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WORKING DOCUMENT

on Council's position on Draft Budget 2020 (Section III)

Committee on Budgets

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The purpose of this working document is to present an assessment of the Council's position on the Draft Budget 2020 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 5 June 2019, the Commission formally adopted its consolidated Draft Budget for the year 2020 (DB 2020) on 5 July 2019.

A trilogue took place on 23 July on the basis of Council's reading (as approved by COREPER on 10 July) and of Parliament's resolution of 14 March 2019 on general guidelines for the preparation of the 2020 budget, Section III – Commission. Due to the electoral year, Parliament could not adopt its usual formal resolution to react to the DB 2020 and serve as mandate for the budgetary trilogue, so the rapporteur drafted recommendations for the trilogue, based on the analysis of the DB 2020 in the light of Parliament's guidelines, which were endorsed by the BUDG coordinators on 23 July, following internal consultations.

Draft Budget 2020

The DB 2020 amounts to EUR 167 683,9 million in commitment appropriations (CA) for the MFF Headings (EUR 168 271,7 million including other special instruments - EUSF, EGF and EAR) and EUR 153 202,2 million in payment appropriations (PA) (EUR 153 620,7 million with other instruments). Compared to the 2019 budget (including DABs 1-3), this represents a nominal increase of +1,3 % in CA and +3,5 % in PA.

The proposed level of expenditure for 2020 broadly reflects the indicative financial programming for 2020, as technically updated in January 2019 following the adoption of the 2019 budget, with few notable exceptions such as:

- The margin in Heading 1a (EUR 474,6 million) doubles the programmed margin of EUR 240,1 million, due in particular to a EUR 200 million reduction of CEF financial instruments that is attributed to the robust take up of EFSI that supersedes these instruments;
- The political agreement on civil protection (RescEU) results into savings in Heading 3 (EUR 8,2 million) and Heading 4 (EUR 2 million);
- Increase of operational staff of European Border and Coast Guard (Frontex) is more gradual and amount for EASO was reduced;
- EUR 240 million are used in Heading 4 to honour the Syria pledge under HUMA/ENI.

The DB 2020 leaves an overall EUR 1 781,0 million margin available in CA and a EUR 20 067,6 million margin in PA (due to major implementation delays experienced in the area of cohesion until 2017 and adjustment through the global margin for payments). In commitments, there are no margins available under Headings 1b and 3.

Beyond the MFF ceilings, the Commission proposes to mobilise EUR 778,1 million under the Flexibility instrument for Heading 3 and EUR 141,9 million under the Global Margin for Commitments for Heading 1b, mostly for the Youth Employment Initiative (YEI).

There would be EUR 141,3 million left available under the Flexibility Instrument and EUR 1 203,2 million under the Global Margin for Commitments.

Council's position

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

figures in million EUR

Heading	DB 2020 (1)		Council position (2)		2 - 1		2 / 1	
	CA	PA	CA	PA	CA	PA	CA	PA
1A	24 716,44	22 108,52	23 969,04	22 004,09	- 747,4	- 104,42	-3,02%	-0,47%
1B	58 611,89	50 042,41	58 470,00	50 007,41	- 141,89	- 35,00	-0,24%	-0,07%
2	59 994,91	58 014,26	59 751,01	57 774,36	- 243,9	- 239,9	-0,41%	-0,41%
3	3 729,07	3 723,91	3 602,73	3 689,42	- 126,34	- 34,49	-3,39%	-0,93%
4	10 307,57	8 986,06	10 114,33	8 946,06	- 193,24	- 40,00	-1,87%	-0,45%
5	10 324,06	10 327,06	10 269,06	10 272,06	- 55,00	- 55,00	-0,53%	-0,53%
MFF Headings	**167 683,94**	**153 202,22**	**166 176,17**	**152 693,41**	**-1 507,77**	**- 508,81**	**-0,90%**	**-0,33%**
Special instruments	587,76	418,50	587,76	418,50	0	0	0,00%	0,00%
TOTAL	**168 271,71**	**153 620,72**	**166 763,93**	**153 111,91**	**-1 507,77**	**- 508,81**	**-0,90%**	**-0,33%**

The Council also adopted two statements (see Annexes).

Commitments

Council cuts EUR - 1,51 billion in commitments (- 0,90 % compared to the DB). Its position correspond to a nominal increase in commitments by + 0,58 % compared to the 2019 budget as initially adopted.

Council declares that its position is based on:

- absorption capacity showed by the implementation of programmes in previous years;
- realistic acceleration of implementation by avoiding excessive increases over 2019.

However, there is no trace of this approach: deep cuts target programmes with excellent absorption capacity (e.g. Horizon, COSME). Cuts in commitments are in line with the already unprecedented level of last year: Council once again gave priority to widening the margins available under the ceilings.

Moreover, Council's position seems surgically aimed at reverting any and all of the specific increases that Parliament obtained for its priorities in previous years.

The most glaring examples of this are:

- Horizon 2020, where the proposed cuts (EUR - 413 million, plus EUR - 11,9 million on Euratom) reverse the increases agreed by Parliament and Council under the successive budgetary procedures in this MFF, down to the financial envelope laid down in the Horizon 2020 regulation, as revised in 2015 to include the cut of EUR 2,2 billion to finance EFSI;
- Council also rejects the Commission proposal to mobilise decommitted funds for research under Art. 15(3) of the Financial Regulation, which the EP included among its priorities;
- the Youth Employment Initiative, where the proposed cuts (EUR - 116,67 million) renege on the previous agreement between the two arms of the budgetary authority.

In general, Subheading 1a is again by far the most affected in commitments, with EUR - 747,4 million alone. Besides Horizon, CEF is also cut (EUR - 197 million) as are other programmes. Nevertheless, no other Heading is spared from cuts.

Payments

Overall, with a reduction of EUR - 508,8 million (-0,33%) compared to the DB, the Council did not target the payment appropriations specifically.

However, while last year the Council reduced payments for non-dissociated appropriations and agencies only (for which the cuts in commitments need to be matched by similar cuts on payments), this time the Council does cut payments on several lines with dissociated appropriations, as a proportion of the cut in commitments.

An exception is Heading 4 where the Council cuts down two lines in payments without a cut in commitment, or with a much smaller one. This was probably meant to ensure that the overall payment cut is not smaller than last year's.

II. Factual analysis by heading

Subheading 1a

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

Council proposes an overall cut of EUR -747.40 million (-1,07% compared to DB) in CA and EUR 45 million (-0,19% compared to DB) in PA. Operational lines account for the overwhelming majority of cuts, with only 2.3% of cuts to administrative support expenditure.

The three programmes most hit are:

- Horizon 2020 (EUR -413 million in CA and EUR -69.4 million in PA);
- the Connecting Europe Facility (CEF) (EUR -197 million in CA and EUR -20 million in PA). The CEF cut comes on top of the cut in DB2020 of EUR 200 million from its financial instruments. Although those instruments were not successful, the Commission put the money in the margin rather than plough it back into the programme;
- the European Fund for Strategic Investments (EFSI) (EUR -90 million in CA). This cut to the provisioning for the EFSI guarantee represents a nominal decrease of almost 60% compared to DB2020.

COSME (EUR - 20 million in CA and EUR - 6 million in PA) and the Euratom Research and Training Programme (EUR -11,9 million in CA and EUR -4 million in PA) are also affected.

Programmes in the social field are significantly affected in proportion to their budget. EaSI, whose CA once again already decreased in the DB (-12,5%) suffers an additional cut of EUR -5 million, which represents a nominal decrease of -16,13% compared to the budget 2019.

The Council rejected the proposal from the Commission to use EUR 72 million of decommitted appropriations to reinforce the SME instrument (08 02 08), in the frame of Article 15(3) of the Financial Regulation. The Council proposes instead to redeploy the same amount of appropriations from other Horizon lines. In that connection, the other budgetary lines that are specifically designed to support SMEs have been cut by EUR -36.5 million.

Appropriations for agencies are cut by EUR -2,5 million both in CA and PA.

It is noteworthy that the Council position flatly contradicts many of the Finnish Presidency priorities, namely:

- to support digitalisation, innovation and technological development and to wish for a strong framework programme for research;
- to consider that integrating climate policy in all sectors is a key objective;
- to believe that the transport sector offers major potential for boosting growth and sustainability;
- to think it necessary to assess the need to update employment legislation and social protection systems.

All of these goals are subject to Council cuts.

Subheading 1b

In Subeading 1b, the Council proposes a reduction of EUR -116,67 million in commitment appropriations and EUR -35 million in payment appropriations to the Youth Employment Initiative (specific top-up allocation).

In addition, EUR -25,22 million in commitments are cut from Technical assistance and innovative action, so that the total reduction in commitments by EUR -141,9 million in Subeading 1b matches exactly the proposed mobilisation in the DB of the Global Margin for Commitments, that would no longer be used.

Heading 2

The Council reduces commitments in Heading 2 by EUR -243,9 million and payments by EUR 239,4 million.

The reductions are concentrated on non-dissociated appropriations on two lines in the articles covering fruit and vegetables and decoupled direct payments under the European Agricultural Guarantee Fund respectively. An additional 4 million in the article ‘Establishing a governance framework for fishing activities carried out by Union fishing vessels in third country waters’ have been placed in reserve.

The remaining margin under Heading 2 after the decreases proposed by the Council would be at a level of EUR 669,99 million instead of EUR 426,09 million as proposed in the DB.

Just as last year, the Council has 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 2020 budget.

Heading 3

In Heading 3, the Council reduces commitment appropriations by a total of EUR -126,3 million (-3,4%) compared to the DB. Payment appropriations are also cut, by EUR -34,5 million (-0,93%), with the entirety of the cuts in payments affecting decentralised agencies under the Heading (e.g. Frontex EUR -6,6 million).

The Council’s cuts affect operational expenditure in most areas/programmes, the most prominent ones being:

- Asylum, Migration and Integration Fund (AMIF) (EUR -34,6 million in CA);
- Internal Security Fund (EUR -25,4 million in CA);
- Food and feed (EUR -10 million in CA);
- Actions financed under the prerogatives of the Commission (EUR - 10 million in CA), of which EUR -8 million (CA) concerning communication actions;
- Creative Europe (EUR -6,2 million in CA);
- Rights, Equality and Citizenship (EUR -2 million in CA).

There are also cuts proposed to other programmes such as the Justice, Europe for Citizens, Health or Consumer programmes. In fact, the Union Civil Protection Mechanism is the only policy area that, like last year, is excluded from any cuts (negotiations on new legal base closed in December 2018).

This year, the Council does not engage in across-the-board cuts to the administrative support expenditure of Heading 3 programmes.

The Council puts the commitment and payments appropriations for the Dublin Regulation (under AMIF) in reserve (EUR 400 million in CA and EUR 115,4 million in PA, out of a total envelope of EUR 582,8 million in CA), given the total blockage in the Council since 2016 of the legislative proposal on its reform.

Further, the Council deletes entirely the reserve introduced by the Commission in the DB for EASO (EUR 24,7 million in CA and PA - linked to EASO's transformation into an agency), thereby reducing EASO's budget by 18,6%.

As a consequence of the proposed cuts to commitments, the flexibility instrument would be mobilised for EUR 338,9 million in CA (instead of EUR 778,1 million as proposed in the DB). In addition, Council proposes drawing on the Global Margin for Commitments (not foreseen in DB) for an amount of EUR 312,8 million in CA, in order to cover all expenditure under this Heading.

Globally, the pattern of Council cuts looks similar to last year's, although the large cuts to AMIF and ISF are rather surprising, as are targeted cuts to migration and security agencies (see below). Although some of the other proposed cuts may seem minor, the relatively small size of several of these programmes makes them particularly vulnerable to cuts.

Heading 4

Heading 4 is cut by EUR -193,2 million in commitments (-1,87%) and by EUR -40 million in payments (-0,45%) in comparison with the Draft Budget 2020.

The cuts target mainly Development Cooperation Instrument (DCI), Humanitarian Aid, Turkey programmes under Instrument for Pre-accession Assistance (IPA II), the Southern strand of the European Neighbourhood Instrument (ENI), the Partnership instrument (PI) and the European Instrument for Democracy and Human Rights (EIDHR).

The largest share of the cuts is borne by DCI (-70 million in commitments and -20 million in payments, or -2,15% and -0,72% compared to the DB 2020), with the main focus on the geographical lines: Asia (-29 million), the Middle East (-20 million), and Central Asia (-12,5 million). These three lines were increased in the DB compared to the budget 2019, in line with the financial programming: however, while the Council only cuts part of the increase in the case of the Middle East (20 out of 65 million), it goes slightly below the DB2020-B2019 increase in the case of Asia and Central Asia.

The Council also cuts by EUR -5 million the “Civil society in development” and by EUR -3,5 million the “Food and nutrition security and sustainable agriculture” lines.

The Humanitarian Aid is cut by EUR -50 million in commitments (-4,54% compared to DB), which correspond to the increase on the line while factoring out the 2nd tranche of the FRT.

IPA Turkey lines are cut by -31 million EUR in commitments, resulting in a cut of -13,7 % compared to the DB2020 for the two non-agricultural lines. The “governance” line is cut by -26 million (while the DB remains at B2019 level of 160 million, being already a reduction compared to 219,9 January financial programming). The “economic development” line is cut by -5 million (while being increased in the DB from 48,7 million to 65 million, this being a reduction from 89,5 January financial programming).

The agricultural line is cut by -10 million in payments (the payments being reinforced in the DB2020).

ENI is cut by EUR -23 million in commitments (-0,87 % compared to DB), with focus being on two Southern lines: -15 million for the “Confidence building, security and the prevention and settlement of conflicts” and -8 million to the multi-country umbrella line. While the first line was already decreased in the DB compared to the B2019, the Council’s cut on the second one takes out almost all of the (small) reinforcement from the DB. Importantly, ENI South has already been decreased in the DB by -39,6 million (-3,2%) compared to the B2019.

The Council also cuts -10 million in payments (on the two Southern lines). The Partnership instrument is cut by -8,3 million (-5,1%), corresponding to the increase in the DB (in line with the financial programming). The EIDHR is cut by -4,6 million (-2,28%), cancelling therefore the DB increase of +3,1 million.

The Council also cuts the EU Aid Volunteers Initiative by -1,1 million and the line “Evaluation of the results of Union aid and follow-up and audit measures” by -5,3 million (bringing it below B2019 level).

The Council does not cut CFSP chapter this year. Support lines, apart from the one mentioned above, are also spared this year.

Heading 5

The Council’s cuts under Heading 5 total EUR 55 million (out of which EUR 27.8 million for the Commission and EUR 27.2 million for all the other institutions). These cuts bring the overall amount of administrative expenditure to EUR 10 269,06 million in commitment appropriations (CA) and EUR 10 272,06 million in payment appropriations (PA) (i.e. an increase of, respectively 3,28% (CA) and 3,29% (PA) compared with the 2019 budget instead of 3,52% (CA) and 3,55% (PA) proposed by the Commission in its DB 2020).

As to the Commission’s administrative expenditure (Section III) (including pensions of all institutions, European Schools, offices, agencies and PPPAs) the Council implemented targeted cuts to the appropriations related, inter alia, to external staff (EUR 7,50 million); external IT services (EUR 4,90 million); buildings (EUR 2,50 million – this includes a reduction of EUR 1,50 million for acquisition and renting of buildings and EUR 1,00 million for other expenditure related to buildings.) and security measures (EUR 1,00 million).

Furthermore, 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 2,5 % (i.e. this is somewhat higher than 2,1 % estimated by the Commission in its DB 2020 and brings about a reduction of EUR 7,0 million in the level of appropriations related to remunerations and allowances of officials and temporary staff). The standard flat rate abatement for delegations is maintained at 5,5% as proposed in the DB 2020.

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

As a result, the Council suggests to establish the overall level of Commission's administrative expenditure at EUR 3 735,76 million (CA) and 3 735,77 million (PA). This corresponds to an increase of, respectively, 2,75 % and 2,78 % compared to the 2019 budget (instead of 3,55 % and 3,58 % proposed by the Commission).

Regarding administrative expenditure of other institutions (Sections I - II and IV - X), the European External Action Service (EEAS) budget has been reduced the most (by EUR 20 million) following targeted reductions to appropriations both at headquarters and delegations, such as: basic salaries and entitlements (due to the non-acceptance of 56 establishment plan posts, except for EEAS Stratcom), seconded national experts, IT, buildings, security, interpretation or meetings. The European Court of Auditors (ECA) and the European Data Protection Supervisor (EDPS) have also been facing sizeable cuts of, respectively, EUR 2 million and EUR 1,9 million. The Council approves the DB 2020 as regards Section I – European Parliament, including the reduction by EUR 23,42 million proposed by the Commission with respect to Parliament's estimates for 2020.

Decentralised agencies

Compared to the 2019 budget, commitment appropriations for all decentralised agencies in the DB2020 increased by around 11,8% with strong variability among the agencies. When excluding the assigned revenue from the comparison, the increase amounts to 9,7%. When looking at decentralised agencies which are classified at as 'new tasks' or 'start-up phase', the increase is higher, at 13,7%. Out of the 401 additional authorised establishment plan posts in the DB, 390 are allocated to this latter category of agencies.

The biggest increases in amounts as well as in share, are concentrated in Heading 3, in particular for EFSA, FRONTEX and EASO. The same is valid for the establishment plan posts.

Council's position on the budget 2020 does not mention decentralised agencies in a horizontal way, rather treating them as integral element of the heading or policy area. However, allocations for the following agencies were subject to cuts compared to the DB in the Council reading: European Chemical Agency (ECHA), European Agency for Safety and Health at Work (EU-OSHA), European Centre for the Development of Vocational Training (CEDEFOP), EU Agency for Railways (ERA), the European Border and Coast Guard Agency (FRONTEX), European Asylum Support Office (EASO) (amount put in reserve), European Monitoring Centre for Drugs and drug Addiction (EMCDDA), EU Agency for Fundamental Rights (FRA) and the European Agency for Gender Equality (EIGE), European Medicines Agency (EMA).

Special instruments

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

III. <u>Assessment in the light of Parliament's priorities</u>

Ahead of the Commission's Draft Budget, the Parliament set out its approach by adopting general guidelines on 14 March 2019. Parliament, *inter alia*:

- underlines that the 2020 Union budget is the bridge to the new 2021-2027 MFF and should contribute to creating a common, long-term vision on the future political priorities of the Union, and provide European added value; intends to make full use of the existing flexibility and other provisions set out in the MFF Regulation and the Financial Regulation, in order to reinforce key EU programmes in the 2020 budget, taking due account of the performance-based budgeting approach in the EU budget;
- considers that the EU budget for next year should define clear political priorities and enable the Union to create sustainable and inclusive economic growth and jobs, further invest in innovation and research capacities for future solutions, boost competitiveness, ensure a safe, secure and peaceful Europe, strengthen citizens' working and living conditions, enhance economic, social and territorial cohesion, bolster the Union in its fight against environmental challenges and climate change towards meeting its obligations under the Paris Agreement, contribute to the full implementation of the UN Sustainable Development Goals, and deliver on the European Pillar of Social Rights;
- anticipates a peak in the annual level of payment appropriations for 2020 for cohesion and commits to securing the necessary payments in 2020 to prevent another payment crisis
- points to the importance of decentralised agencies and expects the 2020 budget to lead to adequate operational and administrative funding for the EU agencies.

In addition, at the beginning of this legislative term, the rapporteur drafted recommendations in view of the budgetary trilogue of 23 July, based on the comparison between the DB 2020 and the March guidelines. Following internal consultations, revised recommendations were endorsed by the committee coordinators. In the recommendations, the rapporteur, *inter alia*:

- reconfirms the firm commitment to the priorities expressed in the guidelines and the intention to ensure an appropriate level of financing to deliver on them;
- welcomes the Commission proposal as a good basis to deliver on Parliament's priorities in 2020;
- recalls that 2020 will be the last year of the current MFF and, therefore, the last chance for the Union to come closer to meeting the political commitments set for this period, including towards reaching the EU climate target and implementing the UN Sustainable Development Goals;
- stresses the need to secure significant increases to the proposed level of commitment appropriations in the 2020 budget, taking due account of the performance-based budgeting approach; confirms the intention to make full use of the existing flexibilities;
- asks that the 2020 budget make a significant contribution to tackling environmental challenges and climate change, in order to partly offset the existing backlog towards

reaching the target of 20 % of climate-related Union expenditure for the period 2014-2020; considers that a significant increase in climate-related spending in next year's budget is essential in order to progress towards meeting the objectives of the Union, by reinforcing those programmes across all Headings that contribute towards climate change objectives.

In general, the rapporteur believes that the Council's cuts seem to be driven by neither implementation trends nor absorption capacities and, throughout the headings, the Council does not substantiate its approach with objective facts. As in previous years, the Council set an overall reduction target and then identified underlying cuts accordingly, to increase the margins.

Artificially creating margins through ever bigger cuts deprives the Union from its capacity to face well-foreseen and well-known needs and leaves practically no room for manoeuvre. Moreover, in the last year of the current MFF, such increased margins cannot be realistically justified on the grounds of possible unforeseen situations or crises, taking also into account the level of the Global Margin for Commitments and other special instruments. This is why the rapporteur intends to advise Parliament to revert the Council's cuts and align its political priorities with the budgetary means.

* * *

In **Subheading 1a**, the Council spares certain areas from cuts - such as Erasmus+ and the Large infrastructure projects (Galileo and EGNOS, ITER, Copernicus). However, 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. Additionally, when reducing programmes such as Horizon 2020 and CEF, the Council appears here again in contradiction with the principle stated in its own position according to which its detailed analysis of commitment appropriations was notably based on "well founded absorption capacity".

Horizon 2020 provides the most striking illustration. It is a widely shared Union priority, which provides a key contribution to long-term economic growth, fostering innovation and research capacities, and to the Union's competitiveness. Stepping up funding for research, innovation and development is a shared objective, given that the target of 3% GDP is far from being achieved. Cuts to key operational lines of the three Horizon pillars are therefore hard to justify. Additionally, the refusal to use decommitted appropriations in the framework of Article 15(3) of the Financial Regulation cannot be justified, since this provision was accepted by the co-legislators during the last revision of the Financial Regulation, which entered into force in July 2018. In the recommendations for the trilogue, the rapporteur reconfirmed Parliament's position in favour of the full use of this provision in this budgetary procedure, and claimed that the entire amount of decommitted appropriations in 2018 should be made available for this purpose.

Furthermore, Horizon 2020 is 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. Overall, only 28% of excellent proposals receive funding. By way of example, the line that suffers the largest Council cut - EUR 118,5 million from *Strengthening frontier research in the European Research Council* - has a success rate of only 29 %. This is a waste both of resources and of good ideas. Despite this, the Council proposes to cut the programme by EUR 413 million. Other programmes such as Future Emerging Technologies or Marie Skłodowska-Curie Actions experience even lower success rates of proposals, with only 8% and 14% respectively. The effect of this would be to limit the budget to the reference amount laid down in the Horizon Regulation, which however represents a reduction by EUR 2,2 billion due to EFSI, compared to the original allocation of the programme. This is in contradiction with the Council's position in the MFF mid-term review/revision that Horizon should be topped up. It would also contradict all the agreements in previous annual budget procedures to allocate extra resources to the programme.

CEF is also a very successful programme with strong EU added-value. In its DB, the Commission already proposed an amount below financial programming while it has a high absorption capacity. The Commission also proposed to move EUR 200 million from the CEF financial instruments to the margin. While this proposal makes sense, since these financial instruments have not been successful and have been superseded by EFSI, it represents a reduction of the programme. Further cuts go against EU priorities, including given the participation of CEF-transport towards the climate-related target expenditure. In this respect, cuts to the line *Ensuring sustainable and efficient transport systems* are extremely worrying.

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.

The cuts for EFSI are also substantial (-90 million), despite the fact that it has been highly successful. This would not allow the build-up of the EFSI Guarantee Fund as provided for in the EFSI legal basis, which could jeopardise the target of at least EUR 500 billion additional investments triggered in the EU by 2020. It would appear that the Council justifies its cut on the grounds that assigned revenue to the programme will be higher than estimated by the Commission. However, it is impossible to forecast precisely year by year the amount of assigned revenues made available to the guarantee fund.

EaSi is significantly affected in proportion to its budget. The amount in the DB is already lower than predicted in the financial programming, and the Council proposes an additional cut of EUR -5 million.

Other cuts in Subheading 1a do not seem to be driven by an analysis of past and current budget implementation and realistic absorption capacities. Furthermore, the Council applies arbitrary cuts to those lines which the Commission proposed to increase more than others from B2019 to DB 2020. However, this disregards the fact that those increases are generally in line with their profile (as per the financial programming) and/or their expected contracting, thus endangering or further delaying planned interventions. One illustration is COSME, which is cut by EUR 20 million, while the proposed increase of 12.5% in the DB is below financial programming and this programme could still absorb additional money. Furthermore, this cut is to the COSME financial instruments, for which market demand has been high. Proposed budgetary resources by the Commission are already insufficient to meet demand.

In **Subheading 1b**, the reduction of the appropriations for the YEI proposed by Council clearly reneges on the previous agreement between the two arms of the budgetary authority that the yearly allocation of the YEI be increased to the level of EUR 350 million. It also contradicts the claimed priorities of the Finnish Presidency, according to which "the social inclusion of young people needs special attention" and "All young people should have equal opportunities to enhance their digital competences".

Regarding **Heading 2**, taking into account the decreasing trend in the availability of assigned revenue and the available unallocated margin under the ceiling, the reductions under the direct payment scheme of the European Agricultural Guarantee Fund as proposed by the Council are not well justified. The fact that the amounts of assigned revenue are expected to be lower than in previous years can be welcomed. The additional amount from the fisheries title to be placed under reserve can be accepted in the assumption that the necessary appropriations will be released by way of transfer in the course of 2020.

In **Heading 3**, the rapporteur finds incomprehensible that the Council suggests cutting key programmes in the area of migration and security, in particular the Asylum, Migration and Integration Fund and the Internal Security Fund.

In addition, she regrets the Council's cuts across the board at the expense of successful programmes running at full capacity, such as Creative Europe and Rights, Equality and Citizenship. 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. Most programmes that are cut by the Council boast very good implementation rates in commitments and/or in payments, which makes these cuts difficult to justify. These include programmes such as Food and feed, Creative Europe, Health, Justice and the Consumer programme.

As a case in point, Creative Europe has consistently shown excellent performance with full implementation at year-end since the start of this MFF. The high demand for this programme is demonstrated by the consistently low average success rate of applicants and the high number of quality projects that have to be excluded due to limited funds. Under the programme's cross-sectoral strand, the Cultural and Creative Sectors' Guarantee Facility, an innovative market-led instrument launched in 2018 that addresses the financing gap for SMEs in these sectors, is already showing promising results, with 13 guarantee agreements already signed or under preparation. In response to this strong market demand, the Facility has been topped up from EFSI by EUR 60 million (i.e. 50% of its initial budget), with a second top-up of EUR 70 million under preparation. Against this backdrop, Council's proposed cut by EUR -2 million (in CA) is incomprehensible.

In **Heading 4**, the rapporteur is concerned by the cuts proposed by the Council, in particular to DCI and ENI South, which should instead be reinforced to support investment, tackle instability and conflict, and promote development and sustainable partnerships particularly in the countries from which migration flows originate, as well as in the EU neighbourhood. Furthermore, ensuring the stability of funding for Erasmus+ as part of the programmes under this Heading remains essential.

The rapporteur agrees with the Council approach towards pre-accession lines regarding Turkey. She believes that further analysis is required as regards the Turkey lines of IPA as no progress has been made in rule of law or reform efforts in the country.

In the light of recent events concerning UNRWA, the rapporteur intends to reassess the budget support and verify that the funding for this organisation is not misused and is properly substantiated.

In addition, the rapporteur intends to step up support to Erasmus+ lines in Heading 4 to promote education exchanges in neighbourhood and candidate countries as well as African countries.

__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	**Draft calendar for the 2020 budgetary procedure**

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

		1		2		2/1		3		4		4/1	
	Description	**Budget 2019**		**DB 2020**		**Difference (%)**		**Council's Changes on DB 2020**		**Council's Position on DB 2020**		**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**
1	**Smart and inclusive growth**	**80 527 449 848**	**67 556 947 173**	**83 328 329 504**	**72 150 922 336**	**+3,48%**	**+6,80%**	**- 889 290 522**	**- 139 423 585**	**82 439 038 982**	**72 011 498 751**	**+2,37%**	**+6,59%**
	flexibility instrument	*0*		*0*				*0*		*0*			
	global margin for commitments	*0*		*141 890 522*				*- 141 890 522*		*0*			
	ceiling	*0*		*83 661 000 000*				*0*		*83 661 000 000*			
	margin	*-80 527 449 848*		*474 561 018*		-1,0059		*747 400 000*		*1 221 961 018*		-1,0152	
1.a	Competitiveness for growth and jobs	23 335 449 848	20 521 537 455	24 716 438 982	22 108 515 486	+5,92%	+7,73%	- 747 400 000	- 104 423 585	23 969 038 982	22 004 091 901	+2,72%	+7,22%
	flexibility instrument			*0*						*0*			
	global margin for commitments			*0*						*0*			
	ceiling			*25 191 000 000*						*25 191 000 000*			
	margin	*-23 335 449 848*		*474 561 018*		-1,0203		*747 400 000*		*1 221 961 018*		-1,0524	
	Large infrastructure projects	1 959 404 000	2 141 958 368	2 218 750 300	2 144 161 144	+13,24%	+0,10%	p.m.	p.m.	2 218 750 300	2 144 161 144	+13,24%	+0,10%
	European satellite navigation systems (EGNOS and Galileo)	690 718 000	923 000 000	1 207 028 300	953 500 000	+74,75%	+3,30%	p.m.	p.m.	1 207 028 300	953 500 000	+74,75%	+3,30%
	International Thermonuclear Experimental Reactor (ITER)	407 216 000	616 558 368	364 775 000	638 661 144	-10,42%	+3,58%			364 775 000	638 661 144	-10,42%	+3,58%
	European Earth Observation Programme (Copernicus)	861 470 000	602 400 000	646 947 000	552 000 000	-24,90%	-8,37%			646 947 000	552 000 000	-24,90%	-8,37%
	Nuclear Safety and Decommissioning	143 947 000	158 135 500	146 827 000	171 350 000	+2,00%	+8,36%			146 827 000	171 350 000	+2,00%	+8,36%
	European Fund for Strategic Investments (EFSI)	186 879 000	1 022 300 000	172 852 000	1 105 216 000	-7,51%	+8,11%	- 90 000 000		82 852 000	1 105 216 000	-55,67%	+8,11%
	Common Strategic Framework (CSF) Research and Innovation	12 685 075 365	11 341 813 949	13 583 813 707	12 126 326 347	+7,09%	+6,92%	- 424 900 000	- 73 423 585	13 158 913 707	12 052 902 762	+3,74%	+6,27%
	Horizon 2020	12 311 500 839	10 971 809 099	13 183 948 806	11 708 535 147	+7,09%	+6,71%	- 413 000 000	- 69 423 585	12 770 948 806	11 639 111 562	+3,73%	+6,08%
	Euratom Research and Training Programme	373 574 526	370 004 850	399 864 901	417 791 200	+7,04%	+12,92%	- 11 900 000	- 4 000 000	387 964 901	413 791 200	+3,85%	+11,83%

	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	367 177 109	251 821 109	413 101 972	380 643 572	+12,51%	+51,16%	- 20 000 000	- 6 000 000	393 101 972	374 643 572	+7,06%	+48,77%
	Education, Training and Sport (Erasmus+)	2 766 425 000	2 563 126 800	2 835 368 000	2 689 450 700	+2,49%	+4,93%	p.m.	p.m.	2 835 368 000	2 689 450 700	+2,49%	+4,93%
	Employment and Social Innovation (EaSI)	136 061 055	118 400 000	119 111 491	106 900 000	-12,46%	-9,71%	- 5 000 000		114 111 491	106 900 000	-16,13%	-9,71%
	Customs, Fiscalis and Anti-Fraud	135 214 500	134 179 264	133 353 600	123 856 853	-1,38%	-7,69%			133 353 600	123 856 853	-1,38%	-7,69%
	Connecting Europe Facility (CEF)	3 763 983 113	1 701 244 985	3 937 502 271	2 063 997 729	+4,61%	+21,32%	- 197 000 000	- 20 000 000	3 740 502 271	2 043 997 729	-0,62%	+20,15%
	Energy	948 678 024	326 800 000	1 185 232 586	390 943 196	+24,94%	+19,63%	p.m.	p.m.	1 185 232 586	390 943 196	+24,94%	+19,63%
	Transport	2 640 168 366	1 222 806 985	2 542 156 234	1 465 550 533	-3,71%	+19,85%	- 169 000 000	- 20 000 000	2 373 156 234	1 445 550 533	-10,11%	+18,22%
	Information and Communications Technology (ICT)	175 136 723	151 638 000	210 113 451	207 504 000	+19,97%	+36,84%	- 28 000 000		182 113 451	207 504 000	+3,98%	+36,84%
	Energy projects to aid economic recovery (EERP)	p.m.	61 000 000	p.m.	60 000 000		-1,64%			p.m.	60 000 000		-1,64%
	European Solidarity Corps (ESC)	143 324 568	119 550 000	166 087 779	153 900 000	+15,88%	+28,73%	p.m.		166 087 779	153 900 000	+15,88%	+28,73%
	European Defence Industrial Development Programme(EDIDP)	245 000 000	147 000 000	255 000 000	200 500 000	+4,08%	+36,39%			255 000 000	200 500 000	+4,08%	+36,39%
	Other actions and programmes	194 396 950	164 724 000	196 584 000	185 012 500	+1,13%	+12,32%	p.m.		196 584 000	185 012 500	+1,13%	+12,32%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	128 409 200	114 974 000	137 184 355	122 840 000	+6,83%	+6,84%	- 8 000 000	- 2 500 000	129 184 355	120 340 000	+0,60%	+4,67%
	Pilot projects and preparatory actions	97 258 000	99 631 492	p.m.	72 146 043	-100,00%	-27,59%			p.m.	72 146 043	-100,00%	-27,59%
	Decentralised agencies	382 894 988	381 677 988	400 902 507	402 214 598	+4,70%	+5,38%	- 2 500 000	- 2 500 000	398 402 507	399 714 598	+4,05%	+4,73%
1.b	Economic, social and territorial cohesion	57 192 000 000	47 035 409 718	58 611 890 522	50 042 406 850	+2,48%	+6,39%	- 141 890 522	- 35 000 000	58 470 000 000	50 007 406 850	+2,23%	+6,32%
	global margin for commitments			*141 890 522*				*- 141 890 522*		*0*			
	ceiling			*58 470 000 000*						*58 470 000 000*			
	margin	*-57 192 000 000*		*0*		-1		*0*		*0*		-1	
	Investment for growth and jobs	52 357 460 317	43 736 615 939	53 848 932 915	46 390 060 024	+2,85%	+6,07%			53 848 932 915	46 390 060 024	+2,85%	+6,07%
	Regional convergence (Less developed regions)	27 875 240 019	24 042 312 257	28 762 438 100	25 413 726 293	+3,18%	+5,70%			28 762 438 100	25 413 726 293	+3,18%	+5,70%
	Transition regions	5 848 702 183	4 370 075 523	5 963 909 396	4 776 711 765	+1,97%	+9,31%			5 963 909 396	4 776 711 765	+1,97%	+9,31%
	Competitiveness (More developed regions)	8 648 891 065	7 441 506 686	8 822 311 588	7 698 026 179	+2,01%	+3,45%			8 822 311 588	7 698 026 179	+2,01%	+3,45%

	Outermost and sparsely populated regions	231 004 998	176 442 251	235 627 457	201 595 787	+2,00%	+14,26%			235 627 457	201 595 787	+2,00%	+14,26%
	Cohesion fund	9 753 622 052	7 706 279 222	10 064 646 374	8 300 000 000	+3,19%	+7,70%			10 064 646 374	8 300 000 000	+3,19%	+7,70%
	Connecting Europe Facility (CEF) – CF contribution	1 700 429 260	851 591 176	1 780 568 418	1 113 461 793	+4,71%	+30,75%			1 780 568 418	1 113 461 793	+4,71%	+30,75%
	European territorial cooperation	1 972 954 405	1 190 567 367	2 012 413 622	1 284 989 134	+2,00%	+7,93%			2 012 413 622	1 284 989 134	+2,00%	+7,93%
	Youth Employment initiative (specific top-up allocation)	350 000 000	631 500 000	116 666 667	600 000 000	-66,67%	-4,99%	- 116 666 667	- 35 000 000	p.m.	565 000 000	-100,00%	-10,53%
	Technical assistance and innovative actions	239 700 874	212 747 349	274 321 154	230 928 007	+14,44%	+8,55%	- 25 223 855	p.m.	249 097 299	230 928 007	+3,92%	+8,55%
	European Aid to the Most Deprived (FEAD)	567 780 144	401 200 000	578 987 746	411 180 000	+1,97%	+2,49%			578 987 746	411 180 000	+1,97%	+2,49%
	Pilot projects and preparatory actions	3 675 000	11 187 887	p.m.	11 787 892	-100,00%	+5,36%			p.m.	11 787 892	-100,00%	+5,36%
2	**Sustainable growth: natural resources**	**59 642 077 986**	**57 399 857 331**	**59 994 906 170**	**58 014 263 718**	**+0,59%**	**+1,07%**	**- 243 900 000**	**- 239 900 000**	**59 751 006 170**	**57 774 363 718**	**+0,18%**	**+0,65%**
	ceiling			*60 421 000 000*						*60 421 000 000*			
	margin	*-59 642 077 986*		*426 093 830*		-1,0071		*243 900 000*		*669 993 830*		-1,0112	
	European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	**43 191 947 000**	**43 116 399 417**	**43 531 805 687**	**43 501 731 798**	**+0,79%**	**+0,89%**	**- 239 900 000**	**- 239 900 000**	**43 291 905 687**	**43 261 831 798**	**+0,23%**	**+0,34%**
	sub-ceiling			*43 888 000 000*						*43 888 000 000*			
	excluded when calculating the sub-margin (1)			*- 888 000*						*- 888 000*			
	sub-margin	*-43 191 947 000*		*355 306 313*		-1,0082		*239 900 000*		*595 206 313*		-1,0138	
	European Agricultural Fund for Rural Development (EAFRD)	14 727 262 537	13 148 187 646	14 708 662 347	13 141 223 550	-0,13%	-0,05%			14 708 662 347	13 141 223 550	-0,13%	-0,05%
	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	1 089 955 310	712 759 978	1 108 254 116	912 430 978	+1,68%	+28,01%	- 4 000 000		1 104 254 116	912 430 978	+1,31%	+28,01%
	European Maritime and Fisheries Fund (EMFF)	942 055 332	570 725 000	960 254 138	769 899 000	+1,93%	+34,90%	p.m.		960 254 138	769 899 000	+1,93%	+34,90%

	Sustainable Fisheries Partnership Agreements (SFPAs) and compulsory contributions to Regional Fisheries Management Organisations (RFMOs) and to other international organisations	147 899 978	142 034 978	147 999 978	142 531 978	+0,07%	+0,35%	- 4 000 000		143 999 978	142 531 978	-2,64%	+0,35%
	Environment and climate action (LIFE)	558 071 000	341 561 000	579 563 000	377 881 612	+3,85%	+10,63%			579 563 000	377 881 612	+3,85%	+10,63%
	Other actions and measures	p.m.	p.m.	p.m.	p.m.					p.m.	p.m.		
	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	13 500 000	19 607 151	p.m.	14 374 760	-100,00%	-26,69%			p.m.	14 374 760	-100,00%	-26,69%
	Decentralised agencies	61 342 139	61 342 139	66 621 020	66 621 020	+8,61%	+8,61%	p.m.	p.m.	66 621 020	66 621 020	+8,61%	+8,61%
3	**Security and citizenship**	**3 786 629 138**	**3 527 434 894**	**3 729 074 489**	**3 723 911 857**	**-1,52%**	**+5,57%**	**- 126 344 931**	**- 34 490 931**	**3 602 729 558**	**3 689 420 926**	**-4,86%**	**+4,59%**
	flexibility instrument			*778 074 489*				*- 439 175 119*		*338 899 370*			
	global margin for commitments			*0*				*312 830 188*		*312 830 188*			
	ceiling			*2 951 000 000*						*2 951 000 000*			
	margin	*-3 786 629 138*		*0*		-1		*0*		*0*		-1	
	Asylum, Migration and Integration Fund	1 120 813 770	952 604 244	948 690 284	952 604 244	-15,36%		- 34 600 000	p.m.	914 090 284	952 604 244	-18,44%	
	Internal Security Fund	533 497 535	663 722 468	500 869 068	670 402 449	-6,12%	+1,01%	- 25 400 000		475 469 068	670 402 449	-10,88%	+1,01%
	IT systems	100 000	p.m.	p.m.	p.m.	-100,00%				p.m.	p.m.	-100,00%	
	Justice	44 625 000	38 136 612	46 553 000	42 850 000	+4,32%	+12,36%	- 700 000		45 853 000	42 850 000	+2,75%	+12,36%
	Rights, Equality and Citizenship	65 721 000	57 950 000	68 458 000	69 500 000	+4,16%	+19,93%	- 2 000 000		66 458 000	69 500 000	+1,12%	+19,93%
	Union Civil protection Mechanism	149 556 000	81 660 000	156 170 000	77 000 000	+4,42%	-5,71%			156 170 000	77 000 000	+4,42%	-5,71%
	Europe for Citizens	28 682 000	29 222 000	29 812 000	28 498 751	+3,94%	-2,48%	- 1 130 000		28 682 000	28 498 751		-2,48%
	Food and feed	289 691 000	239 272 000	280 000 000	244 675 000	-3,35%	+2,26%	- 10 000 000		270 000 000	244 675 000	-6,80%	+2,26%
	Health	68 308 000	61 250 000	69 674 000	64 150 000	+2,00%	+4,73%	- 1 366 000		68 308 000	64 150 000		+4,73%
	Consumer	29 255 000	23 608 000	29 685 000	27 685 000	+1,47%	+17,27%	- 430 000		29 255 000	27 685 000		+17,27%
	Creative Europe	244 843 000	194 780 000	244 414 000	209 404 000	-0,18%	+7,51%	- 6 228 000		238 186 000	209 404 000	-2,72%	+7,51%
	Instrument for emergency support within the Union	250 000	69 537 000	p.m.	p.m.	-100,00%	-100,00%			p.m.	p.m.	-100,00%	-100,00%

	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	105 790 000	99 880 500	105 283 000	103 610 000	-0,48%	+3,73%	- 10 000 000		95 283 000	103 610 000	-9,93%	+3,73%
	Of which 'Communication actions'	77 118 000	74 000 000	79 403 000	76 760 000	+2,96%	+3,73%	- 8 000 000		71 403 000	76 760 000	-7,41%	+3,73%
	Pilot projects and preparatory actions	15 075 000	18 260 737	p.m.	10 625 958	-100,00%	-41,81%			p.m.	10 625 958	-100,00%	-41,81%
	Decentralised agencies	1 090 421 833	997 551 333	1 249 466 137	1 222 906 455	+14,59%	+22,59%	- 34 490 931	- 34 490 931	1 214 975 206	1 188 415 524	+11,42%	+19,13%
4	**Global Europe**	**11 319 265 627**	**9 358 295 603**	**10 307 572 239**	**8 986 061 191**	**-8,94%**	**-3,98%**	**- 193 238 000**	**- 40 000 000**	**10 114 334 239**	**8 946 061 191**	**-10,64%**	**-4,41%**
	global margin for commitments			*0*						*0*			
	ceiling			*10 510 000 000*						*10 510 000 000*			
	margin	*-11 319 265 627*		*202 427 761*		-1,0179		*193 238 000*		*395 665 761*		-1,035	
	Instrument for Pre-accession assistance (IPA II)	2 423 420 374	1 707 516 372	1 656 101 837	1 506 654 616	-31,66%	-11,76%	- 31 000 000	- 10 000 000	1 625 101 837	1 496 654 616	-32,94%	-12,35%
	European Neighbourhood Instrument (ENI)	2 677 280 580	2 060 306 755	2 645 809 332	1 966 189 902	-1,18%	-4,57%	- 23 000 000	- 10 000 000	2 622 809 332	1 956 189 902	-2,03%	-5,05%
	Development Cooperation Instrument (DCI)	3 189 899 298	2 796 282 796	3 252 459 297	2 776 662 319	+1,96%	-0,70%	- 70 000 000	- 20 000 000	3 182 459 297	2 756 662 319	-0,23%	-1,42%
	Partnership instrument for cooperation with third countries (PI)	154 004 000	99 604 970	162 284 000	133 241 724	+5,38%	+33,77%	- 8 280 000		154 004 000	133 241 724		+33,77%
	European Instrument for Democracy and Human Rights (EIDHR)	196 657 927	159 310 577	201 253 927	179 597 220	+2,34%	+12,73%	- 4 596 000		196 657 927	179 597 220		+12,73%
	Instrument contributing to Stability and Peace (IcSP)	376 737 177	321 300 000	393 807 177	349 700 000	+4,53%	+8,84%			393 807 177	349 700 000	+4,53%	+8,84%
	Humanitarian aid (HUMA)	1 651 824 000	1 603 042 665	1 101 824 000	1 207 289 221	-33,30%	-24,69%	- 50 000 000		1 051 824 000	1 207 289 221	-36,32%	-24,69%
	Common Foreign and Security Policy (CFSP)	334 857 000	305 500 000	351 927 000	328 650 000	+5,10%	+7,58%	p.m.		351 927 000	328 650 000	+5,10%	+7,58%
	Instrument for Nuclear Safety Cooperation (INSC)	33 630 000	41 475 951	32 885 000	32 690 710	-2,22%	-21,18%			32 885 000	32 690 710	-2,22%	-21,18%
	Macro-financial Assistance (MFA)	27 000 000	27 000 000	27 000 000	27 000 000					27 000 000	27 000 000		
	Guarantee Fund for external actions (GF)	p.m.	p.m.	233 375 757	233 375 757					233 375 757	233 375 757		
	Union Civil Protection Mechanism	23 546 000	20 665 041	18 729 000	15 706 250	-20,46%	-24,00%			18 729 000	15 706 250	-20,46%	-24,00%
	EU Aid Volunteers initiative (EUAV)	19 537 000	16 053 584	20 611 000	18 840 960	+5,50%	+17,36%	- 1 074 000		19 537 000	18 840 960		+17,36%
	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	83 606 281	72 954 281	82 827 890	83 949 890	-0,93%	+15,07%			82 827 890	83 949 890	-0,93%	+15,07%
	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	75 452 000	73 684 468	80 740 000	78 183 947	+7,01%	+6,11%	- 5 288 000		75 452 000	78 183 947		+6,11%
	Pilot projects and preparatory actions	6 325 000	8 109 153	p.m.	2 391 653	-100,00%	-70,51%			p.m.	2 391 653	-100,00%	-70,51%
	Decentralised agencies	20 488 990	20 488 990	20 937 022	20 937 022	+2,19%	+2,19%			20 937 022	20 937 022	+2,19%	+2,19%
5	**Administration**	**9 942 974 723**	**9 944 904 743**	**10 324 060 577**	**10 327 063 787**	**+3,83%**	**+3,84%**	**- 55 000 000**	**- 55 000 000**	**10 269 060 577**	**10 272 063 787**	**+3,28%**	**+3,29%**
	ceiling			*11 254 000 000*						*11 254 000 000*			
	offset of the contingency margin	*0*		*- 252 000 000*				*0*		*- 252 000 000*			
	margin	*-9 942 974 723*		*677 939 423*		-1,0682		*55 000 000*		*732 939 423*		-1,0737	
	Pensions and European Schools	2 195 688 920	2 195 688 920	2 338 783 362	2 338 783 362	+6,52%	+6,52%			2 338 783 362	2 338 783 362	+6,52%	+6,52%
	Pensions	2 003 592 000	2 003 592 000	2 145 879 000	2 145 879 000	+7,10%	+7,10%			2 145 879 000	2 145 879 000	+7,10%	+7,10%
	European schools	192 096 920	192 096 920	192 904 362	192 904 362	+0,42%	+0,42%			192 904 362	192 904 362	+0,42%	+0,42%
	Administrative expenditure of the institutions	**7 747 285 803**	**7 749 215 823**	**7 985 277 215**	**7 988 280 425**	**+3,07%**	**+3,09%**	**- 55 000 000**	**- 55 000 000**	**7 930 277 215**	**7 933 280 425**	**+2,36%**	**+2,38%**
	sub-ceiling			*9 071 000 000*						*9 071 000 000*			
	offset of the contingency margin			*- 252 000 000*						*- 252 000 000*			
	sub-margin	*-7 747 285 803*		*833 722 785*		-1,1076		*55 000 000*		*888 722 785*		-1,1147	
	European Parliament	1 996 363 262	1 996 363 262	2 026 385 411	2 026 385 411	+1,50%	+1,50%			2 026 385 411	2 026 385 411	+1,50%	+1,50%
	European Council and Council	581 895 459	581 895 459	594 760 000	594 760 000	+2,21%	+2,21%	- 500 000	- 500 000	594 260 000	594 260 000	+2,12%	+2,12%
	Commission	3 632 741 946	3 634 671 966	3 760 562 367	3 763 565 577	+3,52%	+3,55%	- 27 800 000	- 27 800 000	3 732 762 367	3 735 765 577	+2,75%	+2,78%
	Commission, excluding Offices	3 303 988 546	3 303 988 546	3 416 850 367	3 416 850 367	+3,42%	+3,42%	- 24 900 000	- 24 900 000	3 391 950 367	3 391 950 367	+2,66%	+2,66%
	Annex 2 - Publications Office	93 116 400	93 116 400	104 242 000	104 242 000	+11,95%	+11,95%	- 1 700 000	- 1 700 000	102 542 000	102 542 000	+10,12%	+10,12%
	Annex 3 - European Anti-Fraud Office	59 526 000	59 526 000	60 925 000	60 925 000	+2,35%	+2,35%			60 925 000	60 925 000	+2,35%	+2,35%
	Annex 4 - European Personnel Selection Office	26 478 000	26 478 000	26 328 000	26 328 000	-0,57%	-0,57%			26 328 000	26 328 000	-0,57%	-0,57%
	Annex 5 - Office for Administration and Payment of Individual Entitlements	39 623 000	39 623 000	41 876 000	41 876 000	+5,69%	+5,69%	- 300 000	- 300 000	41 576 000	41 576 000	+4,93%	+4,93%
	Annex 6 - Office for Infrastructure and Logistics — Brussels	80 679 000	80 679 000	84 123 000	84 123 000	+4,27%	+4,27%	- 700 000	- 700 000	83 423 000	83 423 000	+3,40%	+3,40%

Annex 7 - Office for Infrastructure and Logistics — Luxembourg	25 231 000	25 231 000	26 218 000	26 218 000	+3,91%	+3,91%	- 200 000	- 200 000	26 018 000	26 018 000	+3,12%	+3,12%
Pilot projects and preparatory actions	4 100 000	6 030 020	p.m.	3 003 210	-100,00%	-50,20%			p.m.	3 003 210	-100,00%	-50,20%
Decentralised agencies	p.m.	p.m.	p.m.	p.m.					p.m.	p.m.		
Court of Justice of the European Union	429 410 436	429 410 436	439 985 500	439 985 500	+2,46%	+2,46%	- 500 000	- 500 000	439 485 500	439 485 500	+2,35%	+2,35%
Court of Auditors	146 890 518	146 890 518	154 517 000	154 517 000	+5,19%	+5,19%	- 2 000 000	- 2 000 000	152 517 000	152 517 000	+3,83%	+3,83%
European Economic and Social Committee	138 502 768	138 502 768	143 359 065	143 359 065	+3,51%	+3,51%	- 1 200 000	- 1 200 000	142 159 065	142 159 065	+2,64%	+2,64%
Committee of the Regions	98 751 065	98 751 065	102 118 480	102 118 480	+3,41%	+3,41%	- 800 000	- 800 000	101 318 480	101 318 480	+2,60%	+2,60%
European Ombudsman	11 279 261	11 279 261	12 249 231	12 249 231	+8,60%	+8,60%	- 300 000	- 300 000	11 949 231	11 949 231	+5,94%	+5,94%
European data-protection Supervisor	16 638 572	16 638 572	19 540 998	19 540 998	+17,44%	+17,44%	- 1 900 000	- 1 900 000	17 640 998	17 640 998	+6,02%	+6,02%
European External Action Service	694 812 516	694 812 516	731 799 163	731 799 163	+5,32%	+5,32%	- 20 000 000	- 20 000 000	711 799 163	711 799 163	+2,44%	+2,44%
MFF Headings	**165 218 397 322**	**147 787 439 744**	**167 683 942 979**	**153 202 222 889**	**+1,49%**	**+3,66%**	**-1 507 773 453**	**- 508 814 516**	**166 176 169 526**	**152 693 408 373**	**+0,58%**	**+3,32%**
flexibility instrument (3)	*0*		*778 074 489*	*849 779 197*			*- 439 175 119*	*- 229 952 366*	*338 899 370*	*619 826 831*		
global margin for commitments	*0*		*141 890 522*				*170 939 666*		*312 830 188*			
ceiling	*0*		*168 797 000 000*	*172 420 000 000*			*0*		*168 797 000 000*	*172 420 000 000*		
offset of the contingency margin	*0*		*- 252 000 000*				*0*		*- 252 000 000*			
margin (2)	*-165 218 397 322*	*-147 787 439 744*	*1 781 022 032*	*20 067 556 308*	-1,0108	-1,1358	*1 239 538 000*	*278 862 150*	*3 020 560 032*	*20 346 418 458*	-1,0183	-1,1377
Appropriations as % of GNI (4)(5)	**1,00%**	**0,90%**	**0,99%**	**0,90%**	**-1,50%**	**0,61%**	**-0,01%**	**-0,00%**	**0,98%**	**0,90%**	**-2,38%**	**0,28%**

(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 changes, both in c/a and p/a, for the flexibility instrument, only reflect that the amounts to be financed via the flexibility instrument are lower than the amounts proposed by the Commission.

(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.

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

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 2020 budget.

The Council calls on the Commission to continue closely and actively monitoring during the year 2020 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 2020 payment appropriations. If the figures show that the appropriations entered in the 2020 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, shortening the eight-week period for a decision if deemed necessary."

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 MFF1. The Council asks the Commission, in consultation with the institutions concerned, to reassess the needs under heading 5 when establishing the letter of amendment 2020 taking into account these revenues."

Annex IV Draft calendar for the 2020 budgetary procedure

3 September	Presentation of WD on Council position in BUDG committee
5 September - 12h	Deadline for tabling budgetary amendments: - by individual members to BUDG - and by Committees and MEPS (38 signatures) to Plenary
12 September - 12h	Deadline for tabling budgetary amendments by groups to Plenary
30 September - 3 October	BUDG vote on budgetary amendments
7 October	Draft report on the resolution available
8 October - 14h	Deadline for amendments to the resolution
9 October - 12h	Deadline for opinions from other committees to the resolution
14 October	BUDG adoption of budgetary resolution - all sections
16 October	Trilogue ahead of Parliament's reading
23 October	Adoption of Parliament's reading
29 October - 18 November	21-day conciliation period