Council of the European Union

PRESS

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BACKGROUND[1]

Brussels, 10 November 2016

ECONOMIC and FINANCIAL AFFAIRS (BUDGET) COUNCIL

Wednesday 16 November in Brussels

Starting at 10.00 the Council will prepare the meeting of the conciliation committee taking place the same day from 11.30 onwards by providing the presidency guidance.

The conciliation committee's task is to bridge the gap between the Council's and European Parliament's positions on the 2017 EU budget and to agree on a joint text.

The challenge in the negotiations will be to ensure that the 2017 EU budget

- provides sufficient resources to cope with the current challenges, especially in the field of growth and jobs, migration and security
- leaves adequate margins under the expenditure ceilings of the EU's multiannual financial framework (MFF) for 2014-2020
- is in line with actual payment needs
- respects the deal reached on the financing of the European fund for strategic investments
- reflects the EU institutions' commitment to reduce their staff by 5% by 2017
- does not preempt the outcome of the negotiations on the MFF mid-term review

After the meeting of the conciliation committee the Council will resume its session to take note of the results and endorse the deal. If the negotiations with the Parliament are not successful the Council might decide on the next steps.

Unlike the work of the conciliation committee the Council meeting will be held in public session.

If the conciliation committee reaches agreement, the Council and the Parliament have to formally approve it within 14 days.

The presidency will hold a press conference at the end of the Council meeting (probably late in the evening).

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Press conferences and public events by video streaming

Video coverage in broadcast quality (MPEG4) and *photo gallery*

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1 This note has been drawn up under the responsibility of the press office.

BEFORE THE CONCILIATION COMMITTEE MEETING

The Council will prepare the meeting of the conciliation committee taking place the same day and provide guidance to the Slovak presidency.

DURING THE CONCILIATION COMMITTEE MEETING

The conciliation committee is composed of the 28 members of the Council and 28 members of the Parliament; the Commission also participates in the conciliation committee's meeting.

The task of the conciliation committee is to find an agreement on the 2017 budget by bridging the gap between the Council's and Parliament's position.

In its draft **budget for 2017** the Commission proposed to set the total level of commitments at €157.66 billion and of payments at €134.90 billion.

The Council's position, adopted on 12 September, amounts to €156.38 billion in commitments and €133.79 billion in payments.

In its amendments adopted on 26 October the Parliament asked for total commitments to be increased to €162.42 billion and total payments to €138.03 billion. This is at least €3.26 billion in commitments above the ceilings of the multiannual financial framework.

The Council's objective is to reach an agreement on the 2017 EU budget that ensures that the limited financial resources available are directed towards the EU's top priorities. These are measures to address the migration crisis, reinforce security, boost growth and create jobs. The Council also attaches high importance to leaving sufficient financial leeway to allow the EU to react to unforeseen needs.

The Council accepted all the amounts in the Commission's draft budget for tackling the migration crisis, including for fighting the root causes of migration. The Council also agreed to the proposed figures for humanitarian aid.

To help boost economic growth and create new jobs the Council approved an increase by almost 9% in the resources available under sub-heading 1a (competitiveness for growth and jobs) in both commitments and payments compared to 2016. This covers instruments such as the European fund for strategic investments, the EU programme for the competitiveness of enterprises and Erasmus +.

The conciliation will also provide an opportunity to ensure that **EU institutions** honour their commitment with regard to their **staff numbers**. According to the methodology applied equally by the Commission to all institutions, the Council and the Commission will have reduced their establishment plan posts by 5.0% between 2013 and 2017; by contrast, the Parliament with its position adopted on 26 October took itself further away from achieving the agreed target by limiting the reduction of its staff to 2.3%. The three institutions committed in December 2013 to decrease their staff numbers by 5% between 2013 and 2017.

Establishment Plan Posts - All Institutions											
Evolution to date vis-à-vis the -5 % reduction target over 5 years 2013-2017											
Institution	2012 Budget (a)	2013-2017 reduction target	Annual reference target (b)	Posts reduction implementation (c)						Remaining distance to -5 % target	
		-5%	-1%	2013	2014	2015	2016	2017	Total	Posts	% points
European Parliament (e)	5 603	- 281	- 56	-	- 37	- 47	17	- 60	- 127	154	2,7%
European Council and Council	3 136	- 157	- 31	- 46	- 42	- 22	- 32	- 15	- 157	-	0,0%
Commission	25 073	- 1 254	- 251	- 250	- 250	- 263	- 252	- 239	-1 254	-	0,0%
Court of Justice of the European Union	1 952	- 98	- 20	- 20	- 20	- 7	- 13	- 19	- 79	19	1,0%
Court of Auditors	885	- 44	- 9	- 9	- 9	- 9	- 9	- 9	- 45	- 1	-0,1%
European Economic and Social Committee	685	- 34	- 7	- 7	- 7	- 7	- 7	- 6	- 34	-	0,0%
Committee of the Regions	500	- 25	- 5	-	- 5	- 5	- 7	- 9	- 26	- 1	-0,2%
European Ombudsman	64	- 3 (d)	- 1	-	-	- 1	- 1	- 1	- 3	-	0,0%
European Data-Protection Supervisor	43	- 2 (d)	-	-	-	- 1	- 1	-	- 2	-	0,0%
European External Action Service (f)	1 679	- 84	- 17	-	- 17	- 17	- 17	- 1	- 52	32	1,9%
Total institutions	**39 620**	**- 1 982**	**- 397**	**- 332**	**- 387**	**- 379**	**- 322**	**- 359**	**-1 779**	***203***	***0,5%***

(a) Authorised 2012 posts excluding Croatia enlargement (140 posts) and EP political groups (1 015 posts) with the following adjustments:
- 60 posts were added to the European Parliament and deducted from the European Economic and Social Committee (-36) and from the Committee of the Region (-24) in order to reflect the impact of the cooperation agreement signed on 5 February 2014 between those institutions.
- 10 posts were transferred from the Council to the EEAS in 2014.
- 2 posts were transferred from the EEAS to the Commission (PMO) in 2014.
- 1 post was transferred from the Court of Auditors to the Commission (PMO) in 2015.
- 1 post was transferred from the Council to the EEAS in 2015.
- 6 posts were transferred from the Council to the Commission (PMO) in 2015
- 2 posts will be transferred from the European Parliament to the Commission in 2016
- 1 post will be transferred from the Court of Auditors to the Commission in 2016.

(b) Linear projection over 5 years at 1 % per year, rounded figures.

(c) Sources: authorised budgets 2013, 2014, 2015, 2016 (including amending budgets) and draft budget 2017 (including EP reading)

(d) By the end of 2017, the European Ombudsman and the European Data Protection Supervisor are expected to reduce their posts by 3 and 2 respectively.

(e) the reduction target for the EP is based on the 2014 budget (excluding posts relating to political groups); as stipulated in the EP's statement on the application of point 27 of the Interinstitutional Agreement (*see B2016 Joint Conclusions*), the EP is committed to continue the reduction of the total number of posts in its establishment plan and to complete it by 2019 (reduction of 60 posts in 2017 and 2018 respectively, reduction of 59 posts in 2019); according to its statement of estimates the EP applied the cut of 60 posts in 2017 during its reading of DB2017.

(f) the EEAS committed to apply the last tranche of the 5% staff reduction (equivalent to 16 posts) in 2018

Conciliation will also take into consideration the Commission's **amending letter no 1 to the draft budget for 2017** which aims inter alia at addressing the root causes of migration and at updating the draft budget to the most recent needs estimates for agriculture. The amending letter's net budgetary impact is an increase of the 2017 draft budget by €1.26 billion in commitments and €523.1 million in payments. Neither the Council nor the Parliament have yet taken a formal position on the amending letter.

A **table** with the Commission draft budget and its amending letter, as well as the Council's and Parliament's position is set out **in the annex** to this background note.

Without being formally part of the conciliation talks, **draft amending budgets no 4, 5 and 6 for 2016** might also be raised in the discussions. These draft amending budgets provide in particular for additional resources to tackle the migration crisis and to remediate damages caused by severe flooding in Germany. However, overall, they lead to a significant reduction in the payments level in this year's budget.

Draft amending budget no 4 for 2016 reduces the payment level in this year's budget by €7.3 billion to €136.6 billion. This reflects the most recent needs estimates, in particular in the area of economic, social and territorial cohesion. Draft amending budget 4/2016 includes an increase of commitments by €250 million and of payments by €10 million to tackle the migration crisis. It ensures a quicker mobilisation of €73.9 million in commitments for the European fund for strategic investments. It also seeks to compensate this year's revenue losses arising from the depreciation of the British pound with revenue from fines.

Draft amending budget no 5 for 2016 incorporates into the 2016 EU budget the **impact of** the retroactive application of the new **own resources decision** as from 1 January 2014. This follows the completion of the ratification process by all member states and the entry into force of the decision on 1 October 2016.

Draft amending budget no 6 for 2016 mobilises €31.5 million in commitments and payments out of the EU solidarity fund to remediate damages caused by extreme flooding in Bavaria in May and June 2016.

AFTER THE CONCILIATION COMMITTEE MEETING

The Council will resume its session

- either to take note of the results and endorse the compromise reached
- or to decide on the next steps if the negotiations with the Parliament were not successful

If the conciliation committee reaches agreement, the Council and the Parliament have to formally approve it within 14 days.

If conciliation does not succeed by 17 November, the Commission must submit a new draft budget for 2017.

Should the budget not be adopted at the beginning of 2017, a sum equivalent to not more than one twelfth of the budget appropriations for 2016 or of the draft budget proposed by the Commission, whichever is smaller, may be spent each month for each chapter of the budget.

1. Breakdown by Heading for "Total Expenditure" in the MFF Headings

		1		2		3		4	
	Description	**DB[*] 2017**		**Council's Position on DB[*] 2017**		**European Parliament's Position on Council's Position 2017**		**DB[*] 2017 (incl. LA[♣] 1/2017)**	
		c/a	**p/a**	**c/a**	**p/a**	**c/a**	**p/a**	**c/a**	**p/a**
1	**Smart and inclusive growth**	**74 682 751 585**	**56 646 663 545**	**74 282 752 193**	**56 116 168 158**	**77 507 308 757**	**57 854 745 717**	**74 882 751 585**	**56 653 553 545**
	global margin for commitments	*1 265 000 000*		*1 265 000 000*		*1 265 000 000*		*1 439 100 000*	
	ceiling	*73 512 000 000*		*73 512 000 000*		*73 512 000 000*		*73 512 000 000*	
	margin	*94 248 415*		*494 247 807*		*- 2 730 308 757*		*68 348 415*	
1.a	Competitiveness for growth and jobs	21 108 952 950	19 297 994 503	20 711 953 558	18 966 499 116	22 416 710 122	19 992 976 675	21 308 952 950	19 304 884 503
	global margin for commitments	*1 265 000 000*		*1 265 000 000*		*1 265 000 000*		*1 439 100 000*	
	ceiling	*19 925 000 000*		*19 925 000 000*		*19 925 000 000*		*19 925 000 000*	
	margin	*81 047 050*		*478 046 442*		*- 1 226 710 122*		*55 147 050*	
1.b	Economic, social and territorial cohesion	53 573 798 635	37 348 669 042	53 570 798 635	37 149 669 042	55 090 598 635	37 861 769 042	53 573 798 635	37 348 669 042
	ceiling	*53 587 000 000*		*53 587 000 000*		*53 587 000 000*		*53 587 000 000*	
	margin	*13 201 365*		*16 201 365*		*- 1 503 598 635*		*13 201 365*	
2	**Sustainable growth: natural resources**	**58 901 743 884**	**55 236 239 537**	**58 722 206 884**	**55 038 202 537**	**59 529 243 884**	**55 862 239 537**	**58 901 743 884**	**55 235 219 537**
	ceiling	*60 191 000 000*		*60 191 000 000*		*60 191 000 000*		*60 191 000 000*	
	offset of the contingency margin (1)	*- 650 000 000*		*- 530 000 000*		*- 650 000 000*		*- 850 000 000*	
	margin	*639 256 116*		*938 793 116*		*11 756 116*		*439 256 116*	
	Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	**42 937 572 079**	**42 888 987 974**	**42 760 509 079**	**42 711 924 974**	**43 537 572 079**	**43 488 987 974**	**42 937 572 079**	**42 887 967 974**
	sub-ceiling	*44 146 000 000*		*44 146 000 000*		*44 146 000 000*		*44 146 000 000*	
	excluded when calculating the sub-margin (2)	*- 318 000*		*- 318 000*		*- 318 000*		*- 318 000*	
3	**Security and citizenship**	**4 272 380 960**	**3 781 908 287**	**4 248 044 760**	**3 760 272 087**	**4 355 316 460**	**3 861 686 182**	**4 272 380 960**	**3 781 908 287**
	flexibility instrument	*530 000 000*		*530 000 000*		*530 000 000*		*530 000 000*	
	mobilisation of the contingency margin (1)	*1 164 380 960*		*1 140 044 760*		*1 164 380 960*		*1 164 380 960*	
	ceiling	*2 578 000 000*		*2 578 000 000*		*2 578 000 000*		*2 578 000 000*	
	margin	*0*		*0*		*- 82 935 500*		*0*	
4	**Global Europe**	**9 432 000 000**	**9 289 727 178**	**9 326 770 000**	**9 219 507 178**	**9 938 678 061**	**9 789 913 801**	**10 418 230 000**	**9 735 957 178**
	mobilisation of the contingency margin (1)							*986 230 000*	
	ceiling	*9 432 000 000*		*9 432 000 000*		*9 432 000 000*		*9 432 000 000*	
	margin	*0*		*105 230 000*		*- 506 678 061*		*0*	
5	**Administration**	**9 321 692 016**	**9 324 103 016**	**9 263 451 071**	**9 265 862 071**	**9 353 380 722**	**9 355 091 722**	**9 392 702 816**	**9 395 113 816**
	ceiling	*9 918 000 000*		*9 918 000 000*		*9 918 000 000*		*9 918 000 000*	
	offset of the contingency margin (1)	*- 514 380 960*		*- 610 044 760*		*- 514 380 960*		*- 514 380 960*	
	margin	*81 927 024*		*44 504 169*		*50 238 318*		*10 916 224*	
	Of which: Administrative expenditure of the institutions	**7 365 156 860**	**7 367 567 860**	**7 306 915 915**	**7 309 326 915**	**7 396 845 566**	**7 398 556 566**	**7 417 091 660**	**7 419 502 660**
	sub-ceiling	*8 007 000 000*		*8 007 000 000*		*8 007 000 000*		*8 007 000 000*	
	offset of the contingency margin (1)	*- 514 380 960*		*- 610 044 760*		*- 514 380 960*		*- 514 380 960*	
	sub-margin	*127 462 180*		*90 039 325*		*95 773 474*		*75 527 380*	
	MFF Headings	**156 610 568 445**	**134 278 641 563**	**155 843 224 908**	**133 400 012 031**	**160 683 927 884**	**136 723 676 959**	**157 867 809 245**	**134 801 752 363**
	flexibility instrument	*530 000 000*	*981 093 985*	*530 000 000*	*0*	*530 000 000*	*981 093 985*	*530 000 000*	*981 093 985*
	global margin for commitments	*1 265 000 000*		*1 265 000 000*		*1 265 000 000*		*1 439 100 000*	
	mobilisation of the contingency margin (1)	*1 164 380 960*		*1 140 044 760*		*1 164 380 960*		*2 150 610 960*	
	ceiling	*155 631 000 000*	*142 906 000 000*	*155 631 000 000*	*142 906 000 000*	*155 631 000 000*	*142 906 000 000*	*155 631 000 000*	*142 906 000 000*
	offset of the contingency margin (1)	*- 1 164 380 960*		*- 1 140 044 760*		*- 1 164 380 960*		*- 1 364 380 960*	
	margin (3)	*815 431 555*	*9 608 452 422*	*1 582 775 092*	*9 505 987 969*	*- 3 257 927 884*	*7 163 417 026*	*518 520 755*	*9 085 341 622*
	Appropriations as % of GNI (4)	**1,04%**	**0,89%**	**1,04%**	**0,89%**	**1,07%**	**0,91%**	**1,05%**	**0,90%**

(1) The European Parliament proposes in its draft resolution to increase recourse to the Contingency Margin, to be offset against the remaining margins of 2016 and 2017. The concrete amounts need to be confirmed by the Parliament.

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

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

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

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* Draft budget

♣ Letter of amendment

2. Breakdown for "Special Instruments"

Description	1		2		3		4	
	DB• 2017		Council's Position on DB• 2017		European Parliament's Position on Council's Position 2017		DB• 2017 (incl. LA♣ 1/2017)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
Emergency Aid Reserve (EAR)	**315 000 000**	**315 000 000**	**315 000 000**	**315 000 000**	**1 000 000 000**	**1 000 000 000**	**315 000 000**	**315 000 000**
European Globalisation Adjustment Fund (EGF)	**168 924 000**	**55 000 000**	**168 924 000**	**25 000 000**	**168 924 000**	**55 000 000**	**168 924 000**	**55 000 000**
European Union Solidarity Fund (EUSF)	**563 000 000**	**250 000 000**	**50 000 000**	**50 000 000**	**563 000 000**	**250 000 000**	**563 000 000**	**250 000 000**
Special Instruments	**1 046 924 000**	**620 000 000**	**533 924 000**	**390 000 000**	**1 731 924 000**	**1 305 000 000**	**1 046 924 000**	**620 000 000**

3. Global amounts for "Total Expenditure" in the MFF Headings and "Special Instruments"

Description	1		2		3		4	
	DB• 2017		Council's Position on DB• 2017		European Parliament's Position on Council's Position 2017		DB• 2017 (incl. LA♣ 1/2017)	
	c/a	p/a	c/a	p/a	c/a	p/a	c/a	p/a
MFF Headings	**156 610 568 445**	**134 278 641 563**	**155 843 224 908**	**133 400 012 031**	**160 683 927 884**	**136 723 676 959**	**157 867 809 245**	**134 801 752 363**
Special Instruments	**1 046 924 000**	**620 000 000**	**533 924 000**	**390 000 000**	**1 731 924 000**	**1 305 000 000**	**1 046 924 000**	**620 000 000**
Grand total	**157 657 492 445**	**134 898 641 563**	**156 377 148 908**	**133 790 012 031**	**162 415 851 884**	**138 028 676 959**	**158 914 733 245**	**135 421 752 363**
Appropriations as % of GNI (1)	**1,05%**	**0,90%**	**1,04%**	**0,89%**	**1,08%**	**0,92%**	**1,06%**	**0,90%**

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