**Exercise on 2019 Draft EU Budget**

**Scenario Explanation**

Today, we will engage the class in an exercise on the EU Budget. It will involve a negotiation of the **2019 Draft Budget** proposed by the European Commission.

In February 2018, the Council and the European Parliament submitted their respective Budget guidelines to the Commission (**Annex 1**).

In May 2018, the European Commission publishes its 2019 Draft Budget (**Annex 2**).

**The Commission proposes the 2019 draft EU Budget of €166 bn in commitments, corresponding to a 3% increase over 2018 and €149 billion in payments (+3% over 2018) investing in a stronger and more resilient European economy and promoting solidarity and security on both sides of the EU's borders.**

**Commissioner Günther H. Oettinger,** in charge of Budget and Human Resources, says : “We are proposing an ambitious budget that continues to support our priorities, in particular on investment, jobs, youth, migration, solidarity and security, and that delivers European added value for our citizens. We need stability for the EU and I look forward to reaching an agreement with Parliament and Council as soon as possible."

**Stages of Class Exercise**

**Stage 1 – Budget Council and separate EP Budget Committee meetings**

**Council meet** to consider Commission proposal and frame council position. Member States to note priorities, and consider potential areas of compromise – recognising net contributor / net beneficiary lines.

Please keep in mind who you are and what your government desires most.

**MEPs meet** to consider Commission proposal and frame EP position – noting priorities, and consider potential areas of compromise.

Please keep in mind who you are and what your party desires most.

**Stage 2 - Conciliation meeting (representatives from each of the institutions)**

Council and EP meet to try to work out agreement.

**Stage 3 – Side room negotiations**

European Commission meet with both institutions to will try to help broker an agreement between propose a draft budget. A list of possible priorities is attached. Further detail can be found below in your role description. Please keep in mind who you are and what your priorities are.

**Stage 4 - Conciliation meeting:** Council and EP meet again to try to work out agreement.

**ROLE DESCRIPTIONS**

**European Commission – role to defend Commission proposal**

**Commissioner Günther H. Oettinger,** in charge of Budget and Human Resources, said: “*We are proposing an ambitious budget that continues to support our priorities, in particular on investment, jobs, youth, migration, solidarity and security, and that delivers European added value for our citizens. We need stability for the EU and I look forward to reaching an agreement with Parliament and Council as soon as possible*."

**Jean Claude Juncker -** Role to defend and present the Commission position and to broker a common position between Commissioners as well as between the Council and the Parliament. The person playing this role should assign members of the Commission to hear out both sides with a view to reconciling their positions.

**Federica Mogherini -** Role to assist fellow Commissioners in defending the Commission’s position as well as brokering deal between the Council and EP. As the High representative for the Union for Foreign Affairs and Security Policy your policy preferences include higher investment in CFSP/CSDP, Border management and immigration.

**Frans Timmermans -** You are the 1st Vice President of the Commission and the Spitzenkandidat for the S&D for the upcoming European elections. Your role is to defend the Commission’s position and help to try to broker a deal between the Council and EP. Your main policy preference is for that which promotes the idea of ‘Social Europe’ as well as for the promotion of rule of law in at risk member states.

**Council**

**Hartwig Löger, Austrian Federal Minister for Finance – role to defend Council position (Presidency chair)**

Austria holds the EU Presidency. In your capacity as Chair of Council, you are looking to allocate adequate resources in support of EU priorities and flagship programmes. Additional funds are foreseen in several areas, including for the management of migration flows. At the same time, EU taxpayers need to get good value for their money. Member states have therefore had a careful look at the Commission's draft budget to see where adjustments could be appropriate.

**Bruno le Maire, French Finance Minister -** You’re role is to make sure that you get you’re policy preferences onto the agenda in the Council’s position. You’re policy preference is for an increase in funding for research and innovation under the Horizon 2020 programme.

**Nadia Calvino, Spanish Economic Minister -** You’re role is to make sure that you get your policy preferences onto the agenda in the Council’s position that it takes on the budget. You’re main policy preference is for an increase in funding for youth exchanges under the Erasmus+ programme.

**Giovanni Tria, Italian Finance Minister -** You’re aim is to ensure that you’re policy preference makes it onto the Council’s position on the EU budget while defending your national interest. You’re main preference is for an increase in funding for the reform of the European Asylum system and other funding related to border management and immigration.

**Teresa Czerwinska, Polish Finance Minister -** You’re aim is to ensure that your main policy preference it onto the agenda when the Council adopts it’s position. You’re main policy preference is for an increase in funding for infrastructural investments under the Connecting Europe Facility. You are also sympathetic with those who advocate for increased funding in immigration and border control.

**Wopke Hoekstra, Dutch Finance Minister -** You’re main aim is to ensure that your policy preference ends up on the Council’s position when they present it. You’re main policy preference is for increased funding for the life programme which supports the environment and climate action. You are also supportive of sustainable growth.

**Magdalena Andersson, Swedish Finance Minister -** Your main aim is to ensure that your policy preference ends up on the Council’s position when they present it. Your main policy preference is for increased funding for research and innovation under the Horizon 2020 programme. You are also sympathetic to green policies and sustainable growth.

**Olaf Sholz, German Finance Minister -** your main aim is to ensure that your policy preferences make it onto the Council’s position when it is presented. You’re main policy preference is for increased funding in tackling immigration vis the Central Mediterranean route and the facility for refugees in Turkey. You would also be in favour of any other funding going towards managing immigration and borders.

**European Parliament**

**Rapporteur Daniele Viotti (S&D, IT) – role to defend European Parliament position**

“Today's vote closed the first phase of the budgetary procedure 2019. The Parliament worked hard to deliver an EU budget that is sustainable, financially sound and in line with our political priorities. Now it is time for the negotiations with the Council. As Parliament’s general rapporteur, I will be on the front line to restore essential funding, to help address the migration crisis, youth unemployment and other priorities during the conciliation phase."

**Jean Arthuis (ALDE) -** Your role is to ensure that your main policy preference makes it onto the European Parliament’s position when it amends the Council’s position if the Council’s position is not similar to your own. Your main policy preference is for increased funding for youth exchanges under the Erasmus+ programme.

**Petri Sarvamaa (EPP) -** your main aim is to ensure that your policy preference ends up on the European Parliament’s position when it tries to amend the Council position. Your main policy preference is for increased funding for infrastructural investments under the connecting Europe facility.

**Jens Geier (S&D) -** Your aim is to ensure that your policy preference ends up on the European Parliament’s position when it tries to amend the Council’s position. Your main policy preference is for an increase in investment for the youth employment initiative. You are also sympathetic to anything related to ‘social Europe’

**Nedzhmi Ali (ALDE) -** Your main aim is to ensure that your policy preference ends up on the European Parliament’s position when it amends the Council’s Position. Your main policy preference is for increased funding for research and innovation under the Horizon 2020 programme.

**Jonathan Arnott (EFD) -** Your main aim is to ensure that your policy preference makes it onto the European Parliament’s position when it amends the Council’s position. Your main policy preference is for increased funding for the border management and tackling migration and support for small and medium-sized enterprises (SMEs).

**Jordi Solé (Greens) -** Your main aim is to ensure that your policy preference ends up on the European Parliament’s position after it amends the Council’s position. Your main policy preference is for programmes related to sustainable development and climate action as well as for the Development cooperation instrument.

**Annex 1 (for all class participants) - Guidelines**

**Feb 2018 Council adopts budget guidelines**

**The Council adopted its guidelines for the 2019 EU budget, as part of the annual budgetary procedure.**

**Ministers stressed that a transparent and effective use of the budget will bolster the EU's credibility with its citizens. The focus - they added - should be on programmes and actions with EU added value.**

**The guidelines set out the Council's priorities in the preparation for the next EU annual budget.**

**They serve as input for the European Commission before it presented its draft budget - the basis of negotiation between the Council and the European Parliament.**

**The Council considers that the 2019 EU budget should look to:**

* **boost growth, promote employment and create new jobs**
* **enhance effective EU cohesion and agriculture**
* **foster competitiveness**
* **tackle the internal and external dimension of migration**
* **ensure the protection of external borders**

**Annex 1 (for all class participants) - Guidelines**

***Responses to challenges for the EU and citizens’ expectations***

**1. Acknowledges the recovery from the consequences of the financial, economic and social crisis, strengthened as a result of EU and Member State efforts to create growth and jobs which must be further consolidated so as to generate a positive influence on the day-to-day lives of EU citizens, many of whom have been hit hard by the crisis for several years; calls for a particular focus on young people and people at risk of poverty or unemployment to ensure that they feel the beneficial effects, thus preventing social and regional inequalities from continuing to grow; stresses, in this context, that a special focus should nevertheless be placed on the different regions’ capacity to take advantage of the increasing growth;**

**2. Emphasises that, according to Eurostat data and contrary to populist narrative, EU citizens are optimistic about the future of the EU; stresses that the Union should fulfil its tasks and responsibilities and do more to improve the lives of its citizens, both now and in the future, but also to protect them against unfair trade and economic practices in the global market, while helping them to reap its benefits; stresses that the challenges of climate change and international security threats must be tackled; believes that in order to fulfil these expectations and commitments, the EU must, within the remit of its competences, perform better, so as to support the creation of sustainable growth and jobs and narrow the gap in living standards between EU citizens in all its regions, while fully adhering to the EU 2020 strategy, the UN Sustainable Development Goals and the Paris Agreement; stresses the need to prepare the European economy and EU citizens for the opportunities of digitalisation; considers that tackling the root causes of migration and putting an end to various kinds of discrimination, such as discrimination against women and LGBTI people, also represent important challenges for 2019;**

***Preparing a sustainable future and reinforced solidarities within and outside the Union***

***A sustainable future***

**3. Believes that the 2019 EU budget should reinforce all the relevant instruments for tackling youth unemployment, especially in EU regions that are lagging economically, paying particular attention to the improvement of entrepreneurial and professional skills and mobility, recognition of qualifications at all levels of education and vocational training, and support to growth, competitiveness, job creation, investments in infrastructure, innovation, research and SMEs; stresses that youth unemployment, which has a high social impact, is one of the greatest challenges at European level;**

**4. Believes that the priorities for the 2019 EU budget should be growth, innovation, competitiveness, security, the fight against climate change, the transition to renewable energy and migration;**

**5. Supports the widening of opportunities for young people to participate in solidarity activities; calls for the swift roll-out and thorough implementation of the European Solidarity Corps following its adoption envisaged for 2018;**

**6. Welcomes the fact that, at the strong request of Parliament, the result of the conciliation on the 2018 EU budget was to increase the originally proposed specific allocation for the Youth Employment Initiative (YEI) by EUR 116,7 million of fresh appropriations, bringing its total amount to EUR 350 million in 2018, but points to the need to improve the implementation of funding that is lagging behind; opposes the Commission’s interpretation, in its technical update of financial programming 2019-2020 following adoption of the 2018 budget, of the financial programming for the year 2018, which views this reinforcement as frontloading of appropriations in years to come, and expects the Commission to fulfil the promises it made to Parliament at the end of the 2017 conciliation period; expects the 2019 draft budget to demonstrate greater ambition to fight youth unemployment, finding the right balance between the real evolution of absorption capacity in that area and political will to demonstrate support for this issue; recalls the Commission commitment to proposing a further increase in YEI funding through an amending budget should the absorption capacity of the YEI in 2018 allow for such an increase; insists that the Member States and the Commission match offers of employment, education or training with participant profiles and labour market demand in order to place participants in sustainable employment;**

**7. Calls on the Commission to make available, for the 2019 procedure, the financial data on implementation of the YEI broken down by national share, to complement the data reporting expressed in the form of total costs that is already publicly available; urges the Commission to improve synergies between the YEI, the European Social Fund and the national budgets of the Member States to ensure that the YEI does not become a substitute for national funding for young people not in education, employment or training (NEETs);**

**8. Stresses that, in the light of the celebration of its 30th anniversary, Erasmus+ remains the leading programme to foster youth mobility, teach key European values and inculcate them in young people, together with the EU’s culture programmes, as demonstrated by the volume of applications received which exceed the funding available; believes that the 2019 Erasmus+ budget needs to be increased further (at least doubled) to meet the eligible demand for this programme, notably that linked to lifelong learning;**

**9. Believes that research, competitiveness and SMEs are key to enabling economic growth and job creation; underlines the importance, therefore, of providing EU companies, especially SMEs, with a favourable environment for innovation, research and investments in order to create an EU economy that is genuinely competitive on a global level; stresses the importance of an increased budget under Heading 1a and the extension of funding for successful programmes, such as Horizon 2020 and programmes that support SMEs, including the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), which have far more applicants than recipients of funding; stresses the importance of considering the specific requirements and low administrative resources of SMEs when designing SME programmes; considers this to be necessary in view of the rapidly changing and highly competitive world and the profound changes in all sectors brought on by digitalisation; acknowledges that the European Structural and Investment Funds (ESI Funds) also contribute to all these priorities;**

**10. Stresses that investments in research and innovation represent a precondition for achieving genuine competitiveness in the EU; regrets that, as a result of an alarmingly low application success rate, fewer high-quality projects in the field of research and innovation are receiving EU funding; stresses, in this context, that an adequate level of appropriations must be ensured for Horizon 2020;**

**11. Stresses the potential for economic growth stemming from the technological transformation and calls for the EU budget to have an appropriate role in supporting the digitalisation of European industry and the promotion of digital skills and entrepreneurship;**

**12. Recognises that SMEs remain the backbone of the European economy and will continue to play a decisive role in creating jobs and growth across the EU; calls, in this respect, for COSME appropriations to be increased in 2019, given the success of this programme;**

**13. Welcomes the extension and enhancement of the European Fund for Strategic Investments (EFSI), whose increased guarantee fund plays a key role in reducing the investment gap in the EU; recalls that the EFSI guarantee fund has been financed partly at the expense of Horizon 2020 and the Connecting Europe Facility (CEF), even though both are long-term, future-oriented programmes; underlines Parliament’s long-standing position that any new initiatives must be financed by new appropriations and not by redeployments, and that the damage done to existing programmes must be corrected through the annual budgetary procedure; reiterates that the cuts in those programmes should be reversed as far as possible;**

**14. Stresses that the extended EFSI should make significant progress in 2019 towards delivering on better geographical coverage, so that all regions can benefit equally from the leverage provided by the EU budget guarantee; calls on the Member States to implement structural reforms that improve the investment environment and local capacities for successful implementation of EFSI support in all regions;**

**15. Welcomes the Member States’ recent commitment to a renewed EU defence agenda, which seeks to enhance both hard and soft power, and considers it to be in line with the security concerns of citizens, in the light of rising global instability exacerbated by new types of threats; supports the recent Commission initiative to launch the European Defence Industrial Development Programme (EDIDP), as a first stage of the European Defence Fund; requires the EDIDP to be financed exclusively by unallocated margins and/or special instruments and not, therefore, by redeployments from existing programmes;**

**16. Underlines that tackling internal security must remain one of the Union’s main priorities and calls for reinforced funding for this evolving policy; is convinced that the EU needs to invest more in the strengthening and management of its borders, enhancing cooperation between law enforcement agencies and national authorities and fighting terrorism, radicalisation and organised crime, by implementing an adequate and modern digital information system; underlines, in this respect, the role played by the Internal Security Fund (ISF) and the need to adequately fund agencies in the areas of borders, security and justice; recalls that the financial envelope of this instrument was reduced significantly for 2018;**

**17. Calls for increased funding to combat the phenomenon of radicalisation which breeds violent extremism within the Union; considers that this objective can be achieved by promoting integration and combating discrimination, racism, xenophobia, fundamentalism, hate speech and hate scripts;**

**18. Welcomes the role played by the Asylum, Migration and Integration Fund (AMIF); calls for adequate budgeting for this fund in 2019 in order to support the dignified reception of asylum seekers in the Member States, fair return strategies, resettlement programmes, legal migration policies and promotion of effective integration of third country nationals, and to tackle irregular migration; reaffirms the importance of possessing targeted financial means to tackle the root causes of the migrant and refugee crisis; stresses, to this end, that the EU budget must fund measures in the countries of origin of migrants and in the host countries of refugees, including, but not limited to, measures to tackle poverty, unemployment, educational and economic challenges, and instability;**

**19. Calls on the Commission to present a proposal which would provide for the expression of financial solidarity at EU level to victims of acts of terrorism and their families;**

**20. Recalls the importance of EU agencies in ensuring the implementation of EU legislative priorities and thereby accomplishing EU policy objectives, such as those related to competitiveness (employment, sustainable growth, the Energy Union), migration (asylum, cross-border management), support for fundamental rights (data protection), and security (cybercrime, drugs, fraud, money laundering, terrorism, judicial cooperation, police cooperation, support for information systems on a large scale); expects the negotiations on the 2019 budget to lead to realistic and adequate operational and administrative funding of the EU agencies and other EU bodies, enabling them to accomplish their duties, including their growing tasks and increased workload; calls for the allocation of adequate resources to ensure the proper implementation and functioning of the European Public Prosecutor’s Office; calls, more generally, for a thorough assessment of the strategic interest and tasks of all agencies and the possibility of grouping agencies according to the strategic nature of their mission and results; reiterates that 2018 marks the last year of the implementation of the 5 % reduction in staff numbers and the ‘redeployment pool’; expects the Commission and Council to refrain from cutting agencies’ resources further in the 2019 budget;**

**21. Considers that the 2019 budget, at a time when key actors, such as the US, are unwilling to implement their commitments to fight climate change under the Paris Agreement, must place the EU squarely at the forefront of this challenge, one of the greatest of our generation, by providing additional financial support to initiatives such as the LIFE Climate Action programme, ECOPOTENTIAL and Clean Sky; underlines that expenditures in this respect should be considered long-term investments rather than costs and that both the European Court of Auditors and the Economic and Financial Affairs Council have ascertained that the EU is falling short of its climate financing target; calls on the Commission to fulfil the objectives of the Paris Agreement and the EU’s own long-term climate goals by meeting the 20 % climate spending target in the current MFF (2014-2020); stresses, in this regard, that the contribution for 2019 should significantly overshoot the overall target in order to offset the lower allocations made during the first years of the MFF, and that the climate change mainstreaming mechanism should be fully optimised;**

***Reinforced solidarities to address social, territorial and global challenges***

**22. Believes that the EU budget should contribute to the efforts made by Member States in areas such as unemployment and healthcare, by setting aside adequate funding for programmes that set out to fight inequalities, alleviate the worst forms of poverty, specifically for the most isolated and fragile populations, notably children, and enable citizens to acquire the necessary skills to adapt to digitalisation;**

**23. Insists on the need to reinforce support to the Union programmes which foster growth and creation of long-term quality jobs, in particular for young people, complementing Member States’ efforts to guarantee diversified professional qualifications instead of precocious specialisation, as a means to increase resilience and enable societal adaptation while addressing demographic regression, skilled labour shortages in certain sectors and the sustainability of welfare systems; notes that consideration of specific, tailor-made measures might prove useful in the sectors and/or regions that are most affected or that have become much more vulnerable;**

**24. Recalls the significant ageing of the population and the increase in those in need of special and dedicated care, in particular the elderly; calls on the Commission to introduce further support measures to address demographic challenges and reiterates its support to initiatives such as villages for people with dementia, where appropriate care is provided from an early stage;**

**25. Believes that gender-related discrimination, notably on the labour market, is not only incompatible with the values of the EU, but also constitutes a serious impediment to economic growth as it disempowers women from engaging in meaningful employment; underlines the key contribution of women’s empowerment in achieving more inclusive, equitable and peaceful societies whose growth is more sustainable; expects the 2019 budget to support women’s entrepreneurship and encourage access for women to EU funding, such as under the COSME and Horizon 2020 programmes, and to broaden cohesion policy to support further investments in education, childcare and healthcare infrastructure, helping women to reconcile private and professional life;**

**26. Reiterates its concern about delays to the implementation of cohesion policy, which is the expression of the EU’s territorial solidarity and its main investment policy, but acknowledges that 2017 was the first year in which the implementation of ESI Fund programmes was accelerated and expects that this trend will continue in 2018 and 2019; believes that sufficient levels of payment appropriations should be provided in order for implementation to proceed smoothly;**

**27. Recalls the important contribution the Union has made to encouraging peace and reconciliation in Ireland, in particular through the PEACE and INTERREG programmes, which are targeted to Northern Ireland and border counties in the South; calls for the full observance of the framework of the commitments previously assumed, as in the case of the Good Friday Agreement, in respect of the rule of law and democracy; calls on the Commission and the Member States to continue its support for the peace process through the continued funding of the PEACE and associated programmes;**

**28. Points out that the common agricultural policy (CAP) is one of the cornerstones of European integration, which has ensured safe, high-quality food supply for European citizens, the proper functioning of the agricultural single market and the sustainability of rural regions for many years; recalls that CAP funds contribute in particular to the agricultural profitability and stability of the EU;**

**29. Calls on the Commission to continue to support farmers across Europe in coping with unexpected market volatility and in securing safe, high-quality food supplies; requests that appropriate attention be paid to small-scale farms and fisheries;**

**30. Considers that regionalisation and socio-economic objectives need to play a greater role under the common fisheries policy and that the scope of the European Maritime and Fisheries Fund must be broadened; calls on the Commission to facilitate access to and simplify the procedures for funding; expresses particular concern about the potential adverse impact the UK’s withdrawal from the EU will have on fisheries, particularly for neighbouring coastal Member States;**

**31. Welcomes the proposal to extend the scope of and reinforce the Union’s Civil Protection Mechanism; is of the opinion that strengthening the Civil Protection Mechanism is of the utmost importance in order to provide a more rapid and coherent response in the field of civil protection at Union level, in the areas of prevention, preparedness and response to natural and man-made disasters within and outside the Union;**

**32. Expects ongoing procedures and measures to be enhanced in the implementation of the budget, in the light of the resource constraints that have arisen and the calls for the EU to assume greater responsibilities, so as to ensure that financial commitments are met in a timely and cost-effective manner;**

**33. Believes that EU agencies, programmes and policies involved in or relating to the management of migration and refugee flows and border control should be provided with adequate financial and human resources to deal with the current refugee crisis, for which Member States are also expected to take responsibility in accordance with the principle of burden-sharing and the Geneva Conventions; is convinced that the EU, in order to find a long-term solution, should also demonstrate its external solidarity in fostering conditions for peace and prosperity in the countries of origin, by placing greater emphasis on investments and development policies, notably through the implementation of the European Fund for Sustainable Development (EFSD), the Development Cooperation Instrument (DCI) and the Humanitarian Aid Instrument; recognises the importance and distinct value of development policy, with priorities such as poverty eradication, education, health and economic development; underlines the need to support UNRWA actions and programmes; underlines that one of the conditions for preserving stability and prosperity in the EU is a stable EU Neighbourhood; calls on the Commission, therefore, to ensure that priority is given to investments in the EU Neighbourhood in order to support efforts to tackle the main issues faced by this area – migration, refugee challenges and development in the Southern Neighbourhood and instability in the Eastern Neighbourhood – which is partly due to a Russian foreign policy not in line with international law and democratic and human rights standards; emphasises that new political priorities and upcoming challenges for the EU, such as security and defence, should be financed by fresh appropriations and not by cutting existing policies and programmes which are both successful and important, such as development and humanitarian aid and neighbourhood policy; stresses, furthermore, that security and development policies have a mutual influence on one another and that both are important conditions for the construction of a functioning state, as well as functioning administrative structures without corruption and minimum standards in the social, health, and economic sectors;**

**34. Reiterates its position that the satellite budgetary mechanisms, such as trust funds and other similar instruments, circumvent the budgetary procedure, undermine the transparency of budgetary management and infringe upon the right of Parliament to exercise effective scrutiny of expenditures; considers, therefore, that these external instruments, created in the past few years, must be incorporated into the Union budget, and that alternative solutions must be found to enable the Union to react promptly to emergency and post-emergency situations at international level;**

**Annex 2 (for all class participants)**

**2019 EU Budget: Commission proposes a budget focused on continuity and delivery – for growth, solidarity, security**

**The Commission proposes the 2019 draft EU Budget of €166 bn in commitments, corresponding to a 3% increase over 2018, investing in a stronger and more resilient European economy and promoting solidarity and security on both sides of the EU's borders.**

This budget is designed to optimise funding for existing programmes as well as new initiatives and to boost European added value in line with the Juncker Commission's priorities.

The proposal is based on the premise that the United Kingdom, following its withdrawal as of 30 March 2019, will continue to contribute to and participate in the implementation of EU budgets until the end of 2020 as if it were a Member State.

**Boosting the European economy**

The money specifically for supporting economic growth will total almost €80 billion in commitments in 2019. This includes increases in a number of flagship programmes:

* €12.5 billion (+8.4% over 2018) for research and innovation under **Horizon 2020, including** €194 million for a new **European High Performance Computing Joint Undertaking**;
* €2.6 billion for education under **Erasmus+** (+10.4% over 2018);
* €3.8 billion under the **Connecting Europe Facility**(CEF) (+36,4% over 2018) for infrastructure networks;
* a further €233.3 million for the **Youth Employment initiative to support young people** living in regions where youth unemployment is high, to be matched with funds from the European Social Fund.

The Commission expects the 2014-2020 cohesion policy programmes to remain at cruising speed in 2019, after encouraging signals end of last year at €57 billion (+2.8% over 2018) and the funding for agricultural policy to remain stable at almost €60 billion (+1.2% over 2018).

**Security within and beyond EU borders**

Despite the limitations in the 2014-2020 long-term EU budget, the Commission is using all flexibility in the budget to make sure that **migration and border management issues** receive specific attention again this year:

* **reform of the common European asylum system** to ensure a more efficient, fair and humane asylum policy;
* **new Entry-Exit System** to strengthen border management;
* reinforcing the **European Border and Coast Guard**, the **EU Agency for Asylum**, and other agencies which work on border and visa issues;
* an additional €1.5 billion for the **Facility for Refugees in** **Turkey** to continue to provide food, education and housing to those fleeing the wars in Syria and elsewhere (a further €500 million will be provided already under the current 2018 budget, and for this reason the Commission is also proposing to amend the latter);
* implementation of two major initiatives: the **Partnership Framework with non-EU countries** under the European Agenda on Migration and the **European Fund for Sustainable Development** (EFSD) to address the root causes of migration.

**Supporting new initiatives**

In addition to consolidating past efforts, this draft budget also includes **support for new initiatives**:

* €103 million for the **European Solidarity Corps,**creating opportunities for young people to volunteer or work in projects in their own country or abroad;
* €11 million for the creation of the **European Labour Authority**, which will help to ensure fair labour mobility inside the internal market, and simplify cooperation between national authorities;
* €40 million for the extension of the **Structural Reform Support** **Programme**focusing on implementation of structural reforms in the Member States;
* €245 million for the set-up of the **European Defence Industrial Development Programme** to support the European defence industry and move towards a European Defence Union;
* €150 million to strengthen the response to earthquakes, wildfires and other disasters in Europe through a **reserve of civil protection capabilities** at EU level, including equipment and teams "**rescEU**";
* €5 million is dedicated to the creation of the new **European Public Prosecutor's Office**to prosecute cross-border crime, including fraud, money laundering and corruption. Further steps will be taken to protect individuals and companies against cyber-attacks.

**Annex 3**

# EU budget for 2019: Council adopts its position.

The Council today adopted its position on the 2019 EU budget, confirming the agreement reached by EU ambassadors in July.

**The Council’s position amounts to a total of €164.1 billion in commitments and €148.2 billion in payments. This is an increase of 2.09% in commitments and 2.34% in payments compared to 2018.**

**Compared to the draft 2019 budget presented by the Commission, the total commitments have been reduced by €1.6 billion and payments by €0.5 billion.** The cuts have been proposed on the basis of a technical analysis and concern those budget lines where the Council considers that the Commission has over-estimated the actual needs. Administrative expenditure is among the areas where relatively significant reductions have been made. EU taxpayers need to get good value for their money. Member states have therefore had a careful look at the Commission's draft budget to see where adjustments could be appropriate.

### **Priority fields and programmes**

In line with its approach in previous years, the Council wants to see increased support for key EU programmes in the areas of research and innovation, youth exchanges and targeted infrastructure investments. Horizon 2020 would receive +5.79% (€11.9 billion), Erasmus+ programme +10.37% (€2.6 billion) and the Connecting Europe Facility +26.46% (€3.5 billion) compared to 2018. The LIFE programme would also receive an additional 5.20% of funding, or €550 million, to support environment and climate action.

In the field of migration, the Council’s position provides for a significant boost to the Asylum, Migration and Integration Fund, which would get +55.80%, or €1.1 billion of funds, to promote the efficient management of migration flows. This includes more money for the reform of the common European asylum system. Beyond the EU, additional funding is foreseen for the Central Mediterranean route and the second tranche of the Facility for Refugees in Turkey.

A summary of the Council's position is set out in the table below\*:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Description** | **Budget 2018 (AB No 1 to 3/2018 incl.)** | | **Council's position on DB 2019** | | **Difference (%)** | |
| **c/a** | **p/a** | **c/a** | **p/a** | **c/a** | **p/a** |
| 1 | Smart and inclusive growth | 77.5 | 66.6 | 79.1 | 67.5 | +2,07% | +1,25% |
| 1a | Competitiveness for growth and jobs | 22.0 | 20.1 | 22.1 | 20.4 | +0,29% | +1,62% |
| 1b | Economic, social and territorial cohesion | 55.5 | 46.5 | 57.1 | 47.0 | +2,78% | +1,09% |
| 2 | Sustainable growth: natural resources | 59.3 | 56.1 | 59.7 | 57.5 | +0,68% | +2,46% |
| 3 | Security and citizenship | 3.5 | 3.0 | 3.7 | 3.5 | +5,73% | +16,83% |
| 4 | Global Europe | 10.0 | 8.9 | 11.1 | 9.5 | +10,02% | +6,25% |
| 5 | Administration | 9.7 | 9.7 | 9.9 | 9.9 | +2,33% | +2,36% |
| **MFF headings** | | **160.0** | **144.3** | **163.5** | **147.8** | **+2,15%** | **+2,42%** |
| **Special instruments** | | **0.7** | **0.5** | **0.6** | **0.4** | **-13,14%** | **-20,44%** |
| Emergency Aid Reserve | | 0.3 | 0.3 | 0.4 | 0.4 | +2,00% | +2,00% |
| European Globalisation Adjustment Fund | | 0.2 | 0.03 | 0.2 | 0.01 | +2,00% | -60,00% |
| European Union Solidarity Fund | | 0.1 | 0.1 | 0.05 | 0.05 | -66,14% | -66,14% |
| **Total appropriations** | | **160.7** | **144.8** | **164.1** | **148.2** | **+2,09%** | **+2,34%** |

\*in billion €; c/a: commitments, p/a: payments, AB: amending budget, DB: draft budget

**Annex 4**

**Budget MEPs increased Erasmus+ funds and restored budgets for infrastructure investments, as well as Horizon 2020, the EU research programme.**

**The European Parliament has voted through a budget totalling €166.3 billion in commitments, which is €721 million more than the original European Commission proposal.**

As for the payments, **Budgets Committee MEPs set them at €149.3 billion (the Commission’s original proposal was €148.7 billion in payments).** The figures include the [special instruments](http://ec.europa.eu/budget/mff/flexibility/index_en.cfm) such as the Solidarity and Globalisation Adjustment funds and the European Commission’s administrative budget, but not the administrative budgets of the other EU institutions.

**Erasmus+, research, infrastructure**

MEPs increased the Erasmus+ programme by €362 million and fully restored the pre-EFSI budgets of the Connecting Europe Facility (CEF), which funds infrastructure projects, and the Horizon 2020 programme, which backs research projects, adding €256.9 million. Both programmes had faced cuts as part of measures to help finance the EU guarantee for the European Fund for Strategic Investments (EFSI). They further increased Horizon 2020 by another €65 million and climate-related spending under Horizon 2020, CEF and [Heading 2](http://ec.europa.eu/budget/explained/budg_system/fin_fwk0713/fin_fwk0713_en.cfm#content_struct)programmes by another €97.3 million.

Other major additions by the Committee on Budgets to the Commission’s draft budget include:

* €346.7 million for the Youth Employment Initiative, raising the total for 2019 to €580 million;
* €74.7 million for security-related programmes and agencies;
* €50 million in EU support to member states affected by the African swine fever;
* €28.9 million for support to small and medium-sized enterprises (SMEs).

**Migration**

MEPs have reinforced certain budget lines with a clear link to the root causes of migration within the EU’s immediate and wider neighbourhood, such as the Development Cooperation Instrument (+€147,5 million), the European Neighbourhood Instrument (funds for the southern neighbourhood and Palestine, +€146 million) as well as pre-accession support for the Western Balkans (+€56.3 million). For actions to tackle migration challenges within the EU, MEPs have bolstered the Asylum, Migration and Integration Fund (AMIF) with €33 million.

**Turkey**

MEPs insist that the EU budget share of the second tranche of the €3bn [Facility for Refugees in Turkey](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/frit_factsheet.pdf) (FRT) must not exceed €1 billion, in order to keep the same ratio of the EU budget and member states contributions as for the first tranche. As €[550 million were already used](http://www.europarl.europa.eu/news/en/press-room/20180628IPR06821/parliament-approves-EU500-million-for-schooling-of-refugee-children-in-turkey) from the 2018 EU budget, Committee members decreased the Commission’s 2019 proposal by €1 billion, resulting in a contribution of €450 million (member states want a €2 billion contribution from the EU budget – and the Commission accordingly budgeted €1,450 million for the FRT in 2019). As for pre-accession support to Turkey, Committee members decided not to reverse the cuts made by the Council, further decreasing part of the pre-accession funds by €66.8 million, arriving, in total, at a reduction of €213.5 million below the Commission’s proposal in funds earmarked for Turkey, due to a lack of respect for EU values.

**Annex 5 (withhold until after negotiation)**

# Provisional agreement reached on EU budget for 2019

On 4 December 2018, the Austrian presidency and the European Parliament reached a provisional agreement on the EU budget for 2019.

**Under the agreement, the total commitments in the 2019 EU budget are set at €165.8 billion and payments at €148.2 billion. This is an increase of 3.17% in commitments and 2.37% in payments compared to 2018.**

Some elements of the agreement are as follows:

* Commitments of €23.3 billion (+6.07% compared to 2018) were agreed to support growth and job creation under subheading 1a (competitiveness for growth and jobs). This includes more funds for research and innovation (Horizon 2020, €12.3 billion), infrastructure projects (Connecting Europe Facility, €3.8 billion), youth exchanges (Erasmus+, €2.8 billion) and small and medium-sized enterprises (COSME, €0.4 billion).
* The Youth Employment Initiative receives an additional €350 million to help improve young people's chances of getting a job.
* In the field of migration and security, the Asylum, Migration and Integration Fund gets a strong boost, with €1.1 billion (+55.85% compared to 2018) allocated to migration management. The Internal Security Fund will receive €533.5 million. Additional funds are provided for several agencies in charge of responding to the current migration and security challenges.
* The 2019 EU budget will contribute €1.45 billion to the EU Facility for Refugees in Turkey. This is in line with the agreement reached between the member states on how to finance an additional €3 billion for the facility to support Syrian refugees.
* Pre-accession funds to Turkey have been cut by €146.7 million compared to the financial programming in view of the situation in Turkey as regards democracy, rule of law, human rights and press freedom.

|  |  |  |
| --- | --- | --- |
| **Headings** | **2019 EU budget (in € billion)** |  |
|  | Commitments | Payments |
| 1. Smart and inclusive growth | 80.527 | 67.557 |
| - 1a. Competitiveness for growth and jobs | 23.335 | 20.522 |
| - 1b. Economic, social and territorial cohesion | 57.192 | 47.035 |
| 2. Sustainable growth: natural resources | 59.642 | 57.400 |
| 3. Security and citizenship | 3.787 | 3.527 |
| 4. Global Europe | 11.319 | 9.358 |
| 5. Administration | 9.943 | 9.945 |
| Special instruments | 0.577 | 0.412 |
| **TOTAL** | **165.795** | **148.199** |