



ECONOMIC and FINANCIAL AFFAIRS COUNCIL BUDGET ISSUES

Friday 16 November in Brussels

The Council will prepare negotiations with the European Parliament on the EU's general **budget for 2019**. The negotiations will be held at a conciliation committee meeting the same day.

On 24 October, the Council announced that it cannot accept all of the Parliament's amendments for the 2019 budget. As a result, a three-week conciliation period started on 30 October, aimed at bridging the differences between the two institutions and establishing a joint text.

After the conciliation committee meeting, the Council will resume its session. It will either endorse a deal or, in the event of deadlock, decide on the next steps.

Order of events:

- | | |
|------------------------------------|---|
| • 10.00 | <i>Council meeting (public session)</i> |
| • +/- 11.30 | <i>conciliation committee meeting</i> |
| • +/- 13.00 | <i>presidency-Parliament-Commission working lunch</i> |
| • after the working lunch | <i>conciliation committee meeting resumes</i> |
| • after the conciliation committee | <i>Council meeting resumes (public session)</i> |
| • at the end of the Council | press conference |

The Council is expected to hold coordination sessions in the margins of the conciliation committee meeting. The meeting can be expected to last until late evening.

[Press conferences and public events by video streaming](#)

[Video coverage in broadcast quality \(MPEG4\) and photo gallery](#)

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

EU general budget for 2019

The Council will prepare negotiations with the European Parliament on the EU's general budget for 2019. The negotiations will be held at a conciliation committee meeting the same day.

As in case of the 2018 budget, the main issues this year are likely to concern budgetary subheadings 1a ('competitiveness for growth and jobs') and 1b ('economic, social and territorial cohesion'), as well as headings 4 ('global Europe') and 5 ('administration'), where the institutions have more divergent views.

Among other things, the Parliament is again seeking to roll back redeployments identified under the Horizon 2020 programme (research and innovation) and Connecting Europe Facility (transport, energy and communications) in order to finance the budget guarantee for the European Fund for Strategic Investments. Other elements to be agreed include financing for Erasmus+, the Youth Employment Initiative and Turkey related programmes.

On 24 October 2018, the Council informed the Parliament that it cannot accept all of its amendments for the 2019 budget. As a result, a three-week conciliation period started on 30 October, aimed at bridging the differences between the two institutions and establishing a joint text.

After the conciliation committee meeting, the Council will resume its session. It will either endorse a deal or, in the event of deadlock, decide on the next steps.

The Commission, in its initial draft budget for 2019, proposed setting the total level of commitments at €165.6 billion and payments at €148.7 billion.

The Council, in its position adopted on 4 September, sets total commitments at €164.1 billion and total payments at €148.2 billion.

The Parliament, in its amendments voted on 24 October, is asking for total commitments to be increased to €166.3 billion and total payments to €149.3 billion.

The level of commitments set by the Parliament is above the ceilings established by the EU's multiannual financial framework for 2014-2020.

Commitments are legally-binding promises to spend money on activities that are implemented over several years. Payments cover expenditure arising from commitments entered into during the current or preceding years.

Process

The conciliation committee is composed of the 28 member states and 28 members of the European Parliament. The Commission also participates. If the committee agrees on a joint text, Council and Parliament will have 14 days to approve it.

On 7 November, a first meeting of the conciliation committee and a 'trilogue' (Austrian presidency, Parliament and Commission) took place.

The conciliation process ends on 19 November. Should it not succeed, the Commission will have to submit a new draft budget and the budgetary process will recommence. Should a budget not be adopted by the beginning of 2019, a sum equivalent to not more than one 12th of budget appropriations for 2018 or of the draft budget proposed by the Commission, whichever is smaller, will be available for spending each month under each chapter of the budget.

The Council's position

The Council's objective is to reach an agreement that ensures that the limited financial resources available are dedicated as much as possible to the EU's top priorities. These include growth, employment and innovation, fighting climate change, tackling security and migration, and a focus on young people. The Council also intends to leave sufficient financial leeway under the expenditure ceilings of the EU's multiannual financial framework (MFF) for 2014-2020 to allow the EU to react to unforeseen needs.

In addition, the challenge in the negotiations will be to ensure that the 2019 EU budget:

- respects the deal reached on the financing of the European Fund for Strategic Investments,
- consolidates the efforts made during the last years to contain administrative expenditure, and
- respects past budgetary agreements, including the outcome of the negotiations on the MFF mid-term review.

In its position on the EU budget for 2019, the Council supports an increase of around 2% in commitments and payments compared to 2018. This comes on top of an increase of 0.2% in the 2018 EU budget compared to 2017. The Commission proposed an increase of around 3% and the Parliament around 4% for the 2019 EU budget.

The Council, in which a lot of Member States are under serious budgetary constraints, considers that it is making a considerable effort on the 2019 draft budget with its proposal.

The amendments of the Council prioritize between the different policies and take into account the implementation rate and absorption capacity. No heading or programme is reduced compared to 2018. Increases are proposed in the priority areas for the Council and the EP. For example, compared to the current budget, the Council would like to spend more money in the following areas:

- research and innovation (Horizon 2020, +5.79%),
- youth exchanges (Erasmus+ programme, +10.37%),
- investments in infrastructure (Connecting Europe Facility, +26.46%), and
- environment and climate action (LIFE programme, +5.20%).

More funds are also foreseen in the field of migration. This includes a strong boost to the Asylum, Migration and Integration Fund for migration management (+55.80%), as well as additional funding for the Central Mediterranean route and the Facility for Refugees in Turkey.

See also

- [2019 EU budget: Council adopts its position \(press release, 4 September 2018\)](#)
- [EU budget for 2019: Council agrees its position \(press release, 11 July 2018\)](#)

Amending letter no 1/2019

The conciliation committee will also take into consideration the Commission's amending letter no 1 to the draft budget for 2019 presented on 16 October. The letter integrates into the 2019 draft budget:

- an update of estimates for agricultural expenditure,
- an update of commitments and payments resulting from political agreements reached on the creation of the European Defence Industrial Development Programme and the European Solidarity Corps, and the increase of the financial envelope of the Structural Reform Support Programme,

- the impact of the new Commission initiatives concerning the European Border and Coast Guard Agency, the European Union Agency for Asylum and the Authority for European Political Parties and European Political Foundations, and
- other adjustments based on the latest developments concerning Europol, eu-LISA, the European Public Prosecutor's Office, the European External Action Service and the sustainable fisheries partnership agreements.

Overall, the amending letter's net budgetary impact on the draft budget 2019 is a decrease of €45 million in commitments and €85 million in payments.

Neither the Council nor the Parliament have yet taken a formal position on the amending letter.

Breakdown by heading per institution

Headings		2018 Budget		Council's position on 2019 Draft Budget		European Parliament's position on 2019 Draft Budget		2019 Draft Budget	
		CA	PA	CA	PA	CA	PA	CA	PA
1.	SMART AND INCLUSIVE GROWTH	77.531,798	66.622,586	79.139,397	67.455,789	81.186,595	68.320,519	79.977,425	67.504,677
	- Competitiveness for growth and jobs	21.999,553	20.095,268	22.065,993	20.422,216	23.761,575	21.111,138	22.904,021	20.471,105
	- Economic, social and territorial cohesion	55.532,245	46.527,318	57.073,403	47.033,572	57.425,020	47.209,381	57.073,403	47.033,572
2.	SUSTAINABLE GROWTH: NATURAL RESOURCES	59.238,558	56.040,991	59.689,078	57.462,277	60.166,683	57.910,660	59.862,078	57.630,607
	- Of which: European Agricultural Guarantee Fund (EAGF) - Market related expenditure and direct payments	43.233,117	43.187,277	43.273,047	43.197,499	43.691,947	43.616,399	43.429,447	43.353,899
3.	SECURITY AND CITIZENSHIP	3.493,241	2.980,707	3.693,391	3.482,394	3.873,341	3.578,622	3.810,839	3.568,682
4.	GLOBAL EUROPE	10.068,842	8.906,075	11.077,908	9.462,775	10.571,391	9.160,651	11.384,189	9.508,356
5.	ADMINISTRATION	9.665,514	9.666,319	9.890,919	9.894,899	9.965,159	9.967,089	9.962,625	9.966,605
	- Of which: Administrative expenditure of the institutions	7.579,921	7.580,726	7.689,315	7.693,295	7.763,555	7.765,485	7.761,021	7.765,001
	Pensions and European Schools	2.085,593	2.085,593	2.201,604	2.201,604	2.201,604	2.201,604	2.201,604	2.201,604
	Administrative expenditure of the institutions	7.579,921	7.580,726	7.689,315	7.693,295	7.763,555	7.765,485	7.761,021	7.765,001
	APPROPRIATIONS FOR HEADINGS	159.997,953	144.216,678	163.490,692	147.758,134	165.763,168	148.937,539	164.997,155	148.178,928
	Other special instruments	698,540	551,238	577,248	411,500	577,248	411,500	577,248	411,500
	TOTAL APPROPRIATIONS	160.696,493	144.767,916	164.067,940	148.169,634	166.340,416	149.349,039	165.574,403	148.590,428
	<i>Appropriations as % of GNI</i>	<i>1,02%</i>	<i>0,92%</i>	<i>1,00%</i>	<i>0,90%</i>	<i>1,01%</i>	<i>0,91%</i>	<i>1,00%</i>	<i>0,90%</i>

€ million in current prices

You can download the full table in excel format by clicking [here](#)