



**COUNCIL OF
THE EUROPEAN UNION**



15231/07 (Presse 260)

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Economic and Financial Affairs

BUDGET

Brussels, 23 November 2007

President

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Deputy Minister of Finances for the Budget of Portugal

P R E S S

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Main results of the Council

*The Council reached agreement at second reading on the EU's draft general **budget for 2008**, subject to formal confirmation at a forthcoming Council.*

The compromise package includes financing of the Galileo project and of the European Institute of Technology and the supplementary funds necessary for Common Foreign and Security Policy.

CONTENTS¹

PARTICIPANTS..... 4

ITEMS DEBATED

CONCILIATION MEETING WITH THE PARLIAMENT ON THE BUDGET FOR 2008..... 6

PRELIMINARY DRAFT AMENDING BUDGET No 7 for 2007 7

LETTER OF AMENDMENT NO 2 TO THE PRELIMINARY DRAFT BUDGET FOR 2008..... 8

DRAFT BUDGET FOR 2008 9

OTHER ITEMS APPROVED

none

¹

- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

The Governments of the Member States and the European Commission were represented as follows:

Belgium:

Mr Jean DE RUYT

Permanent Representative

Bulgaria:

Mr Lyubomir DATZOV

Deputy Minister for Finance

Czech Republic:

Mr Jan GREGOR

Head of the delegation, Ministry of Finance for Budget

Denmark:

Mr Claus GRUBE

Permanent Representative

Germany:

Mr Thomas MIROW

State Secretary, Federal Ministry of Finance

Estonia:

Mr Raul MÄLK

Permanent Representative

Ireland:

Mr Noel AHERN

Minister of State at the Department of Finance

Greece:

Mr Loukas PAPAZOGLOU

General Secretary of Fiscal Policy

Spain:

Mr Carlos BASTARRECHE

Permanent Representative

France:

Mr Eric WOERTH

Minister for the Budget, Public Accounts and the Civil Service

Italy:

Mr Paolo CENTO

State Secretary for Economic Affairs and Finance

Cyprus:

Mr Christos PATSALIDES

Permanent Secretary

Latvia:

Mr Normunds POPENS

Permanent Representative

Lithuania:

Ms Valentinas MILTIENIS

Deputy Minister for Finance

Luxembourg:

Ms Martine SCHOMMER

Permanent Representative

Hungary:

Mr Tibor KISS

Permanent Representative

Malta:

Mr Richard CACHIA CARUANA

Permanent Representative

Netherlands:

Mr Frans TIMMERMANS

State Secretary for Foreign Affairs

Austria:

Mr Christoph MATZNETTER

State Secretary, Federal Ministry of Finance

Poland:

Ms Katarzyna ZAJDEL-KUROWSKA

Undersecretary of State, Ministry of Finance

Portugal:

Mr Emanuel Augusto SANTOS

Mr Pedro RODRIGUES

Deputy Minister of Finance for Budget

Deputy State Secretary, Ministry of Finance

Romania:

Ms Alice BITU

State Secretary, Ministry of Economy and Finance

Slovenia:

Mr Igor SENČAR

Permanent Representative

Slovakia:

Mr František PALKO

State Secretary at the Ministry of Finance

Finland:

Ms Mari KIVINIEMI

Minister for Public Administration and Local Government

Sweden:

Mr Sven-Olof PETERSSON

Permanent Representative

United Kingdom:

Ms Kitty USSHER

Economic Secretary to the Treasury

.....

Commission:

Ms Dalia GRYBAUSKAITE

Member

ITEMS DEBATED

CONCILIATION MEETING WITH THE PARLIAMENT ON THE BUDGET FOR 2008

Before proceeding with the second reading of the draft budget for 2005, the Council held a conciliation meeting with a delegation from the European Parliament under the Inter-institutional Agreement of 6 May 1999 on budgetary discipline. The European Parliament delegation was led by Mr Reimer BÖGE, Chairman of the Committee on Budgets, and comprised:

Mr Kyösti VIRRANKOSKI, Rapporteur for the 2008 Budget (Commission), Mr Ville ITÄLÄ, Rapporteur for the 2008 Budget (Other institutions), Mr Salvador GARRIGA POLLEDO, Ms Ingeborg GRÄSSLE, Mr Laszlo SURJAN, Mr Michael GAHLER, Mr Margaritis SCHINAS, Ms Catherine GUY-QUINT, Mr Vladimir MANKA, Mr Thijs BERMAN, Mr Louis GRECH, Mr Joan CALABUIG, Mr Jan MULDER, Mr Esko SEPPÄNEN.

The European Parliament, the Council and the Commission agreed on the following:

- to accept Preliminary Draft Amending Budget No. 7/2007 as amended by the Commission on 12 November 2007;
- to accept Letter of Amendment No. 2/2008 as proposed by the Commission;
- to fix the amount of the CFSP budget at EUR 285.25 million in commitment appropriations for 2008 and to agree on the mobilisation of the Flexibility Instrument for this purpose for an amount of EUR 70 million;
- to fix the total amount for payment appropriations (absolute figures) for the 2008 budget at EUR 120 346.76 million, including the payment appropriations in 2008 for the Galileo project and a reduction of EUR 300 million in appropriations regarding clearance of accounts in comparison to the PDB.
- to agree on several joint statements (*see Draft Budget for 2008*);

The legal basis for the conciliation with the Parliament is the 2006 inter-institutional agreement on budgetary discipline and budgetary procedure.

PRELIMINARY DRAFT AMENDING BUDGET No 7 for 2007

The Council and the Parliament agreed on the Preliminary Draft Amending Budget (PDAB) No.7 to the general budget for 2007, as part of the global compromise package (14753/07).

LETTER OF AMENDMENT NO 2 TO THE PRELIMINARY DRAFT BUDGET FOR 2008

The Council agreed on Letter of amendment No 2 to the Preliminary Draft Budget for 2008, as part of the overall compromise (14754/07).

DRAFT BUDGET FOR 2008

The Council reached political agreement in second reading on the EU's draft general budget for 2008, subject to confirmation without further discussion at a forthcoming Council (15275/07 + ADD 1 + ADD 2) ¹.

The total amount for payment appropriations for 2008 is fixed at EUR 120 346 758 612, representing 5.71% over 2007 and 0.96% of GNI.

The Council will establish the Council's second reading of the general budget for 2008 on the basis of the elements referred to in the conciliation with the Parliament and will forward the relevant budget documents to the European Parliament in accordance with the timetable established. The Council also agreed to:

- record in its minutes the following joint statements on *the financing of the European GNSS programmes (EGNOS-GALILEO) and on the financing of the European Institute of Technology*:

"The European Parliament and the Council

- have taken note of the proposal made by the Commission² to amend the Interinstitutional Agreement of 17 May 2006 as regards the Multiannual Financial Framework in order to provide the additional public funding required for the European GNSS programmes (EUR 2 400 million) and for the European Institute of Technology (EUR 309 million);
- confirm that the total estimated amount for Full Operational Capability of the GNSS project Galileo is EUR 3 400 million for the period 2007-2013;
- declare that this amount should not be exceeded for the duration of the financial framework 2007-2013.

¹ The appropriations on budget line 05 07 01 06 (Clearance of accounts) are reduced by EUR 300 million in comparison with the PDB.

² COM(2007) 549 final/2 of 4 October 2007.

The European Parliament, the Council and the Commission agree to provide this financing by a revision of the Multiannual Financial Framework 2007–2013 in accordance with Points 21, 22 and 23 of the Interinstitutional Agreement of 17 May 2006, as follows:

- EUR 400 million will be made available within the transport related research activities financed under the 7th Research Framework Programme;
- EUR 200 million will be redeployed within sub-Heading 1a on the following basis:

(EUR million)

| Line | Definition | 2009-2013 |
|----------|---|-----------|
| | | |
| 02 03 04 | Standardisation and approximation of legislation | 28.0 |
| 08 20 | Euratom | 50.0 |
| 08 21 | | |
| 26 02 01 | Procedures for awarding and advertising public supply, works and service contracts | 46.0 |
| 26 03 01 | Pan-European eGovernment services to public administrations, enterprises and citizens (IDABC) | 15.9 |
| 31 02 01 | Conference Interpreter Training for Europe "CITE" | 10.1 |
| | Decentralised Agencies (linear cut) | 50.0 |
| | | |
| | TOTAL | 200.0 |

- EUR 300 million will be made available from the margin available under sub-Heading 1a for the years 2008-2013.
- The ceilings for commitment appropriations under sub-Heading 1a for the years 2008 to 2013 will be increased by an amount of EUR 1 600 million. This increase will be offset by decreasing the ceiling for commitment appropriations under Heading 2 for the year 2007 by the same amount.
- The ceiling for total payment appropriations will be adjusted to maintain an appropriate relationship between commitments and payments. The adjustment will be neutral.
- The revision of the financial framework will be formalised by a Decision of the European Parliament and of the Council amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the Multiannual Financial Framework.
- The redeployments agreed within sub-Heading 1a will be incorporated by the Commission into the financial programming by January 2008.

The impact of the above for the budget of the year 2008 will be as follows:

- Galileo: commitment appropriations: EUR 940 million (EUR 151 million already included in the PDB 2008), of which EUR 50 million from transport related research activities accompanied by a mobilisation of the Flexibility Instrument for this purpose for an amount of EUR 200 million. Payment appropriations: EUR 300 million (EUR 100 million already included in the PDB 2008).
- EIT: commitment appropriations: EUR 2.9 million. Payment appropriations: EUR 2.9 million.

The European Parliament, the Council and the Commission:

- affirm that the use of the Financial Framework revision and the use of funds from the margin of the previous year is an exceptional measure and will in no way set a precedent for future revisions;

- affirm the principle of the commitment to robust and fair competition in the programme to help ensure cost control, mitigation of risk from single supply, value for money and improved efficiency. All work packages for Galileo should be open to the maximum possible competition, in line with EU procurement principles, and to ensure procurement in space programmes are more widely open to new entrants and SMEs. This should be without prejudice to the details elaborated in the Transport Council;
- affirm that any further call on resources concerning Galileo can only be considered if accommodated within the ceilings of the agreed Multiannual Financial Framework and without reverting to the use of Points 21-23 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management.

The Commission confirms that:

- the margin for agriculture (Heading 2) in 2007, available after closure of the agriculture financial year and after the adoption of Amending Budget No. 7/2007, is sufficient to cover the entire additional financing from that Heading required for Galileo. Therefore, the revision will have no impact on the financial framework ceilings for agriculture or on the budget provision for agriculture, including direct payments, in future years;
- the use of any of the agriculture (Heading 2) margin in 2007 does not constitute a precedent for future years."
 - record in its minutes the joint statement on *transfer of appropriations* No. DEC50/2007:

"The European Parliament, the Council and the Commission:

- reiterate the importance of the Galileo programme as a priority for the European Union;
- recognise that the amount initially allocated for Galileo in 2007 (EUR 100 million) will not be used, pending uncertainty on the adoption of the legal basis before the end of this year, which would make impossible the recourse to carryover, as foreseen by Article 9 of the Financial Regulation;

- agree that, in order to safeguard the funds already entered in the 2007 budget for Galileo and on the basis of the information forwarded by the Commission on 31 October 2007, taking into account the unforeseen circumstances and without prejudice to the principle of annuality, the amount of EUR 100 million will be temporarily transferred, with the intention of returning these appropriations to the Galileo programme in 2009.
- welcome therefore the Commission's commitment to present a proposal for a transfer of an equivalent amount of EUR 100 million back to the Galileo programme in 2009, in full accordance with the multiannual financial allocations."

– record in its minutes the following joint statement on ***Joint Undertakings***:

"The European Parliament and the Council acknowledged the Community contribution to the ARTEMIS, the Clean Sky, the ENIAC and the IMI Joint Undertakings, stemming from the 7th Framework Programme (EUR 2 666 million) for the period 2008-2013 as a maximum) as proposed by the Commission with the corresponding amount for the current Multiannual Financial Framework period foreseen in the financial programming.

The European Parliament and the Council note, however, that any future financing of the ARTEMIS, the Clean Sky, the ENIAC and the IMI Joint Undertakings will be part of the discussions in the next financial framework and that no financial commitments can be made for the time after 2013."

– record in its minutes the following joint statement on ***Joint statement on the procedure to implement the agreement reached on 23 November 2007***:

"The European Parliament, the Council and the Commission agree that the global agreement reached at the Conciliation of 23 November 2007 will be implemented only if there is an agreement on the legal basis of Galileo.

In case the agreement does not fall in time to be considered by the European Parliament at the December Plenary, the European Parliament will vote a second reading in Plenary in the full respect of the ceilings set by the Interinstitutional Agreement of 17 May 2006.

The European Parliament and the Council commit to an accelerated procedure to incorporate the agreement into the 2008 budget on the basis of a proposal from the Commission as early as possible in 2008."

- record in its minutes the following Council statement on *payment appropriations*:

"The Council asks the Commission to submit an Amending Budget if the appropriations entered in the 2007 budget are insufficient to cover expenditure under sub-Heading 1b (Cohesion for growth and employment) and Heading 2 (Market related expenditure and direct payments) and Heading 5 (Administration)."

- record in the Council's minutes the unilateral statement by France on *Euratom*:

"La délégation française accepte les redéploiements effectués sous les programmes de la sous-rubrique 1a à la lumière de la confirmation donnée par la Commission que les montants affectés aux programmes Euratom seront réexaminés à l'occasion de la révision des bases légales correspondantes en 2011."
