



27.8.2018

## **WORKING DOCUMENT**

on Council's position on Draft Budget 2019 (Section III)

Committee on Budgets

Rapporteur: Daniele Viotti

*The purpose of this working document is to present an assessment of the Council's position on the Draft Budget 2019 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 23 May 2018, the European Commission formally adopted its consolidated Draft Budget (DB) for the year 2019 on 21 June 2018<sup>1</sup>.

A trilogue took place on 12 July on the basis of Council's reading (as approved by COREPER on 11 July) and of Parliament's resolution of 5 July 2018 on the mandate for the trilogue on the 2019 draft budget (2018/2024(BUD)).

### **Draft Budget 2019**

The Commission's Draft Budget 2019 amounts to EUR 165 042,1 million in commitment appropriations in the MFF headings (EUR 165 619,4 million counting other special instruments - EUSF, EGF and EAR) and EUR 148 264,0 million in payment appropriations (EUR 148 675,5 million with other special instruments). Compared to the 2018 budget<sup>2</sup>, this represents an increase of +3,12% in CA (+3,05% with other special instruments) and +2,77% in PA (+2,69% with other special instruments).

The Draft Budget overall follows the financial programming in CA, with the following main exceptions for 2019:

- In Heading 1a (Competitiveness for growth and jobs), new initiative for the development of a European High Performance Computing Infrastructure (HPC);
- In Heading 2 (Sustainable growth: natural resources), transfers from the EAGF to EAFRD;
- In Heading 3 (Security and citizenship), reinforcement of AMIF for Greece, also against the background of the phasing out of the Emergency Support Instrument, and reinforcement of Food and Feed;
- In Heading 4 (Global Europe), reinforcements relating to the financing of the second tranche of the Facility for the Refugees in Turkey (FRT), meeting pledge for the Syria crisis and actions on the Central Mediterranean migratory route, and reductions for the Guarantee Fund for external actions and macro-financial assistance grants.

As a consequence of the DB 2019, there is a EUR 1 142,1 million margin available in commitment appropriations and a EUR 19 344,7 million margin in payment appropriations. In commitments, there are no margins available under Headings 1b, 3 and 4 and a relatively limited margin available in Heading 1a (EUR 222,0 million).

---

<sup>1</sup> COM(2018) 600 final

<sup>2</sup> including amending budgets and draft amending budgets 1 to 3

A very large margin of EUR 19,3 billion remains available in payment appropriations, chiefly 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 965,6 million under the Flexibility instrument (mainly for needs under Heading 3 - EUR 927,5 million and the extension of the SRSP - EUR 38,1 million EUR). There would be EUR 257 million left available under the Flexibility instrument for 2019.

The Commission also proposes to mobilise EUR 1 349,5 million from the Global Margin for Commitments for YEI (EUR 233 million) and FRT extension (EUR 1116 million). This would leave EUR 124 million available for 2019. On the basis of the current 2018 margins (without prejudice to further DABs), EUR 1 257 million would be available in May 2019.

### **Council position**

When carrying out its reading, the Council declared that it examined the Draft Budget 2018 with the aim to ensure prudent budgeting and provide adequate resources to support clearly set priorities, while leaving sufficient margins under the ceilings.

The Council declares to further base its position on three pillars:

- to allow for an overall increase of the 2019 budget of not less than 2 % compared to the 2018 budget;
- to ensure that no heading is reduced compared to 2018 and no programme is reduced compared to that year, unless objective reasons (such as the financial programming or a foreseeable reduction in needs or a decrease in the Commission proposal) in line with political priorities indicate a decrease; and
- to establish an expenditure level of no less than 1 % of the GNI of all Member States, which the Budget Committee considered adequate in the light of national budget constraints and in keeping with the political priorities of the European Union.

While Parliament largely shares declared political priorities of the Council, 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 a scale which is even higher than the unprecedented level of last year: EUR -1,55 billion (-0,94%) compared to DB under the MFF headings (no changes made this year to the special instruments).

In commitments, the Council's reading would represent an increase of the EU budget from 2018 to 2019 of +2,09%.

Intensifying even further the Council's past practice, Heading 1a is by far the most affected in commitments, with EUR -794 million alone (51,2% per cent of the Council's cuts to MFF headings). Horizon 2020, despite being a widely shared priority programme and a highly successful one, is again the most hit with EUR -300,4 million, followed by CEF (EUR -274 million). Operational lines are directly targeted, on top of support expenditure.

Further cuts are borne to Heading 4 (EUR -306 million, with the main focus being on IPA Turkey - EUR -146,7 million) and to non-migration and non-security expenditure in Heading 3 (EUR -35,1 million). Finally, as usually, the Council challenges Commission's estimations in Headings 2 and 5 and proposes to transfer EUR 40 million linked to the SRSP amendment from Heading 1b to Heading 2.

Overall, the Council sets the level of commitments at less than 1% of the GNI of all Member States.

The Council did not target the payment appropriations specifically given the high margin and low level of payments in the recent years. The reduction of EUR -505,8 million (-0,34%) compared to DB corresponds to the reductions of non-dissociated appropriations and agencies only.

The Commission's request in Heading 1b is therefore not challenged by the Council this year.

	DB 2019 (1)		Council position (2)		2-1		2/1	
<b>H1a</b>	22.859,99	20.467,17	22.065,99	20.422,22	-794,00	-44,95	-3,47%	-0,22%
<b>H1b</b>	57.113,40	47.050,77	57.073,40	47.033,57	-40,00	-17,2	-0,07%	-0,04%
<b>H2</b>	59.999,08	57.790,41	59.689,08	57.462,28	-310,00	-328,13	-0,52%	-0,57%
<b>H3</b>	3.728,52	3.486,36	3.693,39	3.482,39	-35,13	-3,97	-0,94%	-0,11%
<b>H4</b>	11.384,19	9.508,36	11.077,91	9.462,78	-306,28	-45,58	-2,69%	-0,48%
<b>H5</b>	9.956,93	9.960,91	9.890,92	9.894,90	-66,01	-66,01	-0,66%	-0,66%
<b>Sub-total</b>	<b>165.042,11</b>	<b>148.263,97</b>	<b>163.490,69</b>	<b>147.758,13</b>	<b>-1.551,41</b>	<b>-505,84</b>	<b>-0,94%</b>	<b>-0,34%</b>
<b>Special instruments</b>	577,25	411,50	577,25	411,50	0	0	0,00%	0,00%
<b>TOTAL</b>	<b>165.619,35</b>	<b>148.675,47</b>	<b>164.067,94</b>	<b>148.169,63</b>	<b>-1.551,41</b>	<b>-505,84</b>	<b>-0,94%</b>	<b>-0,34%</b>

The Council also adopted three statements, one on payment appropriations, one on the assigned revenue and one on the MFF MTR redeployments (see Annexes).

## **II. Analysis by heading**

### **Subheading 1a**

Subheading 1a is once again the most affected by Council's cuts, accounting for just above half of the overall proposed cuts to MFF headings.

Council proposes an overall cut of EUR -794 million (- 3,47% compared to DB) in CA and EUR 45 million (-0,22% compared to DB) in PA. With respect to the 2018 budget, this amounts to a nominal increase of +0,29% in CA and +1,62% in PA.

The three programmes most hit are Horizon 2020 (EUR -300,4 million in CA and EUR -14,4 million in PA), CEF (EUR -274,3 million in CA and EUR -1,1 million in PA), and Copernicus (EUR -148,2 million in CA and EUR -0,2 million in PA). ITER (EUR -19 million in CA and EUR -0,5 million in PA) and the Euratom Research and Training Programme (EUR -13,3 million in CA and EUR -3,9 million) are affected to a lesser extent.

Operational lines account for the overwhelming majority of the cuts.

Programmes in the social field are significantly affected in proportion to their budget. EaSI,

whose CA once again already decreased in the DB (-1,17%) suffers an additional cut of EUR -7,5 million, which makes it the only case where the Council proposes a nominal decrease with respect to 2018 (-7%).

### **Subheading 1b**

In Subheading 1b, the Council proposes that EUR 40 million in CA and EUR 17,2 million in PA for the proposal for the revision of the Structural Reforms Support Programme (SRSP) are transferred from Subheading 1b to Heading 2, and put into reserve awaiting the adoption of the reviewed legal base.

As a consequence of this transfer, the proposed mobilisation of the Flexibility Instrument to provide financing of the extension of the SRSP for an amount of EUR 38.07 million in commitment appropriations is therefore cancelled.

The Global Margin for Commitments, used to finance the YEI increase, is also adjusted to an amount of EUR 231,4 million under this subheading (from EUR 233,3 million).

Even though the Council has not questioned the level of payment appropriations as proposed by the Commission, Parliament will carefully examine the Commission's updated forecasts to be provided ahead of the October interinstitutional meeting on payments, to adjust the payment appropriations to the real needs in order to avoid the reconstitution of a payment backlog at the end of the current MFF.

### **Heading 2**

The Council reduces appropriations in Heading 2 by EUR -310 million in CA (-0,52% compared to DB 2019) and EUR -328,13 million in PA (-0,57% compared to DB 2019).

For commitment appropriations most cuts apply to administrative support lines, on operational technical assistance lines and on operational lines under the European Agricultural Guarantee Fund (EUR -340,4 million), the European Maritime and Fisheries Fund (EMFF) (EUR -1,67 million) and the LIFE programme (EUR -4,1 million, of which EUR 1,1 on the line 07 01 06 01 of the Executive Agency for Small and Medium-sized Enterprises — Contribution from LIFE).

For payment appropriations the reduction of the appropriations requested are on the European Agricultural Guarantee Fund with EUR -340,4 million and in the LIFE programme with EUR 1,1 million.

Due to these cuts from the Council, the margin available under Heading 2 would be of EUR 654,92 million instead of EUR 344,92 million as proposed by the Commission in the Draft Budget.

For SRSP, EUR 40 million in commitments and EUR 17,2 million in payments transferred from Subheading 1b are put in the reserve.

The abovementioned amounts also take into account reductions in contributions to decentralised agencies for an amount of EUR 3,83 million in commitment and payment appropriations under this Heading.

The Council has also declared in a statement that it would 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 2019 budget.

### **Heading 3**

In Heading 3, the Council reduces commitment appropriation by a total of EUR -35,1 million (-0,94% compared to DB 2019). Payments are also slightly cut, by EUR -4,0 million (-0,11%) compared to the Draft Budget, with 81,5% of the cuts in PA affecting decentralised agencies under the Heading.

The Council's cuts affect operational expenditure in most areas/programmes. The most affected are Food and feed (EUR -15,9 million in CA), Creative Europe (EUR -8,4 million in CA and EUR -0,1 million in PA), actions financed under the prerogatives of the Commission (EUR -3,3 million in CA and EUR -0,1 million in PA - all of which concern communication actions), Health (EUR -1,5 million in CA) and Rights, Equality and Citizenship (EUR -1,2 million in CA).

There are also cuts proposed to other programmes such as the Consumer or Justice programmes. The Council does not propose cuts to the Union Civil protection Mechanism or the ISF.

The Council also cuts administrative support expenditure of some programmes such as AMIF (EUR -350 000), Creative Europe (EUR -90 000) and Europe for citizens (EUR -80 000).

The Council puts the commitment and payments appropriations for legislative proposals under negotiation into reserve. These concern Dublin II (eu-LISA), Dublin II (AMIF), EURODAC (eu-LISA), SIS package, Interoperability (Europol), Interoperability (eu-LISA), ECRIS TCN and the European citizens' initiative.

As a consequence of the proposed cuts to commitments, the Flexibility instrument would be mobilised for EUR 892,4 million in CA (instead of EUR 927,5 million as proposed in the DB).

Globally, the pattern of Council cuts looks similar to the one of the last year. Although some of the proposed cuts may seem minor, the relatively small size of several of these programmes makes them particularly vulnerable to cuts.

Most programmes which are cut by the Council have enjoyed very good implementation rates in commitments and/or in payments, which makes the cuts difficult to justify. These include programmes such as Food and feed, Creative Europe, Health, Consumer programme. Creative Europe, in particular, has consistently boasted excellent performance with full implementation at year-end since the start of this MFF.

## Heading 4

Heading 4 is cut by EUR -306,3 million in commitments (-2,7%) and by EUR -45,6 million in payments (-0,48%) in comparison with the Draft Budget 2019.

The cuts target mainly Turkey programmes under Instrument for Pre-accession Assistance (IPA II), Development Cooperation Instrument (DCI), macro-financial assistance and Guarantee Fund, the Instrument contributing to Stability and Peace (IcSP) and the Common Foreign and Security Policy (CFSP) while avoiding expenditure directly linked with the refugee crisis.

The largest share of the cuts is borne by IPA II, namely the Turkey political reforms line, with EUR -146,7 million in commitments. This would bring the level of funding on this line to the 2018 level (without the EUR 70 million reserve which the Commission has proposed to cancel in the DAB No 5/2018). No cuts to the two other Turkey lines (economic development and agriculture) are made.

The Council also cuts the Western Balkan multi-country line by EUR -30 million, while this line has been significantly increased in the DB to fund the new Western Balkan strategy.

The DCI is cut by 55,4 million in commitments (and -1,4 million in payments), with the main focus on the cooperation with the Middle East (EUR -25 million), Asia (EUR -16 million) and Latin America (EUR -8 million) - the Middle East and Latin America being the main reinforced DCI lines in the DB. The Council also cuts by EUR -5 million the “Food and nutrition security and sustainable agriculture” line.

The Council further cuts EUR -20 million in commitments on the Macro-financial assistance line. Cuts of EUR -41 million in commitments and payments are also imposed on the provisioning of the Guarantee Fund for external actions, in spite of significant cuts in the DB linked with the information on the reduced needs for provisioning from the European Investment Bank.

Significantly, the Council also cuts the CFSP chapter by EUR -5 million in commitments (no cuts to the payments), in spite of the growing ambitious in this field. The same level of cut (EUR -5 million) is imposed on the main line (‘response to crisis and emerging crisis’) of the IcSP.

Reductions are also imposed on support lines of various instruments:

- Partnership instrument (EUR -450.000 in CA and PA)
- European Instrument for Democracy and Human Rights (EIDHR) (EUR -150.000 in CA and PA)
- Humanitarian Aid (EUR -150.000 in CA and PA)



- IPA (EUR -100.000 in CA and PA)
- ENI (EUR -1,2 million in CA and PA)
- DCI (EUR -1,4 million in CA and PA)
- IcSP (EUR -1,1 million in CA and PA)

EUR -31.000 in CA and PA of the European Training Foundation are also cut.

## **Heading 5**

Overall, cuts in this heading amount to EUR 66 million (EUR -45,8 million for the Commission and EUR -20,2 million for other institutions). The Council applies a -1% cut to the contractual staff compared to 2018 budget and additional targeted cuts such as IT, Building policy, meetings and external staff. The EEAS' draft budget has been reduced the most (EUR -11,9 million), with a readjustment linked with the withdrawal of the UK, both at headquarters and in delegation. The Court of Justice faces also substantial cut with a reduction by EUR -4,2 million.

Heading 5 commitment appropriations would increase overall by 2,33% (CA)/2,36% (PA) compared to 2018, instead of 3,01% (CA)/3,05% (PA) as proposed by Commission.

Taking into account the current vacancy rate, the Council suggests to set the standard flat rate abatement on salaries for the Commission's headquarters at 3,6 % (EUR 17 500 954). The standard flat rate abatement for delegations is maintained at 7,7 % as proposed in the DB 2019.

The Council did not touch the level of appropriations for Pensions and European Schools.

With regard to staffing, the Council accepted the establishment plans as proposed by the Commission in its Draft Budget, except for the EEAS for which it rejects the 28 new posts related to the withdrawal of the UK.

## **Decentralised agencies**

With regard to agencies the Council cuts appropriations for a total of EUR 31,9 million. It cuts Heading 1 agencies by EUR -24,8 million, Heading 2 agencies by EUR -3,83 million, Heading 3 agencies by EUR -3,24 million and Heading 4 Agencies by EUR -0,3 million.

The European Supervisory Authorities (ESAs) are cut substantially (EUR -15,9 million of which EUR -9,2 million for ESMA) in Heading 1a. The European Environment Agency (EEA) and the European Chemicals Agency (ECHA) are also cut in Heading 2. In Heading 3, some amounts have been put into the reserve for several agencies (European Union Agency for Law Enforcement Cooperation (Europol), European Union Agency for Law Enforcement Training (Cepol) and European Agency for the operational management of large-scale IT

Systems in the area of freedom, security and justice (EU-LISA)). The Council did not touch the European Border and Coast Guard Agency (Frontex).

With regard to staffing, the Council accepted the establishment plans as proposed by the European Commission in its Draft Budget.

### **Special instruments**

The Council leaves the proposed appropriations for the Emergency Aid Reserve (EAR), the European Globalisation Adjustment Fund (EGF) and the EU Solidarity Fund (EUSF) untouched, including for the EUR 50 million usually budgeted for advances.

### **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 2018, which identified growth, innovation, competitiveness, security, the fight against climate change, the transition to renewable energy and migration as priorities for the 2019 EU budget, while insisting on a particular focus on young people.

On the basis of the Draft Budget, on 5 July, Parliament adopted a resolution on the mandate for the trilogue on the 2019 draft budget. The resolution, inter alia:

- believes that the Commission proposal corresponds broadly to EP own priorities;
- welcomes the proposed reinforcements to Horizon 2020, CEF and Erasmus+ and programmes contributing to increase the security of EU citizens; considers that further increases will be needed (Erasmus+ should at least double); reiterates its commitment to reinforce Horizon 2020 and CEF to compensate for cuts in the 2019 budget linked to the extension of EFSI;
- regrets the small increase of appropriations for COSME compared to 2018 and calls for its further reinforcement;
- notes the commitment to a renewed EU defence agenda, namely through the agreement on EDIDP, as a first stage of the European Defence Fund;
- notes the proposed allocation for the Youth Employment Initiative, while considering that YEI should be further strengthened;
- calls on the Member States to ensure that the implementation of cohesion policy programmes is accelerated to catch up with the delays;
- regrets that, while the proposal would enable reaching the 20 % climate target in 2019, it falls short of offsetting the lower allocations in the first years of this MFF;
- believes that ensuring the security of its citizens and addressing the migration and refugees challenges remain “two top Union priorities in 2019” and deems it crucial to maintain spending in these areas “at a level that is adequate to respond to the needs of the migration and refugee crisis”;

- questions the 14,4 % decrease over 2018 in commitments for the second AMIF component (supporting legal migration to the Union and promoting the effective integration of third-country nationals and enhancing fair and effective return strategies) and the -26,6 % decrease for the ISF;
- underlines the importance of the continued availability of funding through the emergency assistance mechanisms under the AMIF, notably for the continued support of Greece; considers that financial support should also be granted to Italy;
- opposes the proposed financing of the FRT extension as it would substantially limit the funding of other priorities;
- expresses the intention to further mobilise the special instruments as part of the amending process.

While the Council expressed very similar political priorities for the 2019 budget as Parliament, its actual reading contradicts the stated objectives. Furthermore, the Council cuts seem to be driven by neither implementation trends nor absorption capacities. Rather, the Council had set an overall reduction target and then identified underlying cuts accordingly.

In **Subheading 1a**, the Council spares certain areas from (further) cuts - such as Egnos and Galileo, Erasmus+ and COSME. But the fact that more than half 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. It 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. Cuts to key operational lines such as the European Research Council, the SME Instrument or the European Institute for Innovation and Technology (EIT) 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 EUR 300 million, 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 150 million cut applied to Horizon 2020 to the benefit of EFSI in 2019.

A comparable assessment can be done regarding CEF. It is also a very successful programme

(despite varying performances throughout its various strands) with a strong EU added value, especially at a time when the issues of energy independence or climate change become everyday more pressing. In this respect, cuts to Further integration of the internal energy market, Enhancing Union security of Energy supply or Contributing to sustainable development and protection of the Environment are extremely worrying. All the more so as the programme has already been put to contribution for EFSI (EUR -107 million in 2019) and will be further put to contribution for the European Defence Industrial Development Programme (EUR 116,1 million in total for 2019-2020). Cuts to the ICT strand of the programme, which bring appropriations to a lower level than in 2018, put at risk the proper development of the WiFi4EU initiative.

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 budget 2018 to DB 2019. 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.

Finally, the Council, when reducing EaSI and CEF-ICT to levels below 2018, appears here again in contradiction with the principle stated in its own position that no programme is reduced compared to 2018, since no “objective reasons” point to a decrease.

Regarding the cuts in **Heading 2**, taking into account the significantly lower amount of assigned revenue expected to be available in 2019, the Rapporteur sees no justification for the cut proposed by the Council to the European Agricultural Guarantee Fund (EAGF).

Moreover, the cut to the LIFE programme is problematic at two levels: not only because part of it (EUR 1,1 million) is taken from the European Environment Agency, therefore putting the agency in a difficult situation, but also because this cut runs clearly against the target of making at least 20% of the EU budget climate related.

In **Heading 3**, the Rapporteur welcomes the fact that the Council has broadly supported the DB 2019 when it comes to expenditure in the area of migration and security. He regrets, however, the Council's cuts across the board at the expense of 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 proposed cuts do not seem driven by an evaluation of the performance of the

programmes. The strategy to spread the cuts among headings seems to have resulted in indiscriminate cuts for the “biggest” programmes among the many relatively small programmes in heading 3.

In **Heading 4**, the Council unsurprisingly does not target the proposed EU budget contribution to the second tranche of the FRT. Bearing fully in mind the Council’s position and the time which was needed to find a position within the Council, the Rapporteur recalls the Parliament’s approach, following which the EU budget would contribute, as for the first tranche, EUR 1 billion, while EUR 2 billion would come from bilateral contributions of the Member States. This approach would allow for a prudent budgeting under Heading 4 and a prudent use of the Global Margin for Commitments, which might still be needed in 2019 and / or 2020. Parliament has consistently asked for more flexibility under the current and future MFF, including through the creation of a special reserve, to which the Council has not subscribed. The current proposal on the FRT funding would substantially limit the flexibility of the EU budget to react to unforeseen circumstances in the last two years of the current MFF, as well as funding possibilities of other priority areas within Heading 4 and beyond.

Concerning the IPA funds for Turkey, the Rapporteur supports the overall trend to reduce allocations for Turkey but is surprised that, contrary to the last year, the Council has directed its cuts solely to the support for political reforms line.

More surprising and hard to justify, given the Council’s support to the new Western Balkans strategy, is the proposed cut to the Western Balkan multi-country line. Here as well, it seems that the Council has applied a simple “haircut” to a line which has been reinforced compared to the budget 2018.

The same “rationale” can be applied to the cuts to the DCI, which are directed to the lines which have been identified as priority ones (especially the Middle East and Latin America). In the light of the latest Foreign Affairs Council’s conclusions, the budgetary decisions of the Council seem here, as well as when it comes to the cuts to the CFSP or the IcSP, to be disconnected from the declared political ambitions.

The proposed cut to the Guarantee Fund for external actions seems to be motivated by the level of the external assigned revenue available, while the Commission has proposed to leave EUR 55 million for use in 2020. The Rapporteur favours a prudent approach and would therefore follow the Commission’s proposal on this point.

Throughout the headings, the Council does not substantiate its approach with objective facts. As a general approach, the Rapporteur would therefore rely on the Commission’s estimations and proposals (whether they concern the assigned revenues or other issues), except for the priority programmes identified, and stands ready to consider any updates based on the October amending letter and the Interinstitutional meeting on payments.

Following an almost linear trend in the recent years, the search for bigger cuts in the Council 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 I and II, migration and security-related proposals, EFSI, EDIP, 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 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”*<sup>1</sup>.

Artificially recreating margins through ever bigger cuts 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. This is why Parliament will do its utmost to revert the Council’s cuts and align its political priorities with the budgetary means.

---

<sup>1</sup> 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 assigned revenues**
- Annex IV**    **Council statement on MTR redeployments**
- Annex V**     **Draft calendar for the 2019 budgetary procedure**
- Annex VI**    **Decentralised agencies**

# 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	
		Budget 2018 (AB No 1/2018 to AB No 3/2018 incl.)		DB 2019		Difference (%)		Council's Changes on DB 2019		Council's Position on DB 2019		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
<b>1</b>	<b>Smart and inclusive growth</b>	<b>77 533 697 652</b>	<b>66 624 486 101</b>	<b>79 973 396 584</b>	<b>67 517 943 173</b>	<b>+3,15%</b>	<b>+1,34%</b>	<b>-834 000 000</b>	<b>-62 154 500</b>	<b>79 139 396 584</b>	<b>67 455 788 673</b>	<b>+2,07%</b>	<b>+1,25%</b>
	<i>flexibility instrument</i>			<i>38 069 903</i>				<i>-38 069 903</i>		<i>0</i>			
	<i>global margin for commitments</i>			<i>233 333 333</i>				<i>-1 930 097</i>		<i>231 403 236</i>			
	<i>ceiling</i>			<i>79 924 000 000</i>						<i>79 924 000 000</i>			
	<i>margin</i>			<i>222 006 652</i>				<i>794 000 000</i>		<i>1 016 006 652</i>			
1.a	Competitiveness for growth and jobs	22 001 452 724	20 097 167 844	22 859 993 348	20 467 170 955	+3,90%	+1,84%	-794 000 000	-44 954 500	22 065 993 348	20 422 216 455	+0,29%	+1,62%
	<i>ceiling</i>			<i>23 082 000 000</i>						<i>23 082 000 000</i>			
	<i>margin</i>			<i>222 006 652</i>				<i>794 000 000</i>		<i>1 016 006 652</i>			
	Large infrastructure projects	1 814 410 999	1 826 154 660	1 956 404 000	2 157 958 368	+7,83%	+18,17%	-167 237 000	-737 000	1 789 167 000	2 157 221 368	-1,39%	+18,13%
	European satellite navigation systems (EGNOS and Galileo)	807 859 000	718 000 000	674 768 000	923 000 000	-16,47%	+28,55%			674 768 000	923 000 000	-16,47%	+28,55%
	International Thermonuclear Experimental Reactor (ITER)	376 360 999	500 554 660	404 666 000	620 058 368	+7,52%	+23,87%	-19 000 000	-500 000	385 666 000	619 558 368	+2,47%	+23,77%
	European Earth Observation Programme (Copernicus)	630 191 000	607 600 000	876 970 000	614 900 000	+39,16%	+1,20%	-148 237 000	-237 000	728 733 000	614 663 000	+15,64%	+1,16%
	Nuclear Safety and Decommissioning	141 124 000	152 352 000	143 947 000	158 135 500	+2,00%	+3,80%			143 947 000	158 135 500	+2,00%	+3,80%
	European Fund for Strategic Investments (EFSI)	2 038 277 000	1 828 000 000	1 868 879 000	1 172 300 000	-90,83%	-35,87%			1 868 879 000	1 172 300 000	-90,83%	-35,87%
	Common Strategic Framework (CSF) Research and Innovation	11 568 055 887	11 216 936 996	12 535 075 365	11 311 813 949	+8,36%	+0,85%	-313 650 000	-18 294 500	12 221 425 365	11 293 519 449	+5,65%	+0,68%
	Horizon 2020	11 212 378 897	10 901 478 434	12 161 500 839	10 941 809 099	+8,46%	+0,37%	-300 400 000	-14 354 500	11 861 100 839	10 927 454 599	+5,79%	+0,24%
	Euratom Research and Training Programme	355 676 990	315 458 562	373 574 526	370 004 850	+5,03%	+17,29%	-13 250 000	-3 940 000	360 324 526	366 064 850	+1,31%	+16,04%
	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	354 108 686	253 455 686	362 177 109	251 821 109	+2,28%	-0,64%			362 177 109	251 821 109	+2,28%	-0,64%
	Education, Training and Sport (Erasmus+)	2 314 549 000	2 145 613 784	2 554 525 000	2 414 676 800	+10,37%	+12,54%			2 554 525 000	2 414 676 800	+10,37%	+12,54%
	Employment and Social Innovation (EaSI)	131 712 483	118 480 000	129 761 055	117 950 000	-1,48%	-0,45%	-7 500 000		122 261 055	117 950 000	-7,18%	-0,45%
	Customs, Fiscalis and Anti-Fraud	135 015 568	124 754 441	135 214 500	134 179 264	+0,15%	+7,55%			135 214 500	134 179 264	+0,15%	+7,55%
	Connecting Europe Facility (CEF)	2 748 428 803	1 522 964 055	3 750 033 113	1 701 244 985	+36,44%	+11,71%	-274 330 000	-1 070 000	3 475 703 113	1 700 174 985	+26,46%	+11,64%
	Energy	680 459 335	217 661 000	936 720 882	326 800 000	+37,66%	+50,14%	-85 000 000		851 720 882	326 800 000	+25,17%	+50,14%
	Transport	1 897 628 956	1 163 313 055	2 640 168 366	1 222 806 985	+39,13%	+5,11%	-182 070 000	-1 070 000	2 458 098 366	1 221 736 985	+29,54%	+5,02%
	Information and Communications Technology (ICT)	170 340 512	141 990 000	173 143 865	151 638 000	+1,65%	+6,79%	-7 260 000		165 883 865	151 638 000	-2,62%	+6,79%
	Energy projects to aid economic recovery (EERP)	p.m.	210 000 000	p.m.	61 000 000					p.m.	61 000 000		-70,95%
	European Solidarity Corps (ESC)	42 785 652	33 226 000	103 146 568	88 066 000	+141,08%	+165,05%			103 146 568	88 066 000	+141,08%	+165,05%
	European Defence Industrial Development Programme(EDIDP)			245 000 000	147 000 000					245 000 000	147 000 000		
	Other actions and programmes	176 448 000	152 573 250	194 169 950	164 724 000	+10,04%	+7,96%	-3 453 000	-53 000	190 716 950	164 671 000	+8,09%	+7,93%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	128 902 000	116 926 816	130 619 200	115 974 000	+1,33%	-0,81%	-3 030 000		127 589 200	115 974 000	-1,02%	-0,81%
	Pilot projects and preparatory actions	91 650 000	77 637 228	25 000 000	63 502 492	-72,72%	-18,21%			25 000 000	63 502 492	-72,72%	-18,21%
	Decentralised agencies	315 984 646	318 092 928	408 041 488	406 824 488	+29,13%	+27,89%	-24 800 000	-24 800 000	383 241 488	382 024 488	+21,28%	+20,10%



	Description	1		2		2/1		3		4		4/1	
		Budget 2018 (AB No 1/2018 to AB No 3/2018 incl.)		DB 2019		Difference (%)		Council's Changes on DB 2019		Council's Position on DB 2019		Difference (%)	
		e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a
1.b	Economic, social and territorial cohesion <i>flexibility instrument</i> <i>global margin for commitments</i> <i>ceiling</i> <i>margin</i>	55 532 244 928	46 527 318 257	57 113 403 236 <i>38 069 903</i> <i>233 333 333</i> <i>56 842 000 000</i> <i>0</i>	47 050 772 218	+2,85%	+1,13%	-40 000 000 <i>-38 069 903</i> <i>-1 930 097</i> <i>0</i>	-17 200 000	57 073 403 236 <i>0</i> <i>231 403 236</i> <i>56 842 000 000</i> <i>0</i>	47 033 572 218	+2,78%	+1,09%
	Investment for growth and jobs	50 797 975 622	43 447 388 952	52 357 460 317	43 736 615 939	+3,07%	+0,67%			52 357 460 317	43 736 615 939	+3,07%	+0,67%
	Regional convergence (Less developed regions)	27 012 257 827	23 387 572 196	27 875 240 019	24 042 312 257	+3,19%	+2,80%			27 875 240 019	24 042 312 257	+3,19%	+2,80%
	Transition regions	5 738 603 904	4 040 463 362	5 848 702 183	4 370 075 523	+1,92%	+8,16%			5 848 702 183	4 370 075 523	+1,92%	+8,16%
	Competitiveness (More developed regions)	8 426 791 809	7 394 060 077	8 648 891 065	7 441 506 686	+2,64%	+0,64%			8 648 891 065	7 441 506 686	+2,64%	+0,64%
	Outermost and sparsely populated regions	226 472 828	169 014 095	231 004 998	176 442 251	+2,00%	+4,39%			231 004 998	176 442 251	+2,00%	+4,39%
	Cohesion fund	9 393 849 254	8 456 279 222	9 753 622 052	7 706 279 222	+3,83%	-8,87%			9 753 622 052	7 706 279 222	+3,83%	-8,87%
	Connecting Europe Facility (CEF) – CF contribution	1 655 141 180	625 754 548	1 700 429 260	851 591 176	+2,74%	+36,09%			1 700 429 260	851 591 176	+2,74%	+36,09%
	European territorial cooperation	1 934 268 881	1 234 671 720	1 972 954 405	1 190 567 367	+2,00%	-3,57%			1 972 954 405	1 190 567 367	+2,00%	-3,57%
	Youth Employment initiative (specific top-up allocation)	350 000 000	600 000 000	233 333 333	631 500 000	-33,33%	+5,25%			233 333 333	631 500 000	-33,33%	+5,25%
	Technical assistance and innovative actions	230 284 592	199 612 610	281 445 777	229 947 349	+22,22%	+15,20%	-40 000 000	-17 200 000	241 445 777	212 747 349	+4,85%	+6,58%
	European Aid to the Most Deprived (FEAD)	556 874 653	401 400 000	567 780 144	401 200 000	+1,96%	-0,05%			567 780 144	401 200 000	+1,96%	-0,05%
	Pilot projects and preparatory actions	7 700 000	18 490 427	p.m.	9 350 387	-100,00%	-49,43%			p.m.	9 350 387	-100,00%	-49,43%
2	<b>Sustainable growth: natural resources</b> <i>ceiling</i> <i>margin</i>	<b>59 285 323 122</b>	<b>56 084 143 633</b>	<b>59 999 077 986</b> <i>60 344 000 000</i> <i>344 922 014</i>	<b>57 790 407 331</b>	<b>+1,20%</b>	<b>+3,04%</b>	<b>-310 000 000</b> <i>310 000 000</i>	<b>-328 130 000</b>	<b>59 689 077 986</b> <i>60 344 000 000</i> <i>654 922 014</i>	<b>57 462 277 331</b>	<b>+0,68%</b>	<b>+2,46%</b>
	<b>European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments</b> <i>sub-ceiling</i> <i>excluded when calculating the sub-margin (1)</i> <i>sub-margin</i>	<b>43 234 516 899</b>	<b>43 188 677 466</b>	<b>43 613 447 000</b> <i>43 881 000 000</i> <i>- 659 000</i> <i>266 894 000</i>	<b>43 537 899 417</b>	<b>+0,88%</b>	<b>+0,81%</b>	<b>-340 400 000</b> <i>340 400 000</i>	<b>-340 400 000</b>	<b>43 273 047 000</b> <i>43 881 000 000</i> <i>- 659 000</i> <i>607 294 000</i>	<b>43 197 499 417</b>	<b>+0,09%</b>	<b>+0,02%</b>
	European Agricultural Fund for Rural Development (EAFRD)	14 381 013 672	11 852 226 093	14 687 262 537	13 130 987 646	+2,13%	+10,79%	40 000 000	17 200 000	14 727 262 537	13 148 187 646	+2,41%	+10,93%
	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	1 074 461 233	646 147 000	1 082 955 310	705 759 978	+0,79%	+9,23%	-1 670 000		1 081 285 310	705 759 978	+0,64%	+9,23%
	European Maritime and Fisheries Fund (EMFF)	933 361 233	514 547 000	942 055 332	570 725 000	+0,93%	+10,92%	-1 670 000		940 385 332	570 725 000	+0,75%	+10,92%
	Sustainable Fisheries Partnership Agreements (SFPAs) and compulsory contributions to Regional Fisheries Management Organisations (RFMOs) and to other international organisations	141 100 000	131 600 000	140 899 978	135 034 978	-0,14%	+2,61%			140 899 978	135 034 978	-0,14%	+2,61%
	Environment and climate action (LIFE)	522 797 000	316 101 000	554 071 000	341 561 000	+5,98%	+8,05%	-4 100 000	-1 100 000	549 971 000	340 461 000	+5,20%	+7,71%
	Other actions and measures	p.m.	6 000 000	p.m.	p.m.		-100,00%			p.m.	p.m.		-100,00%
	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	15 600 000	18 057 756	p.m.	12 857 151	-100,00%	-28,80%			p.m.	12 857 151	-100,00%	-28,80%
	Decentralised agencies	56 934 318	56 934 318	61 342 139	61 342 139	+7,74%	+7,74%	-3 830 000	-3 830 000	57 512 139	57 512 139	+1,01%	+1,01%
3	<b>Security and citizenship</b> <i>flexibility instrument</i> <i>ceiling</i> <i>margin</i>	<b>3 493 241 199</b>	<b>2 980 707 175</b>	<b>3 728 518 138</b> <i>927 518 138</i> <i>2 801 000 000</i> <i>0</i>	<b>3 486 361 394</b>	<b>+6,74%</b>	<b>+16,96%</b>	<b>-35 127 000</b> <i>-35 127 000</i> <i>0</i>	<b>-3 967 000</b>	<b>3 693 391 138</b> <i>892 391 138</i> <i>2 801 000 000</i> <i>0</i>	<b>3 482 394 394</b>	<b>+5,73%</b>	<b>+16,83%</b>

	Description	1		2		2/1		3		4		4/1	
		Budget 2018 (AB No 1/2018 to AB No 3/2018 incl.)		DB 2019		Difference (%)		Council's Changes on DB 2019		Council's Position on DB 2019		Difference (%)	
		e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a	e/a	p/a
	Asylum, Migration and Integration Fund	719 154 622	594 384 530	1 120 813 770	952 604 244	+55,85%	+60,27%	-350 000	-350 000	1 120 463 770	952 254 244	+55,80%	+60,21%
	Internal Security Fund	719 985 988	481 233 967	528 497 535	663 722 468	-26,60%	+37,92%	p.m.	p.m.	528 497 535	663 722 468	-26,60%	+37,92%
	IT systems	26 334 000	13 167 000	100 000	p.m.	-99,62%	-100,00%			100 000	p.m.	-99,62%	-100,00%
	Justice	47 149 000	35 871 149	44 625 000	38 136 612	-5,35%	+6,32%	-120 000	-60 000	44 505 000	38 076 612	-5,61%	+6,15%
	Rights, Equality and Citizenship	63 382 000	46 600 000	65 721 000	57 950 000	+3,69%	+24,36%	-1 200 000		64 521 000	57 950 000	+1,80%	+24,36%
	Union Civil protection Mechanism	33 246 000	34 270 000	149 556 000	81 660 000	+349,85%	+138,28%			149 556 000	81 660 000	+349,85%	+138,28%
	Europe for Citizens	27 555 000	28 634 000	28 682 000	29 222 000	+4,09%	+2,05%	-80 000	-80 000	28 602 000	29 142 000	+3,80%	+1,77%
	Food and feed	280 178 000	248 375 000	297 691 000	245 772 000	+6,25%	-1,05%	-15 900 000		281 791 000	245 772 000	+0,58%	-1,05%
	Health	66 373 500	55 906 500	68 308 000	61 250 000	+2,91%	+9,56%	-1 500 000		66 808 000	61 250 000	+0,65%	+9,56%
	Consumer	27 966 000	23 091 000	29 255 000	23 608 000	+4,61%	+2,24%	-1 000 000		28 255 000	23 608 000	+1,03%	+2,24%
	Creative Europe	230 386 000	180 684 727	241 843 000	194 780 000	+4,97%	+7,80%	-8 440 000	-140 000	233 403 000	194 640 000	+1,31%	+7,72%
	Instrument for emergency support within the Union	200 000 000	220 583 000	250 000	69 537 000	-99,88%	-68,48%			250 000	69 537 000	-99,88%	-68,48%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	98 757 000	91 713 226	102 790 000	99 880 500	+4,08%	+8,91%	-3 300 000	-100 000	99 490 000	99 780 500	+0,74%	+8,80%
	Of which 'Communication actions'	76 393 000	75 341 000	80 318 000	77 000 000	+5,14%	+2,20%	-3 300 000	-100 000	77 018 000	76 900 000	+0,82%	+2,07%
	Pilot projects and preparatory actions	12 650 000	17 922 289	p.m.	10 723 237	-100,00%	-40,17%			p.m.	10 723 237	-100,00%	-40,17%
	Decentralised agencies	940 124 089	908 270 787	1 050 385 833	957 515 333	+11,73%	+5,42%	-3 237 000	-3 237 000	1 047 148 833	954 278 333	+11,38%	+5,07%
<b>4</b>	<b>Global Europe</b>	<b>10 068 842 411</b>	<b>8 906 075 154</b>	<b>11 384 188 562</b>	<b>9 508 356 038</b>	<b>+13,06%</b>	<b>+6,76%</b>	<b>-306 281 000</b>	<b>-45 581 000</b>	<b>11 077 907 562</b>	<b>9 462 775 038</b>	<b>+10,02%</b>	<b>+6,25%</b>
	<i>global margin for commitments ceiling margin</i>			<i>1 116 188 562</i>				<i>-306 281 000</i>		<i>809 907 562</i>			
				<i>10 268 000 000</i>						<i>10 268 000 000</i>			
				<i>0</i>				<i>0</i>		<i>0</i>			
	Instrument for Pre-accession assistance (IPA II)	2 148 770 880	1 451 613 774	2 562 120 374	1 797 516 372	+19,24%	+23,83%	-176 800 000	-100 000	2 385 320 374	1 797 416 372	+11,01%	+23,82%
	European Neighbourhood Instrument (ENI)	2 366 636 521	2 278 002 173	2 580 161 580	2 060 306 755	+9,02%	-9,56%	-1 200 000	-1 200 000	2 578 961 580	2 059 106 755	+8,97%	-9,61%
	Development Cooperation Instrument (DCI)	2 976 020 208	2 734 530 485	3 158 343 298	2 796 282 796	+6,13%	+2,26%	-55 400 000	-1 400 000	3 102 943 298	2 794 882 796	+4,26%	+2,21%
	Partnership instrument for cooperation with third countries (PI)	140 187 000	100 714 770	154 004 000	99 604 970	+9,86%	-1,10%	-450 000	-450 000	153 554 000	99 154 970	+9,54%	-1,55%
	European Instrument for Democracy and Human Rights (EIDHR)	192 750 231	169 347 088	196 657 927	159 310 577	+2,03%	-5,93%	-150 000	-150 000	196 507 927	159 160 577	+1,95%	-6,02%
	Instrument contributing to Stability and Peace (IcSP)	370 010 177	325 265 000	376 737 177	321 300 000	+1,82%	-1,22%	-6 100 000	-1 100 000	370 637 177	320 200 000	+0,17%	-1,56%
	Humanitarian aid (HUMA)	1 085 394 000	1 094 986 536	1 651 824 000	1 603 042 665	+52,19%	+46,40%	-150 000	-150 000	1 651 674 000	1 602 892 665	+52,17%	+46,38%
	Common Foreign and Security Policy (CFSP)	328 010 000	292 020 770	334 857 000	305 500 000	+2,09%	+4,62%	-5 000 000		329 857 000	305 500 000	+0,56%	+4,62%
	Instrument for Nuclear Safety Cooperation (INSC)	32 967 000	45 461 337	33 630 000	41 475 951	+2,01%	-8,77%			33 630 000	41 475 951	+2,01%	-8,77%
	Macro-financial Assistance (MFA)	42 086 000	42 086 000	42 000 000	42 000 000	-0,20%	-0,20%	-20 000 000		22 000 000	42 000 000	-47,73%	-0,20%
	Guarantee Fund for external actions (GF)	137 800 722	137 800 722	48 222 935	48 222 935	-65,01%	-65,01%	-41 000 000	-41 000 000	7 222 935	7 222 935	-94,76%	-94,76%
	Union Civil Protection Mechanism	16 121 000	15 466 903	23 546 000	20 665 041	+46,06%	+33,61%			23 546 000	20 665 041	+46,06%	+33,61%
	EU Aid Volunteers initiative (EUAV)	20 328 000	16 873 963	19 537 000	16 053 584	-3,89%	-4,86%			19 537 000	16 053 584	-3,89%	-4,86%
	European Fund for Sustainable Development (EFSD)	25 000 000	25 000 000	25 000 000	25 000 000					25 000 000	25 000 000		
	Other actions and programmes	83 452 375	74 903 375	81 606 281	72 954 281	-2,21%	-2,60%			81 606 281	72 954 281	-2,21%	-2,60%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	74 352 000	67 555 013	75 452 000	73 684 468	+1,48%	+9,07%			75 452 000	73 684 468	+1,48%	+9,07%
	Pilot projects and preparatory actions	8 900 000	14 390 948	p.m.	4 946 653	-100,00%	-65,63%			p.m.	4 946 653	-100,00%	-65,63%
	Decentralised agencies	20 056 297	20 056 297	20 488 990	20 488 990	+2,16%	+2,16%	-31 000	-31 000	20 457 990	20 457 990	+2,00%	+2,00%

	Description	1		2		2/1		3		4		4/1	
		Budget 2018 (AB No 1/2018 to AB No 3/2018 incl.)		DB 2019		Difference (%)		Council's Changes on DB 2019		Council's Position on DB 2019		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
5	<b>Administration</b> <i>ceiling</i> <i>offset of the contingency margin</i> <i>margin</i>	9 665 513 627	9 666 318 627	9 956 925 632 <i>10 786 000 000</i> <i>- 253 882 156</i> <i>575 192 212</i>	9 960 905 652	+3,01%	+3,05%	-66 006 857  <i>66 006 857</i>	-66 006 857	9 890 918 775 <i>10 786 000 000</i> <i>- 253 882 156</i> <i>641 199 069</i>	9 894 898 795	+2,33%	+2,36%
	Pensions and European Schools	2 085 593 000	2 085 593 000	2 201 603 920	2 201 603 920	+5,56%	+5,56%			2 201 603 920	2 201 603 920	+5,56%	+5,56%
	Pensions	1 892 805 800	1 892 805 800	2 009 507 000	2 009 507 000	+6,17%	+6,17%			2 009 507 000	2 009 507 000	+6,17%	+6,17%
	European schools	192 787 200	192 787 200	192 096 920	192 096 920	-0,36%	-0,36%			192 096 920	192 096 920	-0,36%	-0,36%
	<b>Administrative expenditure of the institutions</b> <i>sub-ceiling</i> <i>offset of the contingency margin</i> <i>sub-margin</i>	7 579 920 627	7 580 725 627	7 755 321 712 <i>8 700 000 000</i> <i>- 253 882 156</i> <i>690 796 132</i>	7 759 301 732	+2,31%	+2,36%	-66 006 857  <i>66 006 857</i>	-66 006 857	7 689 314 855 <i>8 700 000 000</i> <i>- 253 882 156</i> <i>756 802 989</i>	7 693 294 875	+1,44%	+1,48%
	European Parliament	1 950 241 773	1 950 241 773	1 998 529 000	1 998 529 000	+2,48%	+2,48%			1 998 529 000	1 998 529 000	+2,48%	+2,48%
	European Council and Council	572 894 377	572 894 377	582 963 377	582 963 377	+1,76%	+1,76%	-82 377	-82 377	582 881 000	582 881 000	+1,74%	+1,74%
	Commission	3 565 496 601	3 566 301 601	3 637 215 800	3 641 195 820	+2,01%	+2,10%	-45 771 026	-45 771 026	3 591 444 774	3 595 424 794	+0,73%	+0,82%
	Commission, excluding Offices	3 240 394 401	3 240 394 401	3 311 864 400	3 311 864 400	+2,21%	+2,21%	-41 690 954	-41 690 954	3 270 173 446	3 270 173 446	+0,92%	+0,92%
	Annex 2 - Publications Office	94 536 400	94 536 400	93 289 400	93 289 400	-1,32%	-1,32%	-224 135	-224 135	93 065 265	93 065 265	-1,56%	-1,56%
	Annex 3 - European Anti-Fraud Office	59 082 800	59 082 800	59 651 000	59 651 000	+0,96%	+0,96%	-419 319	-419 319	59 231 681	59 231 681	+0,25%	+0,25%
	Annex 4 - European Personnel Selection Office	26 175 800	26 175 800	26 511 000	26 511 000	+1,28%	+1,28%	-188 762	-188 762	26 322 238	26 322 238	+0,56%	+0,56%
	Annex 5 - Office for Administration and Payment of Individual Entitlements	38 698 600	38 698 600	39 726 000	39 726 000	+2,65%	+2,65%	-821 666	-821 666	38 904 334	38 904 334	+0,53%	+0,53%
	Annex 6 - Office for Infrastructure and Logistics — Brussels	78 345 000	78 345 000	80 904 000	80 904 000	+3,27%	+3,27%	-1 970 402	-1 970 402	78 933 598	78 933 598	+0,75%	+0,75%
	Annex 7 - Office for Infrastructure and Logistics — Luxembourg	24 763 600	24 763 600	25 270 000	25 270 000	+2,04%	+2,04%	-455 788	-455 788	24 814 212	24 814 212	+0,20%	+0,20%
	Pilot projects and preparatory actions	3 500 000	4 305 000	p.m.	3 980 020	-100,00%	-7,55%			p.m.	3 980 020	-100,00%	-7,55%
	Decentralised agencies	p.m.	p.m.	p.m.	p.m.					p.m.	p.m.		
	Court of Justice of the European Union	409 985 089	409 985 089	429 964 109	429 964 109	+4,87%	+4,87%	-4 217 440	-4 217 440	425 746 669	425 746 669	+3,84%	+3,84%
	Court of Auditors	146 015 591	146 015 591	147 250 000	147 250 000	+0,85%	+0,85%	-506 880	-506 880	146 743 120	146 743 120	+0,50%	+0,50%
	European Economic and Social Committee	135 630 905	135 630 905	138 750 808	138 750 808	+2,30%	+2,30%	-1 682 293	-1 682 293	137 068 515	137 068 515	+1,06%	+1,06%
	Committee of the Regions	96 100 540	96 100 540	98 931 667	98 931 667	+2,95%	+2,95%	-1 751 703	-1 751 703	97 179 964	97 179 964	+1,12%	+1,12%
	European Ombudsman	10 627 545	10 627 545	11 308 428	11 308 428	+6,41%	+6,41%			11 308 428	11 308 428	+6,41%	+6,41%
	European data-protection Supervisor	14 449 068	14 449 068	16 757 166	16 757 166	+15,97%	+15,97%	-100 000	-100 000	16 657 166	16 657 166	+15,28%	+15,28%
	European External Action Service	678 479 138	678 479 138	693 651 357	693 651 357	+2,24%	+2,24%	-11 895 138	-11 895 138	681 756 219	681 756 219	+0,48%	+0,48%

Description	1		2		2/1		3		4		4/1	
	Budget 2018 (AB No 1/2018 to AB No 3/2018 incl.)		DB 2019		Difference (%)		Council's Changes on DB 2019		Council's Position on DB 2019		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
<b>MFF Headings</b>	<b>160 046 618 011</b>	<b>144 261 730 690</b>	<b>165 042 106 902</b>	<b>148 263 973 588</b>	<b>+3,12%</b>	<b>+2,77%</b>	<b>-1 551 414 857</b>	<b>-505 839 357</b>	<b>163 490 692 045</b>	<b>147 758 134 231</b>	<b>+2,15%</b>	<b>+2,42%</b>
<i>flexibility instrument</i>			965 588 041	899 719 628			-73 196 903		892 391 138	899 719 628		
<i>global margin for commitments</i>			1 349 521 895				-308 211 097		1 041 310 798			
<i>ceiling</i>			164 123 000 000	166 709 000 000					164 123 000 000	166 709 000 000		
<i>offset of the contingency margin</i>			- 253 882 156						- 253 882 156			
<i>margin (2)</i>			1 142 120 878	19 344 746 040			1 170 006 857	505 839 357	2 312 127 735	19 850 585 397		
<b>Appropriations as % of GNI (3)(4)</b>	<b>1,02%</b>	<b>0,92%</b>	<b>1,00%</b>	<b>0,90%</b>			<b>-0,01%</b>	<b>0,00%</b>	<b>0,99%</b>	<b>0,90%</b>		

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

(4) The GNI for 2019 is based on the forecast of GNI issued after the Advisory Committee on Own Resources (ACOR) meeting held on 18 May 2018.

## **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 2019 budget.

The Council calls on the Commission to continue closely and actively monitoring during the year 2019 the implementation of the 2014-2020 programmes (particularly in sub-heading 1b 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 2019 payment appropriations. If the figures show that the appropriations entered in the 2019 budget are insufficient to cover the 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 in due time for justified needs. Where applicable, the Council will take into account the urgency of the matter."

### **Annex III Council statement on assigned revenues**

"The Council takes note of the level of assigned revenues in heading 5 (Administration) and is concerned about their significant and recurrent underimplementation in that heading during this MFF.<sup>1</sup> The Council asks the Commission to reassess the needs under heading 5 when establishing the letter of amendment 2019 taking into account these revenues."

---

<sup>1</sup> As indicated in Working Document Part V accompanying the draft budgets.

#### **Annex IV Council statement on MTR redeployments**

"The Council recalls the statement of the European Parliament and the Council on reinforcements (top-ups) for the remaining period of the multiannual financial framework (MFF) in the context of the mid-term review of the MFF 2014-2020, as well as the agreement between the European Parliament and the Council on the annual budget for 2017.

Noting that the year 2019 will be the second-last year of the current MFF, the Council reaffirms the importance of fully financing all MTR-related top-ups in (sub-)headings 1a and 4 made in the budget years 2017-2020 through redeployments, while not reducing pre-allocated national envelopes."

**Annex V Draft calendar for 2019 budgetary procedure**

<b>Wednesday, 29 August</b>	Presentation of WD on Council position in BUDG committee
<b>Thursday, 30 August - 12h</b>	Deadline for tabling budgetary amendments: - by individual members to BUDG - and by Committees and MEPS (38 signatures) to Plenary
<b>Thursday, 6 September - 12h</b>	Deadline for tabling budgetary amendments by groups to Plenary
<b>Monday 24 (pm) - Thursday 27 (am) September</b>	BUDG vote on budgetary amendments
<b>Monday, 1 October</b>	Draft report on the resolution available
<b>Tuesday, 2 October - 18h</b>	Deadline for amendments to the draft resolution
<b>Thursday, 4 October - 18h</b>	Deadline for opinions from other committees to the draft resolution
<b>Tuesday, 9 October</b>	BUDG adoption of budgetary resolution - all sections
<b>Thursday, 18 October</b>	Trilogue ahead of Parliament's reading
<b>Wednesday, 24 October</b>	Adoption of Parliament's reading
<b>Tuesday, 30 October</b>	Start of the 21-day conciliation period
<b>Monday, 19 November</b>	End of the 21-day conciliation period



## Annex VI Decentralised agencies

Heading	Line	Description	Council's changes on DB 2019			
			DA NDA	FF	CA	PA
<b>1a</b>	<b>Competitiveness for growth and jobs</b>				<b>-24.800.000</b>	<b>-24.800.000</b>
	02 05 11	European GNSS Agency	DA	1a	-300.000	-300.000
	09 02 03	European Union Agency for Network and Information Security (ENISA)	DA	1a	-4.700.000	-4.700.000
	09 02 04	Body of European Regulators for Electronic Communications (BEREC) — Office	DA	1a	-1.300.000	-1.300.000
	12 02 04	European Banking Authority (EBA)	DA	1a	-2.700.000	-2.700.000
	12 02 05	European Insurance and Occupational Pensions Authority (EIOPA)	DA	1a	-4.000.000	-4.000.000
	12 02 06	European Securities and Markets Authority (ESMA)	DA	1a	-9.200.000	-9.200.000
	32 02 10	Agency for the Cooperation of Energy Regulators (ACER)	DA	1a	-2.600.000	-2.600.000
<b>2</b>	<b>Sustainable growth: natural resources</b>				<b>-3.330.000</b>	<b>-3.330.000</b>
	07 02 06	European Environment Agency	DA	2	-1.200.000	-1.200.000
	07 02 05	European Chemicals Agency — Activities in the field of legislation on import and export of dangerous chemicals	DA	2	-500 000	-500 000
	17 04 07	European Chemicals Agency — Activities in the field of biocides legislation	DA	2	-2.130.000	-2.130.000
<b>3</b>	<b>Security and citizenship</b>				<b>-2.604.000</b>	<b>-2.604.000</b>
	17 03 10	European Centre for Disease Prevention and Control	DA	3	-1.544.000	-1.544.000
	18 02 04	European Union Agency for Law Enforcement Cooperation (Europol)	DA	3	-690.000	-690.000
	18 02 04 (R)	<i>European Union Agency for Law Enforcement Cooperation (Europol)</i>	DA	3	690.000	690.000
	18 02 05	European Union Agency for Law Enforcement Training (CEPOL)	DA	3	-10.000	-10.000
	18 02 07	European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	DA	3	-21.581.000	-27.255.000
	18 02 07 (R)	<i>European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)</i>	DA	3	20.581.000	26.255.000

	33 02 07	European Institute for Gender Equality (EIGE)	DA	3	-50.000	-50.000
<b>4</b>	<b>Global Europe</b>				<b>-31.000</b>	<b>-31.000</b>
	04 03 14	European Training Foundation (ETF)	DA	4	-31.000	-31.000
	<b>Total</b>				<b>-31.265.000</b>	<b>-31.265.000</b>