

## Agreement on EU general budget for 2019

After the failure of budgetary conciliation, the European Commission put forward a new draft budget for 2019. Based on the second draft budget and subsequent negotiations, the European Parliament and Council have agreed the General Budget for the European Union for 2019, at a level of €165 795.6 million in commitments and €148 198.9 million in payment appropriations. This means an increase of 3.2 % in commitments and 2.4 % in payments as compared to 2018 budget. The Parliament has scheduled the adoption of the agreement for the December 2018 plenary. Adoption of this agreement means, once signed by the Parliament's President, that the EU will be equipped with a budget as from 1 January 2019.

### Budgetary procedure for the year 2019

The procedure for establishing the Union's annual budget follows [Article 314 of the Treaty on the Functioning of the European Union](#). On 23 May 2018, the Commission presented its [draft general budget of the EU for 2019](#). The draft amounted to €165.6 billion in commitments, an increase of 3.1 % as compared to the 2018 budget. As far as payments were concerned, the draft totalled €148.7 billion, a 2.7 % increase over 2018. Commitments were at the level of 1 % of the EU's combined gross national income (GNI), and payments at 0.9 % of GNI.

On 4 September 2018, the Council, one arm of the EU budgetary authority, adopted its [reading of the draft budget](#), proposing to reduce commitments to €164.1 billion (-0.9 % on the draft budget) and payments to €148.2 billion (-0.4 %).

On 24 October, the European Parliament, the second arm of the budgetary authority, adopted [its reading](#) of the 2019 draft budget. The report opposed most of the Council's cuts, thus reflecting the EP's priorities for next year's EU budget as agreed in the [March 2018 resolution](#) on general guidelines for the preparation of the 2019 budget. Moreover, the Parliament's position increased the Commission's original proposal by €721 million in commitments, bringing it to €166.3 billion. The level of payments raises to €149.4 billion. The [resolution](#) enumerates the EP's priorities as "sustainable growth, innovation, competitiveness, security, tackling root causes of refugees and migration flows, managing refugee and migration flows, the fight against climate change and the transition to sustainable energy, and a particular focus on young people".

### Failure of budgetary conciliation

As the positions of the European Parliament and the Council differed, a Conciliation Committee was convened but it ended its works on 19 November 2018 without an agreement. Major issues of disagreement were financing the EU research programmes and the support to refugees through the [Facility for Refugees in Turkey \(FRT\)](#). The Commission and the Parliament wanted to use [Article 15\(3\) of the Financial Regulation](#) to increase Horizon 2020 financing. The [Parliament](#) had wished to use this article and recycle the unspent commitments for research from 2017 in the 2019 budget. The [Council opposed](#) such a move on grounds of principle, so as to avoid setting a precedent.

### Commission's second draft budget

On 30 November 2018, the Commission adopted its [second Draft General Budget for 2019](#), as required by the Treaty, after no agreement was found in the Conciliation Committee. The second draft is based on the Commission's original draft budget, as changed by Amending Letter No 1/2019, with reinforcements in commitment appropriations for certain priority programmes (Erasmus+ and the Youth Employment Initiative) and with decreases and redeployments, in particular in Heading 4 (Global Europe), following the

readings of the initial draft budget by the Council and Parliament. An increase in Horizon 2020 was proposed, through the application of Article 15(3) of the Financial Regulation.

### Agreement between the European Parliament and the Council

The [European Parliament](#) and Council found agreement during the [trilogue meeting of 4 December 2018](#). The Union general budget for the year 2019 has been set at a level of €165 795.6 million and €148 198.9 million, in commitment and payment appropriations respectively. This amounts to increases of 3.2 % in commitments and 2.4 % in payments, compared to 2018. The Council adopted its [reading](#) of the second draft budget, following the text agreed in trilogue, on 11 December.

The Council was not in a position to use the new Article 15(3) of the Financial Regulation, and objected to re-budgeting of de-committed research funds. The European Parliament invited the Commission to carry over the amounts de-committed for research programmes and to propose the use of Article 15(3) in the 2020 budget. The Parliament expressed regret over the uncompromising position of the Council on the financing of the second tranche of the Facility for Refugees in Turkey. Finally, it has been agreed that the Union budget will contribute €2 billion, while the Member States will contribute €1 billion.

### Mobilisation of the Flexibility Instrument

The margins of Headings 1a, 1b, 3 and 4 of the budget have now been exhausted, and substantial mobilisation of the Flexibility Instrument and the Global Margin for Commitments is required. The [Flexibility Instrument](#) for 2019 is to be mobilised for commitment appropriations in an amount of €1 164.3 million for heading 1a (Competitiveness for Growth and Jobs) and heading 3 (Security and Citizenship). The global margin for commitments is used at a level of €1 476.0 million for heading 1a, heading 1b (Economic, Social and Territorial Cohesion) and heading 4 (Global Europe). The contingency margin mobilised in 2017 is offset in the amount of €253.9 million against the unallocated margins under heading 5 (Administration).

### Funding for the Parliament's priorities

The Parliament [Committee on Budget's report](#) summarises Parliament's position the Union's budget for 2019. The Parliament secured reinforcements of €943 million (€843 million in the 2019 budget and €100 million additionally through an amending budget in 2019) for its priorities as compared to the initial Draft Budget. Taking into account technical decreases in some programmes, the net increase is €321 million. The budget reinforcements obtained in the negotiations correspond to Parliament's main political priorities, such as support of researchers, young people, SMEs, and tackling the root causes of migration and climate change. In particular, the 2019 budget agreement includes further reinforcements for Horizon 2020 (€150 million and €100 million through an amending budget in 2019) and Erasmus+ (€240 million). The joint statement clarifies that this new financing will not come through redeployments from other programmes but through fresh appropriations.

Even though the Parliament welcomed the overall level of payment increases, by 2.4 % compared to the 2018 Budget; it noted that the payments level represents merely 0.9 % of the Union's GNI. Therefore, the agreed joint statement on payment appropriations commits the Parliament and Council to take the necessary decisions to cover any insufficient needs.

The package of 75 pilot projects and preparatory actions was agreed as presented by the Parliament.

Budgetary procedure - Rule 88: [2018/2046\(BUD\)](#); Committee responsible: BUDG; Rapporteurs: Daniele Viotti (S&D, Italy) – Section II: Commission, and Paul Rübiger (EPP, Austria) – other sections.

### Several other budget files will also be voted together with the 2019 Budget

[Draft amending budget No 6/2018: Reduction of payment and commitment appropriations \(own resources\)](#)

[Mobilisation of the Flexibility Instrument to finance immediate budgetary measures to address the on-going challenges of migration, refugee inflows and security threats](#)

[Mobilisation of the European Union Solidarity Fund to provide for the payment of advances in the EU general budget for 2019](#)

