i>Margin</i>	3,191,000,000		45,000,000		3,191,000,000	
		67,032,613				112,032,613	
4.0.1	Migration	1,252,736,205	1,430,047,205			1,252,736,205	1,430,047,205
4.0.11	Asylum and Migration Fund (AMF)	1,099,455,000	1,276,766,000			1,099,455,000	1,276,766,000
4.0.1DAG	Decentralised Agencies	153,281,205	153,281,205			153,281,205	153,281,205
4.0.1PPPA	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.

	Description	1		2		3	
		DB 2022		Council's Changes on DB 2022		Council's Position on DB 2022	
		c/a	p/a	c/a	p/a	c/a	p/a
4.0.2	Border Management	1,871,231,182	1,690,938,361	-45,000,000	-45,000,000	1,826,231,182	1,645,938,361
4.0.21	Integrated Border Management Fund (IBMF)	784,307,589	627,146,901			784,307,589	627,146,901
4.0.2DAG	Decentralised Agencies	1,086,923,593	1,063,791,460	-45,000,000	-45,000,000	1,041,923,593	1,018,791,460
5	Security and Defence	1,785,291,945	1,237,861,185	-20,000,000	-6,666,667	1,765,291,945	1,231,194,518
	<i>Ceiling</i>	1,868,000,000				1,868,000,000	
	<i>Margin</i>	82,708,055		20,000,000		102,708,055	
5.0.1	Security	607,847,431	583,247,185	-20,000,000	-6,666,667	587,847,431	576,580,518
5.0.11	Internal Security Fund (ISF)	227,092,000	240,730,000	-20,000,000	-6,666,667	207,092,000	234,063,333
5.0.12	Nuclear decommissioning (Lithuania)	98,900,000	40,000,000			98,900,000	40,000,000
5.0.13	Nuclear Safety and decommissioning (incl. For Bulgaria and Slovakia)	43,938,672	65,310,000			43,938,672	65,310,000
5.0.1DAG	Decentralised Agencies	215,942,185	215,942,185			215,942,185	215,942,185
5.0.1PPPA	Pilot projects and preparatory actions		p.m.				p.m.
5.0.1SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	21,974,574	20,865,000			21,974,574	20,865,000
5.0.2	Defence	1,177,444,514	654,614,000			1,177,444,514	654,614,000
5.0.21	European Defence Fund	945,700,621	556,438,000			945,700,621	556,438,000
5.0.22	Military Mobility	231,743,893	98,176,000			231,743,893	98,176,000
5.0.2PPPA	Pilot projects and preparatory actions		p.m.				p.m.
6	Neighbourhood and the World	16,698,442,918	12,407,051,937	-501,000,000	-163,666,666	16,197,442,918	12,243,385,271
	<i>Ceiling</i>	16,802,000,000				16,802,000,000	
	<i>Margin</i>	103,557,082		501,000,000		604,557,082	
6.0.1	External Action	14,757,937,445	10,035,347,150	-501,000,000	-163,666,666	14,256,937,445	9,871,680,484
6.0.11	Neighbourhood, Development and International Cooperation Instrument	12,565,227,047	7,891,361,103	-500,000,000	-163,333,333	12,065,227,047	7,728,027,770
6.0.12	Humanitarian Aid (HUMA)	1,585,059,463	1,615,645,990			1,585,059,463	1,615,645,990
6.0.13	Common Foreign and Security Policy (CFSP)	361,745,935	333,591,505			361,745,935	333,591,505
6.0.14	Overseas Countries and Territories (OCT) (including Greenland)	68,964,000	52,446,596			68,964,000	52,446,596
6.0.1OTH	Other actions	72,171,135	47,171,135			72,171,135	47,171,135
6.0.1PPPA	Pilot projects and preparatory actions		p.m.				p.m.
6.0.1SPEC	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	94,769,865	95,130,821	-1,000,000	-333,333	93,769,865	94,797,488
6.0.2	Pre-Accession Assistance	1,940,505,473	2,371,704,787			1,940,505,473	2,371,704,787
6.0.21	Pre-Accession Assistance (IPA III)	1,940,505,473	2,371,704,787			1,940,505,473	2,371,704,787
6.0.2PPPA	Pilot projects and preparatory actions		p.m.				p.m.
7	European Public Administration	10,845,262,174	10,845,362,174	-22,767,077	-22,767,077	10,822,495,097	10,822,595,097
	<i>Ceiling</i>	11,058,000,000				11,058,000,000	
	<i>Margin</i>	212,737,826		22,767,077		235,504,903	
	Of which: Administrative expenditure of the institutions	8,288,083,561	8,288,183,561			8,265,316,484	8,265,416,484
	<i>Sub-ceiling</i>	8,528,000,000				8,528,000,000	
	<i>Sub-margin</i>	239,916,439				262,683,516	
7.1	European Schools and Pensions	2,557,178,613	2,557,178,613			2,557,178,613	2,557,178,613
7.1.1	Pensions	2,349,614,000	2,349,614,000			2,349,614,000	2,349,614,000
7.1.11	Staff Pensions	2,310,785,000	2,310,785,000			2,310,785,000	2,310,785,000
7.1.12	Pensions of former Members - Institutions	38,829,000	38,829,000			38,829,000	38,829,000
7.1.2	European Schools	207,564,613	207,564,613			207,564,613	207,564,613
7.1.21	(European schools) European Parliament	740,000	740,000			740,000	740,000
7.1.22	(European schools) European Council and Council		p.m.				p.m.
7.1.23	(European schools) Commission	206,622,116	206,622,116			206,622,116	206,622,116
7.1.24	(European schools) Court of Justice of the European Union	46,000	46,000			46,000	46,000
7.1.26	(European schools) European Economic and Social Committee		p.m.				p.m.

	Description	1		2		3	
		DB 2022		Council's Changes on DB 2022		Council's Position on DB 2022	
		c/a	p/a	c/a	p/a	c/a	p/a
7.1.27	(European schools) European Committee of the Regions		p.m.				p.m.
7.1.28	(European schools) European Ombudsman	124,697	124,697			124,697	124,697
7.1.2X	(European schools) European External Action Service	31,800	31,800			31,800	31,800
7.2	Administrative expenditure of the institutions	8,288,083,561	8,288,183,561	-22,767,077	-22,767,077	8,265,316,484	8,265,416,484
7.2.1	European Parliament	2,112,164,198	2,112,164,198			2,112,164,198	2,112,164,198
7.2.2	European Council and Council	615,051,906	615,051,906	-3,578,350	-3,578,350	611,473,556	611,473,556
7.2.3	Commission	3,868,363,550	3,868,463,550	-10,250,000	-10,250,000	3,858,113,550	3,858,213,550
7.2.4	Court of Justice of the European Union	464,090,000	464,090,000	-1,450,000	-1,450,000	462,640,000	462,640,000
7.2.5	European Court of Auditors	161,153,175	161,153,175	-820,000	-820,000	160,333,175	160,333,175
7.2.6	European Economic and Social Committee	150,871,643	150,871,643	-1,765,000	-1,765,000	149,106,643	149,106,643
7.2.7	European Committee of the Regions	108,376,858	108,376,858	-1,018,727	-1,018,727	107,358,131	107,358,131
7.2.8	European Ombudsman	12,097,411	12,097,411			12,097,411	12,097,411
7.2.9	European Data Protection Supervisor	20,202,000	20,202,000	-920,000	-920,000	19,282,000	19,282,000
7.2.X	European External Action Service	775,712,820	775,712,820	-2,965,000	-2,965,000	772,747,820	772,747,820
	MFF Headings	166,293,096,528	168,067,987,759	-1,430,256,077	-724,402,743	164,862,840,451	167,343,585,016
	<i>Flexibility Instrument</i>		228,000,000				228,000,000
	<i>Ceiling</i>	167,516,000,000	169,209,000,000			167,516,000,000	169,209,000,000
	<i>Margin</i>	1,222,903,472	1,369,012,241	1,430,256,077	724,402,743	2,653,159,549	2,093,414,984
	Appropriations as % of GNI	1.11%	1.13%	-0.01%	0.00%	1.10%	1.12%

(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 (Solidarity and Emergency Aid Reserve, European Globalisation Adjustment Fund, Brexit Adjustment Reserve).

(5) The GNI for 2020 is based on the forecast of GNI issued after the Advisory Committee on Own Resources (ACOR) meeting held on 24 May 2019.

1. Statement on payments

In order to ensure the proper implementation of Union's programmes, the Council invites the Commission to continue closely and actively monitoring, during the year 2022, the implementation of the programmes of the current and previous MFFs (particularly in sub-heading 2a and Rural Development). To that end, it invites the Commission to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2022 payment appropriations (taking into account the improved forecasts accuracy of the member states where applicable). If the figures show that the appropriations entered in the budget 2022 are insufficient to cover the justified needs, the Council invites the Commission to present as soon as possible an appropriate solution, *inter alia* a draft amending budget, with a view to allow the budgetary authority to take any necessary decisions as soon as possible without undue delay for justified needs. Where applicable, the Council will take into account the urgency of the matter, shortening the eight-week period for a decision if deemed necessary. The same applies *mutatis mutandis* if the figures show that the appropriations entered in the budget 2022 are higher than needed.

The Council will carefully examine the letter of amendment concerning agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 3 (*Natural resources and environment*) in the budget 2022.

2. Statement on NGEU

The Council recalls that according to Article 5 paragraph 2 of the Own Resources Decision (EU, Euratom) 2020/2053 repayments of the principal of the funds financing the European Recovery Instrument (NGEU) shall start before the end of the MFF 2021-2027 period, with a minimum amount, insofar as amounts are not used for interest payments. In this regard, the Council invites the Commission to come up with a proposal ahead of the conciliation period on how to effectively implement the relevant provisions of the Own Resources Decision (EU, Euratom) 2020/2053.

Annex III Draft calendar for the 2022 budgetary procedure

31 August	Presentation of WD on Council position in BUDG committee
2 September -12.00	Deadline for tabling budgetary amendments: - by individual members to BUDG - and by Committees and MEPS (36 signatures) to Plenary
6 September	Formal adoption of Council's position
9 September - 12.00	Deadline for tabling budgetary amendments by groups to Plenary
15 September	Presentation of Council's position in EP Plenary
27-28 September	BUDG vote on budgetary amendments
29 September	Draft report on the budgetary resolution available
30 September - 12.00	Deadline for opinions from other committees to the draft budgetary resolution
1 October - 17.00	Deadline for tabling amendments to the draft budgetary resolution
11 October	Adoption of budgetary resolution (all sections) in BUDG committee
14 October	Budgetary trilogue
18-21 October	Adoption of Parliament's reading
26 October - 15 November	21-day conciliation period
22-25 November	(In case of agreement) Adoption of the 2022 budget