Committee on Budgets

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WORKING DOCUMENT

on Draft Budget 2025 and Council's position on Draft Budget 2025 (Section III)

Committee on Budgets

Rapporteur: Victor Negrescu

This working document presents an initial assessment of the Commission Draft Budget for 2025 as well as of the Council's position as approved at COREPER level of 17 July as part of the preparations for Parliament's position in the annual budget procedure, with a focus on Section III (Commission). Against the background of the institutional calendar constraints in an election year, the budget rapporteur considers it opportune to present the assessments of the Commission's DB proposals and of the Council position in a single Working Document.

I. Procedural context

On 13 March, the European Parliament adopted a resolution on general guidelines for the preparation of the 2025 budget, Section III.

On 19 June 2024, the Commission adopted its statement of estimates for the year 2025, which Commissioner Hahn presented to the Committee on Budgets on the same day. The consolidated 2025 draft budget (DB 2025) was formally adopted on 12 July 2024.

On 17 July, the Council published its position as approved by the COREPER.

The summer budgetary trilogue took place on 25 July and the exchange of views focused on the Council's reading which had been approved by COREPER on 17 July.

Parliament will adopt its reading in the autumn, thereby triggering the opening of the conciliation period, which is scheduled to last from 29 October to 18 November 2024.

II. Institutional and geopolitical context - Strategic investments

In a year when the European Union enters a new institutional cycle, all EU institutions and leaders must acknowledge that the investments and political decisions taken today will shape EU's agenda for the next decades and beyond. **Cooperation across the institutional settings is crucial now more than ever**, for a better and fairer Europe for all. Cooperation in the budgetary field is essential, as investments need to address common European priorities.

The European Commission in its strategic document "Europe's Choice. Political Guidelines for the next European Commission 2024-2029" stresses that the next Commission will be an investment Commission. In the same spirit, the European Parliament highlights in its "Guidelines for the 2025 Budget - Section III" that the EU budget 2025 is a people-centred budget, focused on investments tailored to improve people's lives and boosting the Union's competitiveness. The two documents converge on many areas of investment: European security and the security of Ukraine, European Defence Fund, cost of living, social fairness, skills and labour gap, young people, competitiveness and sustainable prosperity, (AI) innovation and research, agriculture, health, enlargement, the completion of the Schengen area with Romania and Bulgaria etc. In addition, the Commission announced a European Competitiveness Fund to leverage further national, private and institutional financing.

The Parliament noted in its Guidelines that the MFF revision was below its initial aspirations and that a revision was an essential prerequisite for ensuring medium-term financial support to Ukraine, for enabling increased funding for targeted policy priorities, including the promotion of the EU's strategic autonomy, as well as for safeguarding Union programmes and the budget's flexibility in the light of higher-than-forecast interest rates and therefore higher-than-programmed Union borrowing costs. In fact, the 2025 annual budgetary procedure will be the first exercise based entirely on the revised MFF regulation.

In this sense, the Parliament recalls the Joint Declaration agreed by the three institutions as part of the 2020 MFF agreement, whereby expenditure to cover NGEU financing costs “shall aim at not reducing programmes and funds”. In fact, **the Parliament is deeply concerned about the impact of the inherent uncertainty for the European Union Recovery Instrument (EURI) interest line and questions the forecast from the Commission** on NGEU borrowing costs and expected Recovery and Resilience Facility disbursements throughout the budgetary procedure.

The Parliament’s Guidelines underline once again that repayment of the EURI borrowing costs is a legal obligation for the EU and a non-discretionary expenditure item in the EU budget and reiterate that EURI borrowing costs should have been placed fully in a EURI special instrument over and above the MFF ceilings with a view to restoring some margin within Heading 2b and protecting budgetary space in the Flexibility and Single Margin Instruments. The Rapporteur will strive to ensure that the application of the EURI cascade mechanism will not result in arrangements that cause undue collateral damage to essential programmes.

Furthermore, both documents stress the need for **more new own resources in order to ensure adequate and sustainable financing for common priorities**. The Parliament’s Guidelines deplore the absence of progress in the Council on the reform of the own resources system, although the European Council’s Strategic Agenda for 2024-2029 states that the work towards the introduction of new own resources is necessary and imminent. In addition, the Guidelines highlight that the introduction of fresh genuine revenue sources, in line with the roadmap in the interinstitutional agreement, would serve to cover the additional budgetary burden arising from NextGenerationEU borrowing and would thereby shield the margins and flexibility mechanisms, which in turn would facilitate budgetary decision-making on unforeseen needs as well as new strategic foresight initiatives.

In parallel to institutional change, the tectonic plates of geopolitics seem to shift almost daily in new and unexpected ways. The shift from cooperation to competition raises critical questions for the EU's future role on the global stage and the ability to face related challenges. In an uncertain geopolitical context, it is crucial to look ahead to the strategic choices that the EU will have to make in the following five years, from economics to strategic autonomy, demographics, equality, health and democracy[1]. Within the new institutional setup, **European institutions, leaders and citizens will have to co-decide on the main challenging areas for the future of Europe, which need attention and investment from the EU annual budget and the new long-term budget**, in light of the trends and future scenarios.

The Rapporteur highlights that the social dimension of EU spending has been neglected for too long and that it should continue to be a cross-cutting criterion for all policy areas and spending decisions. In addition, the Rapporteur adds a strong emphasis on social investments such as investing in upgrading public health, education and welfare services, social and territorial cohesion and inclusion, supporting vulnerable, remote and rural communities, while reducing social disparities and inequalities within the EU and granting access to affordable and decent housing. The Rapporteur stresses that the EU investments must address all these pressing social issues, to respond to social unrest and boost participatory democracy

[1] Choosing Europe’s future, Barry, G. (editor), Publications Office of the European Union, Luxembourg, 2024, https://publications.jrc.ec.europa.eu/repository/handle/JRC137474

and citizens' engagement.

III. The Commission's Statement of Estimate: Overview

Adjusted Multiannual Financial Framework and draft budget 2025: key figures

On 18 June 2024, and based on the revised MFF regulation of 29 February 2024, the Commission presented the technical adjustment of the Multiannual Financial Framework 2021-2027 adjusted for 2025.

For 2025, the overall ceiling for commitment appropriations in the adjusted revised MFF is set at EUR 190 544 million and the ceiling for payment appropriations at EUR 175 378 million. This corresponds to 1.03% and 0.95% of GNI respectively.

Total appropriations in the draft 2025 budget, including special instruments (which are counted outside the MFF ceilings), amount to EUR 199 716.8 million in commitment appropriations (CA) corresponding to 1.08% of GNI, and EUR 152 684.1 million in payment appropriations (PA), corresponding to 0.83% of GNI.

"For the headings" - which means the sum total of all allocations but excluding expenditure above the MFF ceilings (Special Instruments) and unallocated margins - there are:

- EUR 193 046.9 million in CA, including EUR 1 192.8 million under the Flexibility Instrument for heading 2b and EUR 490.4 million under the Single Margin Instrument (compartment (a)) for heading 7. This represents a 2.3% increase compared to CA in the 2024 budget.

- EUR 147 090.5 million in PA (including EUR 1 457.8 million under the Flexibility Instrument). This represents a 4.1% increase compared to PA in the 2024 budget. Payment appropriations entered in the budget for the headings total 0.8% of EU GNI.

  - According to the updated Financial Programming, a sum total of EUR 419.333 million of margin remains available, primarily under the ceilings of Headings 1, 3, 4 and 6.

  - There is *zero* margin under three headings: Heading 5, Heading 7 and Heading 2b (for the latter the reason is that **EUR 46.2 million** are used to cover part of the EURI cost overruns - see below).

Regarding the total commitments by heading in DB 2025 in comparison with Budget 2024, Annex I provides a compact overview.

The headroom of the EU budget can be detailed as follows:

  - The margin resulting from the difference between the MFF ceiling for payment appropriations in 2025 (equivalent to 0.95% of GNI) and the 2.00% own resources ceiling as defined in the Own Resources Decision of 2020, equals a sizeable 1.05% of GNI. On the one hand, this would need to be qualified in as far as a dedicated compartment of 0.60% under the own resources ceiling has the sole purpose of covering the liabilities stemming from the EU Recovery Instrument (EURI). On the other hand, given the large unallocated margin under the annual payment ceiling, the de facto margin between the Own Resources Ceiling and the level of actually executed payments will in any event leave a substantial headroom in 2025.

Non-thematic Special Instruments: Flexibility Instrument and Single Margin Instrument

- According to the revised MFF regulation, the Flexibility Instrument has been reinforced and a maximum allocation of EUR 1 546.1 billion to be mobilised in 2025 has been topped up by 495 million and amounts carried over from 2024. The Commission proposes to use an amount of EUR 1 192.8 million under the Flexibility Instrument for the EURI cascade Step 2 (see below).

- The initial 2025 availabilities for the Single Margin Instrument for Commitments (Article 11(1)(a) of the MFF regulation) stand at EUR 1 124 million. The Commission proposes to use EUR 490.4 million for heading 7 European Public Administration.

- As a result, a total amount of EUR 1 468.9 million remains available for unforeseen expenditure in 2025, of which an amount of EUR 835.1 million under the Flexibility Instrument and an amount of EUR 633.8 million under the Single Margin Instrument (assuming that the neither the Flexibility Instrument, nor the SMI are still mobilised in the course of 2024).

SUMMARY of availabilities in Commission's DB 2025[2] (EUR million)	
Margins (headings)	419.3
Flexibility Instrument	835.1
Single Margin Instrument (compartment 'a')	633.8
Remaining availabilities	**1 888.2**

Thematic Special Instruments

- There is an overall availability of EUR 6 669.9 million for thematic special instruments of which:

    - The European Globalisation Adjustment Fund (EGF) has been reduced by the MFF revision. Available amount in 2025: EUR 34.5 million

    - The European Solidarity Reserve: EUR 1 167.1 million

    - The Emergency Aid Reserve: EUR 583.5 million

- The Brexit Adjustment Reserve (EUR 564.4 million) and the Ukraine Facility (EUR 4 320.4 million) are also clustered under the thematic Special Instruments as their amount is not counted against the ceilings.

[2] *N.B: in the DB 2024, there were EUR 368 million left in margins, EUR 566 million in the SMI a), but zero under the Flexibility Instrument due to EURI cost overruns and in the absence of the EURI instrument for 2024.*

- The technical adjustment communication mentions an amount of EUR 3 948.2 of total net de-commitments (accumulated since 2021) eligible for the EURI Instrument which could cover NGEU repayment costs in Heading 2b under the cascade mechanism. This amount is not included in the 'sum total' of thematic special instruments.

The table below gives an overview of the allocations, ceilings and margins per heading as well as the special instruments over and above the MFF ceilings and overall totals as proposed by the Commission.

Draft Budget 2025

(current prices in EUR million)

HEADING 1 - Single Market, Innovation and Digital	
Total	***21 377.684***
Financial framework ceiling	*21 596.000*
Margin	*218.316*

HEADING 2A - Economic, Social and territorial cohesion	
Total	***66 360.244***
Financial framework ceiling	*66 361.000*
Margin	*0.756*

HEADING 2B - Resilience and Values	
Total	***11 767.914***
Financial framework ceiling	*9 336.000*
Flexibility Instrument	*1 192.832*
European Union Recovery Instrument	*1 239.082*
Margin	*0*

HEADING 3 - Natural Resources and Environment	
Total	***57 274.963***
Of which Market related expenditure and direct payments	***40 528.928***
Net balance available for EAGF (after transfers between EAGF and EAFRD)	*40 529.000*
EAGF margin (after transfers between EAGF and EAFRD)	*0.072*
Financial framework ceiling	*57 336.000*

Margin	*61.037*
HEADING 4 - Migration and Border Management	
Total	***4 776.531***
Financial framework ceiling	*4 871.000*
Margin	*94.469*

HEADING 5 - Security and Defence	
Total	***2 617.000***
Financial framework ceiling	*2 617.000*
Margin	*0*

HEADING 6 - Neighbourhood and the World	
Total	***16 258.246***
Financial framework ceiling	*16 303.000*
Margin	*44.754*

HEADING 7 - European Public Administration	
Total	***12 614.361***
Financial framework ceiling	*12 124.000*
Single Margin Instrument Art.11(1)(a)	*490.361*
Margin	*0*

GRAND TOTAL	
HEADING 1 - Single Market, Innovation and Digital	*21 377.684*
HEADING 2 - Cohesion, Resilience and Values	*78 128.158*
HEADING 3 - Natural Resources and Environment	*57 274.963*
HEADING 4 - Migration and Border Management	*4 776.531*
HEADING 5 - Security and Defence	*2 617.000*
HEADING 6 - Neighbourhood and the World	*16 258.246*
HEADING 7 - European Public Administration	*12 614.361*
Total	***193 046.943***
Financial framework ceiling	***190 544.000***

Flexibility Instrument	*1 192.832*
Single Margin Instrument Art.11(1)(a)	*490.361*
European Union Recovery Instrument	*1 239.082*
Margin	***419.333***
Outside MFF	*4 320.387*
Solidarity mechanisms within and outside the Union (Special instruments)	*2 349.479*
Grand Total	***199 716.809***

Translating the outcome of the MFF revision into the 2025 budget

The Commission introduces the Statement of Estimates by explaining how the DB 2025, together with the updated Financial Programming, reflect the outcome of the MFF revision for the remaining years of the programming period.

Most prominently, the draft budget includes allocations for the Ukraine Facility (over and above the MFF ceilings), which will provide stable non-repayable support to Ukraine. The Ukraine Facility has already been incorporated in the budget by Amending Budget 1/2024. Moreover, the Solidarity and Emergency Aid Reserve has been split into the European Solidarity Reserve and the Emergency Aid Reserve, whereas parts of the appropriations for the European Globalisation Adjustment Fund (EGF) and the Brexit Adjustment Reserve have been used for redeployments in line with the MFF revision.

In particular, the draft budget includes the following reinforcements, as well as the following redeployments:

- The establishment of the Ukraine Facility with an envelope of EUR 50 billion for the 2024-2027 period, of which EUR 4.3 billion in non-repayable support and EUR 10.9 billion in loans in 2025.

- In order to provide for sufficient funding to support Member States in managing urgent challenges and needs related to migration and border management in frontline Member States, as well as in those affected by the wars in Ukraine and the Middle East, and for the implementation of the New Pact on Migration and Asylum, including new border procedures, the reinforcements (EUR 2 billion over the 2025-2027 period, of which EUR 303 million for 2025) concern the Asylum, Migration and Integration Fund (AMIF), the Border Management and Visa Policy Instrument (BMVI) and the European Union Asylum Agency (EUAA).

- In order to allow the Union to provide the necessary support in a context of extraordinary geopolitical tension, the reinforcements of the external instruments for the priorities under heading 6 amount to EUR 7.6 billion over the 2025-2027 period. Including the internal redeployments for EUR 4.5 billion, the net reinforcement amounts to EUR 3.1 billion for the remainder of the MFF, of which EUR 999 million in 2025. This funding will help the EU to face ongoing extraordinary geopolitical challenges, to cope with migration pressures, to provide support to Syrian refugees in Türkiye and the broader region as well as support partners in Southern Neighbourhood and Western Balkans. It should also ensure sufficient funding for the NDICI-cushion.

- Under the new Strategic Technologies for Europe Platform (STEP), the defence investment capacity will be boosted with an additional EUR 1.5 billion over 2025-2027, of which 374 million will be allocated to the European Defence Fund (EDF) for 2025.

- The redeployment from Horizon Europe (EUR 2.1 billion over the 2025-2027 period, of which EUR 397 million in 2025) has been calibrated to result in a broadly flat profile over the remainder of the MFF period. It takes into account the additional EUR 100 million (in 2018 prices) to be made available again under Article 15(3) of the Financial Regulation.

- The reduction of the Brexit Adjustment Reserve (EUR 0.6 billion) and the reduction of the European Globalisation Adjustment Fund (EUR 1.3 billion over the 2021-2027 period, including amounts lapsed) are also reflected in the DB 2025.

- The redeployment from direct management components and technical assistance under the programmes in sub-heading 2a (EUR 405 million over the 2025-2027 period, of which EUR 118 million in 2025), as well as the redeployments from the direct management components of the Common Agricultural Policy (CAP), the European Maritime Fisheries and Aquaculture Fund (EMFAF) and the Public Sector Loan Facility (PSLF) amounting to EUR 695 million over the 2025-2027 period, of which EUR 222 million in 2025. The respective reductions are spelled out for the first time line by line and year by year in the Statement of Estimates. These redeployments do not affect the Member States' pre-allocated envelopes, which are implemented in shared management.

- The redeployment from EU4Health, which will concern the additional appropriations under Article 5[3] of the MFF Regulation (EUR 1 billion over the 2025-2027 period, of which EUR 189 million in 2025).

Beyond Budget 2024 and DB 2025, the impact of the MFF revision on the years 2026 and 2027 is shown in the updated financial programming, which accompanies the draft budget documents.

Covering the NGEU refinancing costs (EURI line)

In light of the increase of interest rates since 2022, the interest costs on funds borrowed under the European Union Recovery Instrument (EURI) in 2025 will be higher than foreseen at the adoption of the MFF regulation in 2020. Therefore, based on the market conditions applicable for executed and forecasted transactions, the amount of EUR 2 677.8 million initially foreseen in the financial programming for 2025 is not sufficient for the annual payments of interests on funds borrowed under EURI. The currently estimated cost of funding for the 2025 budget is

[3] Council Regulation (EU, Euratom) 2024/765 of 29 February 2024 amending Regulation (EU, Euratom) 2020/2093 laying down the multiannual financial framework for the years 2021 to 2027, OJ L, 2024/765, 29.02.2024

EUR 5 156 million[4].

Therefore, the estimated additional needs on top of the financial programming for 2025 amount to EUR 2.5 billion. The Commission proposes to cover the costs overruns i.e. the funding costs which exceed the amounts initially programmed as follows:

- An amount of EUR 1.24 billion from the budget - i.e. 50% of the costs overruns - covered by the unallocated margin under sub-heading 2b for an amount of EUR 46.2 million and by the Flexibility Instrument for an amount of EUR 1 192.8 million[5].

- The remaining amount of EUR 1.24 billion mobilised through the new EURI instrument, covered by de-commitments made since 2021. No recourse to the 'back-stop' is required.

The Commission stresses that the proposed use in the draft budget of the unallocated margin in sub-heading 2b, the Flexibility Instrument and the EURI instrument to cover the cost overruns for the EURI line reflect the fact that not all redeployments are immediately available to the cascade mechanism.

The 2025 needs for the International Thermonuclear Experimental Reactor (ITER) are EUR 200 million lower than initially programmed. This amount increases the margin in heading 1 and is available either for re-allocation in 2025 or, through the mechanism of the Single Margin Instrument, to feed into the 'cascade' for financing NGEU cost overruns in 2027.

The revenue side

Overall revenue has to cover an amount of EUR 152.7 billion, i.e. the level of Payment Appropriations which has increased by 4.02% compared to Budget 2024. Of this, the own resources have to cover EUR 148.4 billion, which represents an increase of 5.96% compared to Budget 2024. The income from customs duties is expected to go down by 14.37% from EUR 24.6 billion to EUR 21.1 billion[6]. The other own resources being rather stable, the GNI-based contribution increases by EUR 11.1 billion (13.07%) to EUR 95.8 billion (equal to 62.7% of the total revenue in DB 2025). The call rate for the GNI-based own resource amounts to 0.52% in 2025.

Like every year, Denmark, Germany, the Netherlands, Austria and Sweden benefit from a lump

[4] According to the Commission, this amount reflects already executed transactions as well as latest available estimates, notably with respect to the expected level of disbursements in the second and third quarters of 2024. As of 2025, the Commission will base the budgeting of the EURI interest line for 2025 on the volume of disbursements which is confirmed by the end of the third quarter of 2024. This approach will provide a stable basis for the application of the cascade mechanism by the time of the amending letter to the draft budget, in October 2024.

[5] The use of margins from other headings in the current or future years can be proposed only as the last resort via the SMI Article 11 1(c), when all previous sources of financing are exhausted, including the Flexibility Instrument and the Single margin instrument Article 11 1(a). Any room created in the budget in 2025 by redeployments other than in sub-heading 2b will become available via the Single margin instrument Article 11 1(a), for use in the draft budget 2027.

[6] While the Commission explains its conservative approach to the estimations of traditional own resources, it does not elaborate on the underlying causes of declining customs duties.

sum reduction on their GNI contribution. The total gross reductions sum up to EUR 9.2 billion[7]. It is to be noted that these rebates in the form of lump-sum reductions are calculated based on an indexation of real inflation ("the most recent gross domestic product deflator for the Union"), rather than being subject to the automatic 2% deflator that applies to the MFF.

IV. Council position

Coreper adopted the Council position on 17 July 2024. The Council will formally approve its position on 13 September 2024, traditionally by written procedure.

Overview of the Council position, key overall figures

As in previous years, the Council opts for what they call "prudent" budgeting, creating margins under the MFF ceilings to deal with unforeseen circumstances and address the Union's challenges and crisis.

To this end, the Council proposes to cut commitment appropriations (CA) by EUR 1.52 billion across the MFF headings, leaving a total of EUR 191,527 billion. It proposes to reduce payment appropriations by EUR 876 million across the MFF headings, leaving a total of EUR 146.2 billion. Most of the reductions in payment appropriations relate to cuts in the corresponding commitment appropriations.

By cutting across headings on programme lines to generate additional unallocated margins, the Council's position may convey an ambiguous message of creating additional availabilities for 2025. This approach, however, is not in accordance with the reality of current budgetary needs, as these margins are not intended for use in the annual budget 2025.

The breakdown of the cuts in commitments per heading highlights that Council does not follow a proportionate approach.

- Heading 1 is reduced by EUR 643.24 million; of which
    - EUR 400 million from Horizon
    - EUR 50.48 million from ITER
    - EUR 30.67 million from the InvestEU Fund
    - EUR 110 million from the Connecting Europe Facility (CEF)–Digital,
    - EUR 6.99 million from the Digital Europe Programme
    - EUR 5.5 million from the Single Market Programme (incl. SMEs),
    - EUR 4.79 million from decentralised agencies, namely on the European Chemicals Agency and the European Securities and Markets Authority,

[7] This amount has to be re-financed by all Member States according to their GNI key, i.e. including the Member States that benefit. The overall 'net rebate' for these Member States is therefore lower at around EUR 5,6 billion.

- EUR 0.30 million from the European Space Programme,
- EUR 34.5 million from Union Secure Connectivity

The margin available under heading 1 would be EUR 861.55 million (vs Commission DB 2025: 218 million).

- Heading 2a is reduced by EUR 0.13 million from the European Social Fund+; the margin available under sub-heading 2a would be EUR 0.89 million.

- Heading 2b is reduced by EUR 808.58 million; of which
  - EUR 456.12 million from EURI
  - EUR 6.57 million from the European Recovery and Resilience Facility and Technical Support Instrument
  - EUR 0.14 million from EU4 Health
  - EUR 294.83 million from Erasmus
  - EUR 15.63 million from Employment and Social Innovation
  - EUR 1.48 million from the European Solidarity Corps (ESC)
  - EUR 0.12 million from Creative Europe
  - EUR 33.69 million on Citizens, Equality, Rights and Values

As a consequence, there would be no margin available for sub-heading 2b. In addition, the use of the Flex decreases by EUR 277 million (new total EUR 916 million), and the EURI instrument decreases by EUR 531 million (new total EUR 708 million).

- Heading 3 is reduced by EUR 3.88 million (LIFE);

The margin available under heading 3 would be EUR 64.92 million (vs Commission DB 2025: 61 million)

- Heading 4 is reduced in total by EUR 65.87 million, which is the net result of an
  - Increase of the BMVI by EUR 23 million and a
  - Decrease of Frontex by EUR 88.87 million.

The margin available under heading 4 would be EUR 160.34 million (vs Commission DB 2025: 94 million).

- Heading 5 is reduced by EUR 5 million, which is the net result of an
  - Increase of EUR 10 million for military mobility and a

    - Decrease of EUR 10 million for Internal Security Fund and EUR 5 million for secure connectivity

The margin available under heading 5 would be EUR 5.00 million (vs Commission DB 2025: no margin).

- Heading 6 is reinforced by EUR 22 million which is the net result of an

    - Increase of EUR 30 million for HUMA (NDICI Global Europe - for Ukraine, Moldova, Georgia) partly offset by a

    - Decrease of EUR 8.26 million for NDICI (Global Europe)

The margin available under heading 6 therefore stands at EUR 23.02 million (vs Commission DB 2025: 44 million)

- Heading 7 sees a cut in the Commission section by EUR 10.4 million

    - The proposed Luxembourg housing allowance has been removed – EUR 5.4 million

    - Allocations for EC buildings are reduced by EUR 5 million

In summary, most headings end up with a higher margin and lower amounts for direct managed programmes. Heading 6 is the only one spared from this logic, with a higher amount for HUMA and a lower margin as a result.

On payments, the overall cuts amount to EUR 876 million (in function of the cuts in commitments).

As regards **special instruments**, the Council proposes to reduce the appropriations entered in DB 2025 for the Flexibility Instrument by EUR 277 million and the EURI Instrument by EUR 532 million. This is linked to the Council's approach to financing the NGEU overrun costs (see below).

The Council's position is summarised in the following table:

Council position on the draft EU budget 2025: Breakdown by heading for "total expenditure" in the MFF headings

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
1	**Single Market, Innovation and Digital**	21.377.684.025	20.438.884.655	-643.237.284	-222.430.426	20.734.446.741	20.216.454.229
	Ceiling	*21.596.000.000*				*21.596.000.000*	
	Margin	*218,315,975*		*643,237,284.03*		*861,553,259.03*	
2	**Cohesion, Resilience and Values**	78.128.158.265	41.618.661.522	-808.712.422	-574.344.764	77.319.445.843	41.044.316.758
	Euri Instrument	*1.239.082.096*		*-531.597.866*		*707.484.230*	
	Flexibility Instrument	*1.192.832.134*		*-276.980.803*		*915.851.331*	
	Ceiling	*75.697.000.000*				*75.697.000.000*	
	Margin	*755,965*		*531,731,619*		*889,718*	
2.1	Economic, Social and territorial cohesion	66.360.244.035	30.259.002.346	-133.753	-133.753	66.360.110.282	30.258.868.593
	Ceiling	*66.361.000.000*				*66.361.000.000*	
	Margin	*755.965*		*133.753*		*889.718*	
2.2	Resilience and values	11.767.914.230	11.359.659.176	-808.578.669	-574.211.011	10.959.335.561	10.785.448.165
	Euri Instrument	*1.239.082.096*		*-531.597.866*		*707.484.230*	
	Flexibility Instrument	*1.192.832.134*		*-276.980.803*		*915.851.331*	
	ceiling	*9.336.000.000*				*9.336.000.000*	
	margin	*0*				*0*	
3	**Natural Resources and Environment**	57.274.962.739	52.682.405.247	-3.884.000	-2.084.000	57.271.078.739	52.680.321.247
	Ceiling	*57.336.000.000*				*57.336.000.000*	
	Margin	*61,037,261*		*3,884,000*		*64,921,261*	
	OF WHICH: European Agricultural Guarantee Fund (EAGF)	*40.528.928.000*	*40.623.753.419*			*40.528.928.000*	40.623.753.419
	Sub-ceiling	*40.528.928.000*				*40.528.928.000*	
	This amount, resulting from the rounding for the calculations of the sub-ceiling and the net transfer, is excluded when calculating the sub-margin.	*72.000*				*72.000*	
	Sub-margin	*72.000*				*72.000*	
4	**Migration and Border Management**	4.776.530.747	3.201.330.477	-65.873.362	-81.206.696	4.710.657.385	3.120.123.781
	Ceiling	*4.871.000.000*				*4.871.000.000*	
	Margin	*94,469,253*		*65,873,362*		*160,342,615*	
5	**Security and Defence**	2.617.000.000	2.128.565.434	-5.000.000	-1.700.000	2.612.000.000	2.126.865.434
	Ceiling	*2.617.000.000*		0		*2.617.000.000*	
	Margin	*0*		*5.000.000*		*5.000.000*	
6	**Neighbourhood and the World**	16.258.245.797	14.406.257.975	21.738.355	20.888.316	16.279.984.152	14.427.146.291
	Ceiling	16303000000		0		*16.303.000.000*	
	Margin	*44.754.203*		*-21.738.355*		*23.015.848*	
7	**European Public Administration**	12.614.361.450	12.614.361.450	-14.977.288	-14.977.288	12.599.384.162	12.599.384.162
	Of which under Single Margin Instrument 11(1)(a)	*490.361.450*		*-14.977.288*		*475.384.162*	
	Ceiling	*12.124.000.000*				*12.124.000.000*	
	Margin	*0*		*0*		*0*	
	OF WHICH: Administrative expenditure of the institutions	*9.561.979.384*	*9.561.979.384*	*-14.977.288*	*-14.977.288*	*9.547.002.096*	*9.547.002.096*
	Sub-ceiling	*9.219.000.000*				*9.219.000.000*	
	Of which under Single Margin Instrument 11(1)(a)	*342.979.384*		*-14.977.288*		*328.002.096*	
	Sub-margin	*0*				*0*	
	MFF Headings	193.046.943.023	147.090.466.760	-1.519.946.001	-875.854.858	191.526.997.022	146.214.611.902
	Flexibility Instrument	1.192.832.134	1.457.791.145	-276.980.803		915.851.331	1.457.791.145
	Euri Instrument	1.239.082.096	1.239.082.096	-531.597.866	-531.597.866	707.484.230	707.484.230
	Of which under Single Margin Instrument 11(1)(a)	490.361.450		-14.977.288		475.384.162	
	Ceiling	190.544.000.000	175.378.000.000			190.544.000.000	175.378.000.000
	Margin	419.332.657	30.984.406.481	696.390.044	875.854.858	1.115.722.701	31.328.663.473
	Appropriations as % of GNI	1,05%	0,80%	0,00%	0,00%	1,04%	0,79%

The GNI for 2025 is based on the forecast of GNI issued after the Advisory Committee on Own Resources (ACOR) meeting held on 23 May 2024.
In €; c/a: commitments, p/a: payments

Annex II contains a more detailed overview of Council changes at programme level.

The Council's approach to the MFF revision and the EURI cascade

Globally, the Council's reading leaves untouched most of the lines that were subject to the recent MFF revision. The 2025 allocation for the additional support for Ukraine has not been modified. (Annex III shows which of the lines that have been subject to changes in the Council reading of DB 2025, had already been affected in the context of the MFF revision.)

However, the Council has taken a different approach to the "EURI cascade" and deviates from the Commission approach in several significant aspects. **According to the Council, 65% of the overruns should come from reductions in programmes and (reduced) use of the Flexibility Instrument, while only 35% should come from decommitments under the**

EURI instrument. It is questionable whether this is in line with the MFF agreement on the cascade.

More specifically, the Council intends to reduce the use of the Flexibility Instrument (- EUR 276.98 million) and the EURI instrument (- EUR 531.60 million) in the context of the Cascade (steps 2 and 3). To achieve this, it reduces the amount deemed necessary for 2025 on the EURI line itself (by 456 million or 9%) to EUR 4 705.882 million in 2025 without providing further explanations or evidence. Moreover, it applies cuts on programme lines across several headings in order to create additional unallocated margin (mostly in H2b but also in other headings, presumably in view of using it in future years through the SMI). For this purpose, they reduce several programmes that have been subject to the MFF revision as well as administrative support lines.

The Council's main objective is therefore to finance a higher share of the EURI overrun costs by re-deployment (i.e. cuts from programmes) and less from the EURI instrument above the ceiling. For this purpose, some (artificial) margins are created and some 'de-commitments' are saved for 2025 and the coming years. This is done at the expense of programme allocations, including cutting administrative support expenditure.

The Coreper decision justifies this approach with what they call 'budgetary prudence'. For the Parliament, cutting programme allocations, should not be construed as "prudent budgeting". On the contrary, "budgetary prudence" should be understood as being prepared to invest more if needed, and using margins where necessary to reinforce strategic programme expenditure.

The rapporteur is fully aware that the different approaches to financing the EURI overrun costs will be difficult to bridge.

[In order to do so, the EP will defend its established position with vigour and counts on the Commission to play its role of honest broker and actively protect its proposal.]

Statements

The Council makes several statements, including a statement asking for a new nomenclature with additional lines in the Western Balkan Facility chapter. See also in Annex.

V. <u>Assessment of Council position by heading in the light of EP priorities</u>

General Approach

On a positive note, the Council and the European Parliament continue to share the same overall strategic priorities, such as unwavering support for Ukraine, and the imperative of strong budgetary support in policy areas such as migration and border management, defence, neighbourhood and humanitarian aid. The most important reinforcements resulting from the MFF revision remain integrated in the Commission's DB and in the Council position.

At the same time, the rapporteur regrets that Council uses every year a similar justification for cuts in programme envelopes, or for curbing programmed reinforcements, even though the procedural and budgetary circumstances and the social, economic and geopolitical context have changed considerably. By re-using the line of argument of 'absorption capacity', 'prudent budgeting' and 'creating margins for unforeseen circumstances' in an inflationary and disingenuous way, the Council reading fosters incomprehension.

This practice does a disservice to the existing performance framework[8] and to a transparent, rational budgetary decision making which should be driven by genuine budgetary criteria such as actual demand on the side of the beneficiaries (e.g. level of subscription), measurable output and impact, achievement of the Union's policy goals , and 'value for money' considerations in policy areas of strategic importance.

The Council approach stands in contrast to the EP's general approach as outlined in the guidelines, which starts with identifying the major policy objectives to be financed and the spirit and letter of the Interinstitutional Agreement, which asserts that the institutions would strive to cover the EURI costs without undue reductions to programme allocations, in particular those of flagship programmes under direct management.

As a general line, the Parliament and the Rapporteur remain firm and faithful to the agreed Guidelines, and oppose the programmes' cuts presented by the Council.

Heading 1: Single Market, Innovation and Digital

The Council reduces allocation for Research and Innovation, most substantively under the budget lines for Horizon (EUR 400 million, across several lines). While Horizon is by far the biggest programme in Heading 1, it has already been reduced by means of 'redeployment' in the order of 397 million in 2025 as a result of the MFF revision[9]. Several programme strands are further affected by a horizontal cut of 3.4%, including the clusters for 'climate, energy and mobility' and 'Widening participation'. Such additional cuts are against the long-standing parliament priority to strengthen Horizon Europe, one of the programmes with the most tangible impact on growth, strategic autonomy and quality jobs and in the EU. In addition, the programme remains largely oversubscribed since the success rate (i.e. the ratio of the retained applications to the total number) to date is around 21%[10]. It is therefore not plausible to invoke issues of 'absorption capacity' for a programme which remains highly over-subscribed and which would have a 'flat profile' in the remainder of the programming period despite the planned top-ups under MFF Article 5. The negative impact to Horizon can be slightly mitigated by the EUR 23 million top-up which constitutes the '2025-tranche' of the EUR 100 million from de-committed amounts that the EP was able to secure as part of the MFF revision; however, this should not represent the practice for all the cuts done by the Council.

The Council also cuts EUR 50 million from the ITER line *on top* of the reduction of EUR 200 million that the Commission proposed. Clarification of the state of play of project development, the re-profiling of the needs baseline of the Fusion4Energy Joint Undertaking and the root causes of the delays on the ground is pending. This budget line might be subject to changes in the Amending Letter, so the needs and any availabilities 'carried over' to 2026 and 2027 should be closely monitored.

Further Council cuts in the Connecting Europe Facility - Digital (-EUR 110 million), the Digital

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[8] see Commission Working Document 1 - Draft Budget 2025, Programme Performance Statements of operational expenditure

[9] Total reduction of the programme for 2025-2027 as decided in the MFF revision: 2.1 billion.

[10] https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/sense/app/1213b8cd-3ebe-4730-b0f5-fa4e326df2e2/sheet/0c8af38b-b73c-4da2-ba41-73ea34ab7ac4/state/analysis

Europe Programme (-EUR 7 million) and the Union Secure Connectivity (-EUR 34 million) are also clearly in contradiction with Parliament's priorities to promote digital skills and speed up and use the opportunities of the digital transition across multiple sectors.

Other significant cuts affect the following programmes:

- InvestEU Fund (-EUR 30.67 million)
- Single Market Programme (incl. SMEs) (-EUR 5.5 million)
- European Space Programme (-EUR 0.30 million)
- Union Secure Connectivity (-EUR 34.5 million)

Moreover, several administrative support lines are affected by the Council's approach to limit any increase on such lines to 2%. Such a horizontal 'haircut' approach does not do justice to the needs of administrative capacity to implement programmes effectively and speedily at a moment where the Single Market needs urgent support for investment and innovation. This 2% limit is not backed up by any relevant data; it risks undermining the Union's ability to deliver concrete results on its programmes.

The EP Guidelines presents an EU budget 2025, which is a people-centred budget, focusing on investments tailored to improve people's lives and boost the Union's competitiveness. The Rapporteur stresses the importance of investments in personalised medicine and eHealth, modern education systems, strategic industries in building EU's open strategic autonomy, research and innovation, defence and military mobility, improving digital literacy and closing the digital gap, but also investments for revitalising regions suffering from population decline.

Sub-heading 2a: Economic, Social and Territorial Cohesion

Heading 2 has suffered the most significant cuts by the Council, many of which are directly connected to the political priorities of the European Parliament which are described in the Guidelines and which would be considerably weakened.

The Council applies such a reduction also to the administrative support line of the European Social Fund+ (- EUR 134 000), in an area where administrative capacity and technical support has been identified as a major factor in the implementation of the operational programmes. The urgency to speed up implementation has been one of the key issues identified in the EP's Guidelines.

The cuts come in addition to redeployments in the Draft Budget resulting from the MFF revision, which target the few precious directly managed budget lines in this policy area. A total decrease of EUR 117.8 million in the DB affects technical assistance, the European Urban Initiative, Interregional Innovation as well as transnational cooperation under the ESF+. For 2025, the breakdown of the 117.8 million is as follows:

- Interregional Innovation Investments: -EUR 25 million
- ERDF — Operational technical assistance: - EUR 31.15 million

- European Urban Initiative: -EUR 18.3 million
- Cohesion Fund (CF) — Operational technical assistance: -EUR 5.25 million
- Transnational cooperation: -EUR 21.4 million
- ESF+ shared management strand — Operational technical assistance: -EUR 16.7 million[11].

The EP Guidelines stress that the execution of operational programmes in the Member States and regions should be accelerated and that delays caused by a lack of administrative capacity should be avoided at all levels of governance. This will be crucial for a number of priorities highlighted in the guidelines, such as cross-cutting social criteria, skills and education, teachers' training, social security, boosting fair, inclusive and sustainable growth and development, open strategic autonomy, promoting economic and social convergence and supporting the green and digital transitions. The Rapporteur has put a strong emphasis on social investments such as: investing in upgrading public health, education and welfare services, social and territorial cohesion and inclusion, and in supporting vulnerable, remote and rural communities including smart villages, while reducing social disparities and inequalities within the EU and granting access to affordable and decent housing; a commensurate and sufficient level of payment appropriations will be indispensable for this purpose.

Sub-heading 2b: Resilience and Values

Like last year, the primary focus of cuts in Heading 2b is the line covering the financing costs of the European Union Recovery Instrument (EURI line). The Council justifies its overall cuts of EUR 808 million with "a more conservative approach, in line with prudent budgeting". The amount on the EURI line itself is "adjusted" downwards by EUR 456 million to "limit the use of both the Flexibility Instrument and the newly created EURI instrument to cover the overrun cuts" (EUR 456 million are equivalent to around 9% of the EUR 5.1 billion proposed by the Commission on the EURI line 06 04 01); in other words, according to the Council's understanding, the estimated amount of borrowing costs that the Union will need to pay in total in 2025 is EUR 4 700 million). The Council does not explain in any detail why it decided to lower the baseline or why it would not wait for the Amending Letter before proposing any changes.

In addition, the Council does not justify in any detail, nor examine the potential impact, of the sizeable reductions in lines such as:

- Erasmus+ (-EUR 295 million),

[11] For the remainder of the period, the explanatory part of the Financial Programming spells out that: "The changes in sub-heading 2a result from the reduction from the direct management components of the respective programmes agreed in the context of the mid-term revision of the MFF. The appropriations have been reduced by a total of EUR 405 million over the period 2025-27, with redeployments of EUR 23 million from the Cohesion Fund (CF), EUR 262 million from the European Regional Development Fund (ERDF) and EUR 120 million from the European Social Fund (ESF+).

- Employment and Social Innovation (-EUR 15.6 million),
- Citizens, Equality, Rights and Values, CERV (-EUR 33.7 million).
- European Solidarity Corps, ESC (-EUR 1.48 million)
- Creative Europe (-EUR 0.12 million)
- The EU4Health Programme continues to be reduced (-EUR 0.14 million), although it has suffered the most significant budgetary cut in the MFF revision. The Rapporteur has put a strong emphasis on health and would like to continue doing so through the budgetary amendments and 2025 conciliation. Concerning the administrative support lines (for example of the EU4Health programme, Creative Europe or European Solidarity Corps) the same observations as for Headings 1 and 2a are pertinent, just as for the cuts in the Technical Support Instrument (EUR 6.6 million).

The priorities listed in the guidelines would clearly call for, at least, restoring DB levels in the lines mentioned above. Multiple paragraphs emphasise the political and societal value of the expenditure programmes in Heading 2b. The mere circumstance that these programmes - just like the RRF - are clustered under a broad category ‘resilience’ is not a good enough reason for them to bear the main burden of re-financing the NGEU debt. The fact that the Commission proposes to use the entire margin and a large part of the Flexibility instrument for the EURI cascade step 2, already implies that these potential sources for top-up are not available for the programmes in Heading 2b. Further cutting into the programme allocations to create artificial margins would defeat the purpose.

The rapporteur urges to prevent a constellation under which ‘Erasmus students’, civil society organisations or the creative sectors are pitted against fiscal policy considerations and sustainable debt management. In view of the next MFF, if it needed further evidence, the situation in this heading shows that the refinancing costs should not be competing for scarce budgetary margins under the same ceiling with other flagship projects of high European added-value.

The rapporteur holds that the EURI instrument in the MFF revision has been established - after difficult negotiations and at a high price of redeployments - in order to be used when necessary, and that the MFF revision was never intended to justify the cutting of programmes, as this would be contrary to the Inter-Institutional Agreement of 16 December 2020.

Regarding the actual amounts of the refinancing costs in 2025, the rapporteur acknowledges that the baseline of NGEU borrowing and disbursements and the applicable interest rates are evolving dynamically and are not easy to pinpoint. He recognises the pragmatic new Commission methodology for calculating and budgeting these costs with a cut-off date at the moment of the Amending Letter, after which, until the adoption of the budget for the next year, the amount will no longer be modified. He also recognises that this will yield a modest, one-off windfall saving (for the 4th quarter of the year 2024) in 2025.

In general, for Heading 2, the Rapporteur reiterates the importance of the following priorities:

- Fight structural demographic challenges and mitigate brain drain in less developed regions and cities

- Social dimension of EU spending should continue to be a cross-cutting criterion for all policy areas while calling on the Commission and the Member States to allocate adequate resources for the effective implementation of EU rules on social security coordination in order to facilitate labour mobility and easier transfer of social security benefits

- Adequate support for vulnerable, remote and rural communities, people with disabilities and social groups in distress like teachers/farmers/young people/European hauliers

- Strengthen the Health Union and EU4Health programmes; tackle medicine affordability and reduce inequalities between Member States; invest in actions targeting personalised medicine and e-health, cardiovascular disease, cancer, mental health, child diseases

- A maximum of possible funding should be mobilised through Erasmus+ and the European Solidarity Corps to promote learning and entrepreneurship, support education and to improve young people's skills

- Promotion of the cross-border circulation of European films, music and video games; calls for increased financing for the Creative Europe programme

- Ensuring sufficient EU funds for the Citizens, Equality, Rights and Values (CERV) Programme to support the key principles of democracy, rule of law and equality including gender equality

Heading 3: Natural Resources and Environment

The decreases applied by the Council in Heading 3 are comparatively modest, concentrated on a reduction of EUR 3.9 million for LIFE. The Council offers no further rationale for this reduction.

The amounts for the Public Sector Loan Facility (EUR - 50 million) and the Fisheries Fund EMFAF (EUR - 36 million) remain lower than initially programmed, as a consequence of the MFF revision.

The expenditure under the sub-ceiling for the EAGF has not been touched by Council. These budget lines, however, were already subject to unprecedented reductions as a result of the MFF revision redeployments. The concrete impact for 2025 became visible in the Statement of Estimates and the updated financial programming. In particular 'promotion measures' and certain market intervention schemes are affected. Given that, in the EAGF, there are sometimes several potential sources to finance certain measures (inside or outside strategic plans, assigned revenue, reserve...) the situation can be re-assessed at the moment of the Amending Letter.

For background, the breakdown of the total of EUR 222 million of redeployments in Heading 3 in DB 2025 is as follows:

- Support expenditure for the European Agricultural Guarantee Fund (EAGF): - EUR 2.163 million

- Market-related expenditure outside the CAP Strategic Plans: - EUR 96.900 million
- EAGF — Policy strategy, coordination and audit: - EUR 36.937 million
- EMFAF — Operational expenditure under direct and indirect management: -EUR 36 million
- Public sector loan facility under the Just Transition Mechanism (JTM): -EUR 50 million

In any event, the needs in the areas of agriculture, environment, climate, biodiversity and energy remain pressing.

The guidelines emphasise explicitly the vital importance of the agricultural and environmental expenditure for the achievement of, inter alia, food security, young farmers, investment in rural areas, the Green Deal objectives and mainstreaming targets. More specifically, the Rapporteur prioritises concrete measures to address the root causes of farmers' discontent across the EU and in particular calls for immediate resources and measures to help farmers cope with the impact of inflation, fuel costs, new production standards and changes in the global food market; emphasises the need to help new and young farmers, thereby ensuring generational renewal, while addressing labour and skills shortages in the agri-food sector; labour standards; preserve farmers' income. In addition, LIFE and CEF-Transport programmes play a crucial point in delivering on the European Green Deal, and must be adequately financed. The same goes for the security of energy supply and high energy prices.

Heading 4: Migration and Border Management

In deviation from the approach under most other headings, the Council proposes to top up the BMVI by EUR 23 million "to support front-line Member States in the current geopolitical context". The reduction of EUR 89 million for Frontex is proposed against a background of difficult execution in previous years.

The main programmes under Heading 4, AMIF and BMVI as well as the EUAA have been reinforced by the MFF revision (in total EUR 303 million in 2025). It is noteworthy that the Council nevertheless suggests a further top-up for the BMVI. There is no further detail on the rationale of this increase nor why a comparable increase for AMIF was not proposed.

A margin of around EUR 160 million remains available under this heading and could in principle be allocated to reinforce the flagship programmes. The Council's preference will be, presumably, to keep this margin untouched so it can feed into the Single Margin Instrument for future NGEU needs.

The EP guidelines reiterate the urgent need to implement the migration and asylum policy, in particular in order to prepare the entry into application of the new Asylum and Migration Pact. They also highlight the particular responsibilities of decentralised agencies in this policy area.

In addition, the Rapporteur supports the full accession of Romania and Bulgaria to the Schengen Area and reiterates the importance of urgently concluding and operationalising a complete accession, including land and train connections.

Heading 5: Security and Defence

The EU's defence policy is evolving rapidly and the MFF revision has boosted the financing of the programmes under Heading 5 with an additional EUR 1.5 billion to contribute to the STEP objectives, of which EUR 374 million in 2025. The Council proposes an increase of 10 million for Military Mobility and a decrease of EUR 15 million for the Internal Security Fund and secure connectivity. As a result, a small margin of 5 million would be created (there was zero margin in the Commission's proposed DB 2025). The Council's rationale for leaving such a small margin in an admittedly increasingly important Heading is not be explained.

The strategic value of EU-level investments in this domain, including Military Mobility, is underlined in the guidelines. The rapporteur welcomes that this heading has been boosted significantly by the MFF revision.

In general, the Parliament will continue to put strong emphasis on investments in European security and defence capabilities to better respond to the unprecedented geopolitical challenges. In this sense, the Guidelines highlight the following priorities of the Parliament:

- The necessity of addressing issues such as disinformation as a growing political and security challenge, particularly following the Russian war on Ukraine, cybercrime or organised crime with a cross-border dimension

- Reinforcement of the European Defence Fund

- Help for Member States, in particular frontline ones, and vulnerable sectors of the economy that remain particularly exposed to the consequences of Russia's war of aggression against Ukraine and deserve support in areas such as agriculture or infrastructure, but also military mobility in the spirit of EU solidarity.

Heading 6: Neighbourhood and the World

Like last year, the allocations under this heading have been adjusted upwards by the Council, through an increase for HUMA (EUR 30 million, intended for support activities in Ukraine, Moldova and Georgia). This is fully in line with standing EP priorities and more specifically justified by the continued Russian aggression against Ukraine.

The reduction of NDICI support expenditure is not well justified on the other hand. Administrative support expenditure should be commensurate to the actual evolving needs for effectively implementing the policy, rather than being gauged against a fixed maximum year-on-year increase.

The new situation in Heading 6 after the MFF revision should be recalled. For the period 2024-2027, EUR 7.6 billion have been made available for priority lines, 4.5 billion of which by redeployment and 3.1 billion by 'fresh' allocations. The exact breakdown per line of the annual amounts, including 2025, has been a point of contention in the Commission as well as in the Council.

The Ukraine Facility and the Western Balkan Facility have been adopted and integrated in the budget structure and will provide additional support for EU external action outside Heading 6. The MFF revision will thus create new room for manoeuvre in the NDICI. IPA III has also been strengthened in view of prospective enlargement. The EP Guidelines of March spell out the

EP's priorities in the external realm, HUMA being very prominent among them. However, compared to the impact of the MFF revision, which should not be called into question, further modifications in the annual procedure are bound to be moderate due to the meagre margins and limited overall availabilities. Some targeted reinforcements will be possible, making use of the remaining margin in H6 as well as the special instruments.

The rapporteur welcomes the statement calling for a more detailed nomenclature in the Western Balkan Facility chapter. This was already a common concern in the legislative trilogues on the regulation some months back. It would strengthen the role of the budgetary authority in the implementation of the Western Balkan and enlargement policies. He wishes to follow up on this issue.

Heading 7: European Public Administration

The EP has been a strong voice in support of a properly staffed and adequately resourced European public administration. It is indispensable for the adequate implementation of policies and programmes.

In order to allow institutions to meet their legal obligations, the Commission's DB for 2025 proposed an amount for European Public Administration (including European Schools and pensions) of EUR 12.6 billion. Since the ceiling stands at EUR 12.1 billion, and the MFF revision did not modify it, this means that there is no margin available. The Commission therefore proposes to mobilise the Single Margin Instrument for an amount of EUR 475.38 million (of which EUR 328 million for the administrative expenditure of institutions, and EUR 147.38 million for pensions).

The Council cut EUR 15 million from Heading 7, out of which EUR 5 million related to Commission's buildings and EUR 5.4 million for the housing allowances requested by the Commission.

The rapporteur considers that the Commission should take a responsible approach to their administrative expenditure and should ensure that they have adequate staff to perform their duties.

Horizontal issues

The rapporteur welcomes that there seems to be a common understanding on several overarching and cross-cutting issues. Most prominently, he expresses satisfaction, that the budget authority shares the broad priorities addressed in the MFF revision which now need to be translated and operationalised in the annual budget. This concerns, in particular, the continued support for Ukraine, top-ups for migration and defence, and enhanced flexibilities that result from the MFF revision, that are now integrated in the DB 2025.

He notes the principle differences in view of applying the EURI cascade to finance the NGEU borrowing costs. He stresses that both, the reduction in the amount on the EURI line and the way of financing the overrun costs are highly problematic and will require in-depth discussion in the course of the budget negotiations.

At the same time, he wishes to emphasise that the EP will continue to take a responsible stance when it comes to servicing the debts and paying the interest costs in time to the investors. The purpose of the cascade mechanism in the MFF revision is to enable the Budget Authority to refinance the borrowing costs without having to reduce the flagship programmes.

He reminds that the Amending Letter will provide more updated figures and additional relevant information for the further process. Among other areas, this will concern the needs on the EURI line and the assigned revenues in the Common Agricultural Policy.

The rapporteur further recalls that the budget 2025 will need to make available a sufficient level of commitment and payment appropriations for a solid package of Pilot Projects and Preparatory Actions. The amounts are limited by the provisions in the Financial Regulation. However, available margins, or, if necessary, the non-thematic Special Instruments will need to be used for this purpose.

Finally, he regrets that neither the Commission, nor the Council has taken a more forward-looking position on several transversal aspects which were highlighted in the EP guidelines, such as:

- The question of investing in policies such as health, education, agriculture, housing, energy, transport and environment in order to reduce regional disparities.

- Putting the social dimension, as a cross-cutting priority, at the heart of the implementation of all programmes and policies, wherever the investment is appropriate in order to eliminate social inequalities.

- The issue of gender, climate and biodiversity mainstreaming, where the budget authority plays a crucial role.

- The support to farmers, teachers, young people, rural, vulnerable and remote communities, or the special needs frontline countries where specific discontent has been manifested and member states and the European Union pledged in finding adequate solution;

- Pro-active communication, outreach and visibility for all citizens, stakeholders and beneficiaries

VI. Annexes

Annex I **The Council’s position by heading of the financial framework - detailed breakdown**

Annex II **Detailed changes in comparison with the DB 2025 as regards figures by MFF heading**

Annex III **Council statements**

Annex IV **Draft calendar for the 2025 budgetary procedure**

DETAIL OF BREAKDOWN BY HEADING FOR "TOTAL EXPENDITURE" IN THE MFF HEADINGS

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
1	**Single Market, Innovation and Digital**	21,377,684,025	20,438,884,655	-643,237,284	-222,430,426	20,734,446,741	20,216,454,229
	Ceiling	*21,596,000,000*				*21,596,000,000*	
	Margin	***218,315,975***		*643,237,284.03*		***861,553,259.03***	
1.0.1	Research and Innovation	13,511,670,903	12,043,065,939	-450,486,152	-150,162,051	13,061,184,751	11,892,903,888
1.0.11	Horizon Europe	12,737,327,171	11,119,231,527	-400,006,999	-133,335,667	12,337,320,172	10,985,895,860
1.0.12	Euratom Research and Training Programme	287,838,051	263,805,478			287,838,051	263,805,478
1.0.13	International Thermonuclear Experimental Reactor (ITER)	486,505,681	642,069,291	-50,479,153	-16,826,384	436,026,528	625,242,907
1.0.1OTH	Other actions	p.m.	p.m.			p.m.	p.m.
1.0.1PPP	Pilot projects and preparatory actions	p.m.	17,959,643			p.m.	17,959,643
1.0.2	European Strategic Investments	4,561,726,820	5,220,105,046	-147,660,132	-53,877,377	4,414,066,688	5,166,227,669
1.0.21	InvestEU Fund	378,220,132	529,753,456	-30,674,132	-10,224,711	347,546,000	519,528,745
1.0.22	Connecting Europe Facility (CEF)	2,827,333,668	3,288,552,640	-110,000,000	-36,666,666	2,717,333,668	3,251,885,974
1.0.23	Digital Europe Programme	1,102,259,643	1,138,538,171	-6,986,000	-6,986,000	1,095,273,643	1,131,552,171
1.0.2DA	Decentralised agencies	228,931,949	228,931,949			228,931,949	228,931,949
1.0.2OTH	Other actions	p.m.	p.m.			p.m.	p.m.
1.0.2PPP	Pilot projects and preparatory actions	p.m.	10,728,830			p.m.	10,728,830
1.0.2SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	24,981,428	23,600,000			24,981,428	23,600,000
1.0.3	Single Market	977,393,053	958,385,421	-10,287,000	-6,620,331	967,106,053	951,765,090
1.0.31	Single Market Programme (incl. SMEs)	613,279,000	615,154,162	-5,500,000	-1,833,331	607,779,000	613,320,831
1.0.32	EU Anti-Fraud Programme	27,351,001	30,633,000			27,351,001	30,633,000
1.0.33	Cooperation in the field of taxation (FISCALIS)	39,200,876	30,838,313			39,200,876	30,838,313
1.0.34	Cooperation in the field of customs (CUSTOMS)	138,429,000	112,661,841			138,429,000	112,661,841
1.0.3DA	Decentralised agencies	152,133,176	152,133,176	-4,787,000	-4,787,000	147,346,176	147,346,176
1.0.3OTH	Other actions	7,000,000	7,500,000			7,000,000	7,500,000
1.0.3PPP	Pilot projects and preparatory actions	p.m.	9,464,929			p.m.	9,464,929
1.0.4	Space	2,326,893,249	2,217,328,249	-34,804,000	-11,770,667	2,292,089,249	2,205,557,582
1.0.41	European Space Programme	2,050,715,000	1,982,550,000	-304,000	-304,000	2,050,411,000	1,982,246,000
1.0.4DA	Decentralised agencies	79,828,249	79,828,249			79,828,249	79,828,249
1.0.4PPP	Pilot projects and preparatory actions	p.m.	4,750,000			p.m.	4,750,000
1.0.4SC	Union Secure Connectivity	196,350,000	150,200,000	-34,500,000	-11,466,667	161,850,000	138,733,333
2	**Cohesion, Resilience and Values**	78,128,158,265	41,618,661,522	-808,712,422	-574,344,764	77,319,445,843	41,044,316,758
	Flexibility Instrument	*1,192,832,134*		*-276,980,803*		*915,851,331*	
	Euri Instrument	***1,239,082,096***		***-531,597,866***		***707,484,230***	
	Ceiling	*75,697,000,000*				*75,697,000,000*	
	Margin	***755,965***		*531,731,619*		***889,718***	
2.1	Economic, social and territorial cohesion	66,360,244,035	30,259,002,346	-133,753	-133,753	66,360,110,282	30,258,868,593
	Ceiling	*66,361,000,000*				*66,361,000,000*	
	Margin	***755,965***		*133,753*		***889,718***	
2.1.1	Regional Development and Cohesion	49,176,359,809	22,709,146,494		0	49,176,359,809	22,709,146,494
2.1.11	European Regional Development Fund (ERDF)	40,454,970,433	18,326,696,509		0	40,454,970,433	18,326,696,509
2.1.12	Cohesion Fund (CF)	8,721,389,376	4,381,139,196		0	8,721,389,376	4,381,139,196
2.1.1OTH	Other actions	p.m.	p.m.			p.m.	p.m.
2.1.1PPP	Pilot projects and preparatory actions	p.m.	1,310,789			p.m.	1,310,789
2.1.3	Investing in People, Social Cohesion and Values	17,183,884,226	7,549,855,852	-133,753	-133,753	17,183,750,473	7,549,722,099
2.1.31	European Social Fund+	17,183,884,226	7,549,855,852	-133,753	-133,753	17,183,750,473	7,549,722,099
2.2	Resilience and values	11,767,914,230	11,359,659,176	-808,578,669	-574,211,011	10,959,335,561	10,785,448,165
	Flexibility Instrument	*1,192,832,134*		*-276,980,803*		*915,851,331*	
	Euri Instrument	***1,239,082,096***		***-531,597,866***		***707,484,230***	
	Ceiling	*9,336,000,000*				*9,336,000,000*	
	Margin	***0***				***0***	
2.2.1	Regional Development and Cohesion	34,971,000	34,051,121			34,971,000	34,051,121
2.2.13	Support to the Turkish-Cypriot Community	34,971,000	34,051,121			34,971,000	34,051,121
2.2.2	Recovery and resilience	6,369,722,633	6,260,860,971	-462,824,536	-458,447,753	5,906,898,097	5,802,413,218
2.2.21	European Recovery and Resilience Facility and Technical Support Instrument	125,955,999	124,852,647	-6,565,174	-2,188,391	119,390,825	122,664,256
2.2.22	Protection of the euro against counterfeiting (the 'Pericles IV programme')	902,450	870,000			902,450	870,000
2.2.23	Financing cost of the European Union Recovery Instrument (EURI)	5,162,000,000	5,162,000,000	-456,117,647	-456,117,647	4,705,882,353	4,705,882,353
2.2.24	Union Civil Protection Mechanism (RescEU)	203,321,354	105,000,000			203,321,354	105,000,000
2.2.25	EU4Health	582,609,973	584,670,007	-141,715	-141,715	582,468,258	584,528,292

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
2.2.26	Instrument for emergency support within the Union (ESI)	p.m.	1,000,000			p.m.	1,000,000
2.2.2DA	Decentralised agencies	282,593,130	270,418,317			282,593,130	270,418,317
2.2.2PPP	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
2.2.2SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	12,339,727	12,050,000			12,339,727	12,050,000
2.2.3	Investing in People, Social Cohesion and Values	5,363,220,597	5,064,747,084	-345,754,133	-115,763,258	5,017,466,464	4,948,983,826
2.2.31	European Social Fund+	109,125,236	75,751,383	-15,625,236	-5,208,412	93,500,000	70,542,971
2.2.32	Erasmus+	3,969,156,199	3,765,962,174	-294,832,422	-98,633,419	3,674,323,777	3,667,328,755
2.2.33	European Solidarity Corps (ESC)	146,900,652	133,173,320	-1,482,219	-567,819	145,418,433	132,605,501
2.2.34	Creative Europe	352,207,303	347,062,319	-123,284	-123,284	352,084,019	346,939,035
2.2.35	Justice, Rights and Values	277,084,621	225,714,524	-33,690,972	-11,230,324	243,393,649	214,484,200
2.2.3DA	Decentralised agencies and European Public Prosecutor's Office (EPPO)	314,743,056	312,476,541			314,743,056	312,476,541

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
2.2.3OTH	Other actions	8,937,422	7,400,000			8,937,422	7,400,000
2.2.3PPP	Pilot projects and preparatory actions	p.m.	21,801,281			p.m.	21,801,281
2.2.3SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	185,066,108	175,405,542			185,066,108	175,405,542
3	**Natural Resources and Environment**	57,274,962,739	52,682,405,247	-3,884,000	-2,084,000	57,271,078,739	52,680,321,247
	Ceiling	*57,336,000,000*				*57,336,000,000*	
	Margin	***61,037,261***		*3,884,000*		***64,921,261***	
	OF WHICH: European Agricultural Guarantee Fund (EAGF)	40,528,928,000	40,623,753,419			40,528,928,000	40,623,753,419
	Sub-ceiling	*40,528,928,000*				*40,528,928,000*	
	This amount, resulting from the rounding for the calculations of the sub-ceiling and the net transfer, is excluded when calculating the sub-margin.	*72,000*				*72,000*	
	Sub-margin	*72,000*				*72,000*	
3.1	Market related expenditure and direct payments	40,528,928,000	40,623,753,419			40,528,928,000	40,623,753,419
3.1.1	European Agricultural Guarantee Fund	40,528,928,000	40,623,753,419			40,528,928,000	40,623,753,419
3.1.11	European Agricultural Guarantee Fund (EAGF)	40,528,928,000	40,623,753,419			40,528,928,000	40,623,753,419
3.2	Other programmes of Natural Resources and Environment	16,746,034,739	12,058,651,828	-3,884,000	-2,084,000	16,742,150,739	12,056,567,828
3.2.1	Agriculture and Maritime policy	14,358,520,735	11,334,280,740			14,358,520,735	11,334,280,740
3.2.12	European Agricultural Fund for Rural Development (EAFRD)	13,225,959,998	10,496,977,576			13,225,959,998	10,496,977,576
3.2.13	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	945,865,565	660,680,492			945,865,565	660,680,492
3.2.14	Sustainable Fisheries Partnership Agreements (SFPA) and Regional Fisheries Management Organisations (RFMO)	156,731,000	141,446,000			156,731,000	141,446,000
3.2.1DA	Decentralised agencies	29,964,172	29,964,172			29,964,172	29,964,172
3.2.1PPP	Pilot projects and preparatory actions	p.m.	5,212,500			p.m.	5,212,500
3.2.2	Environment and climate action	2,387,514,004	724,371,088	-3,884,000	-2,084,000	2,383,630,004	722,287,088
3.2.21	Programme for Environment and Climate Action (LIFE)	771,019,449	596,483,540	-3,884,000	-2,084,000	767,135,449	594,399,540
3.2.22	Just Transition Fund	1,513,991,893	6,459,302			1,513,991,893	6,459,302
3.2.23	Public sector loan facility under the Just Transition Mechanism (JTM)	p.m.	25,000,000			p.m.	25,000,000
3.2.24	Innovation Fund	p.m.	p.m.			p.m.	p.m.
3.2.2DA	Decentralised agencies	76,102,662	76,102,662			76,102,662	76,102,662
3.2.2PPP	Pilot projects and preparatory actions	p.m.	4,382,710			p.m.	4,382,710
3.2.2SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	26,400,000	15,942,874			26,400,000	15,942,874
4	**Migration and Border Management**	4,776,530,747	3,201,330,477	-65,873,362	-81,206,696	4,710,657,385	3,120,123,781
	Ceiling	*4,871,000,000*				*4,871,000,000*	
	Margin	***94,469,253***		*65,873,362*		***160,342,615***	
4.0.1	Migration	2,099,413,073	1,398,017,149			2,099,413,073	1,398,017,149
4.0.11	Asylum, Migration and Integration Fund (AMIF)	1,866,688,241	1,165,292,317			1,866,688,241	1,165,292,317
4.0.1DA	Decentralised agencies	232,724,832	232,724,832			232,724,832	232,724,832
4.0.2	Border Management	2,677,117,674	1,803,313,328	-65,873,362	-81,206,696	2,611,244,312	1,722,106,632
4.0.21	Integrated Border Management Fund (IBMF)	1,371,358,499	517,418,298	23,000,000	7,666,666	1,394,358,499	525,084,964
4.0.2DA	Decentralised agencies	1,305,759,175	1,285,895,030	-88,873,362	-88,873,362	1,216,885,813	1,197,021,668
5	**Security and Defence**	2,617,000,000	2,128,565,434	-5,000,000	-1,700,000	2,612,000,000	2,126,865,434
	Ceiling	*2,617,000,000*				*2,617,000,000*	
	Margin	***0***		*5,000,000*		***5,000,000***	
5.0.1	Security	783,734,375	708,933,827	-10,000,000	-3,400,000	773,734,375	705,533,827
5.0.11	Internal Security Fund (ISF)	336,583,738	227,310,232	-10,000,000	-3,400,000	326,583,738	223,910,232
5.0.12	Nuclear decommissioning (Lithuania)	74,700,000	90,175,000			74,700,000	90,175,000
5.0.13	Nuclear Safety and decommissioning (incl. For Bulgaria and Slovakia)	70,450,189	90,567,000			70,450,189	90,567,000
5.0.1DA	Decentralised agencies	278,681,595	278,681,595			278,681,595	278,681,595
5.0.1PPP	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
5.0.1SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	23,318,853	22,200,000			23,318,853	22,200,000
5.0.2	Defence	1,833,265,625	1,419,631,607	5,000,000	1,700,000	1,838,265,625	1,421,331,607
5.0.21	European Defence Fund	1,433,992,761	1,015,922,346			1,433,992,761	1,015,922,346
5.0.22	Military Mobility	246,309,165	131,773,261	10,000,000	3,400,000	256,309,165	135,173,261
5.0.23	Short-term Defence instrument on common procurement	40,027,699	100,000,000			40,027,699	100,000,000
5.0.24	Defence Industrial Reinforcement Instrument	p.m.	120,000,000			p.m.	120,000,000
5.0.25	European Defence Industry Programme	1,936,000	1,936,000			1,936,000	1,936,000
5.0.2PPP	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
5.0.2SC	Union Secure Connectivity	111,000,000	50,000,000	-5,000,000	-1,700,000	106,000,000	48,300,000
6	**Neighbourhood and the World**	16,258,245,797	14,406,257,975	21,738,355	20,888,316	16,279,984,152	14,427,146,291
	Ceiling	*16,303,000,000*				*16,303,000,000*	
	Margin	***44,754,203***		*-21,738,355*		***23,015,848***	
6.0.1	External Action	13,589,588,325	12,219,680,189	21,738,355	20,888,316	13,611,326,680	12,240,568,505

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
6.0.11	Neighbourhood, Development and International Cooperation Instrument	10,934,983,311	9,710,012,536	-8,261,645	-8,261,645	10,926,721,666	9,701,750,891
6.0.12	Humanitarian aid (HUMA)	1,893,581,831	1,840,130,593	30,000,000	29,149,961	1,923,581,831	1,869,280,554
6.0.13	Common Foreign and Security Policy (CFSP)	393,739,413	393,739,413			393,739,413	393,739,413
6.0.14	Overseas Countries and Territories (OCT)	72,857,000	75,650,434			72,857,000	75,650,434
6.0.15	Ukraine Macro-financial Assistance Plus (MFA+)	300,000	300,000			300,000	300,000
6.0.16	Ukraine Support Instrument	p.m.	p.m.			p.m.	p.m.
6.0.1OTH	Other actions	148,263,946	108,065,123			148,263,946	108,065,123
6.0.1PPP	Pilot projects and preparatory actions	p.m.	p.m.			p.m.	p.m.
6.0.1SC	Union Secure Connectivity	50,000,000	p.m.			50,000,000	p.m.

	Description	1		2		3	
		DB 2025		Council's Changes on DB 2025		Council's Position on DB 2025	
		c/a	p/a	c/a	p/a	c/a	p/a
6.0.1SPE	Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	95,862,824	91,782,090			95,862,824	91,782,090
6.0.2	Pre-Accession Assistance	2,668,657,472	2,186,577,786			2,668,657,472	2,186,577,786
6.0.21	Pre-Accession Assistance (IPA III)	2,169,657,472	2,085,503,786			2,169,657,472	2,085,503,786
6.0.22	Reform and Growth Facility for western Balkans	499,000,000	101,074,000			499,000,000	101,074,000
7	**European Public Administration**	12,614,361,450	12,614,361,450	-14,977,288	-14,977,288	12,599,384,162	12,599,384,162
	Of which under Single Margin Instrument 11(1)(a)	*490,361,450*				*475384162*	
	Ceiling	*12,124,000,000*				*12,124,000,000*	
	Margin	***0***		*14,977,288*		***0***	
	OF WHICH: Administrative expenditure of the institutions	9,561,979,384	9,561,979,384	*-14,977,288*	*-14,977,288*	9,547,002,096	9,547,002,096
	Sub-ceiling	*9,219,000,000*				*9,219,000,000*	
	Of which under Single Margin Instrument 11(1)(a)	*342,979,384*		*-14,977,288*		*328,002,096*	
	Sub-margin	*0*				*0*	
7.1	European Schools and Pensions	3,052,382,066	3,052,382,066			3,052,382,066	3,052,382,066
	Of which under Single Margin Instrument 11(1)(a)	*147,382,066*				*147,382,066*	
7.1.1	Pensions	2,789,377,000	2,789,377,000			2,789,377,000	2,789,377,000
7.1.11	Staff Pensions	2,728,277,000	2,728,277,000			2,728,277,000	2,728,277,000
7.1.12	Pensions of former Members — Institutions	61,100,000	61,100,000			61,100,000	61,100,000
7.1.2	European Schools	263,005,066	263,005,066			263,005,066	263,005,066
7.1.21	(European School) European Parliament	1,169,950	1,169,950			1,169,950	1,169,950
7.1.22	(European School) European Council and Council	p.m.	p.m.			p.m.	p.m.
7.1.23	(European School) Commission	261,626,628	261,626,628			261,626,628	261,626,628
7.1.24	(European School) Court of Justice of the European Union	55,000	55,000			55,000	55,000
7.1.26	(European School) European Economic and Social Committee	p.m.	p.m.			p.m.	p.m.
7.1.28	(European School) European Ombudsman	133,488	133,488			133,488	133,488
7.1.2X	(European School) European External Action Service	20,000	20,000			20,000	20,000
7.2	Administrative expenditure of the institutions	9,561,979,384	9,561,979,384	-14,977,288	-14,977,288	9,547,002,096	9,547,002,096
	Of which under Single Margin Instrument 11(1)(a)	*342,979,384*				*328,002,096*	
7.2.1	European Parliament	2,498,063,379	2,498,063,379			2,498,063,379	2,498,063,379
7.2.2	European Council and Council	705,821,530	705,821,530	195,000	195,000	706,016,530	706,016,530
7.2.3	Commission	4,378,737,735	4,378,737,735	-10,424,358	-10,424,358	4,368,313,377	4,368,313,377
7.2.4	Court of Justice of the European Union	532,720,000	532,720,000	-3,597,265	-3,597,265	529,122,735	529,122,735
7.2.5	European Court of Auditors	190,918,281	190,918,281	-1,150,665	-1,150,665	189,767,616	189,767,616
7.2.6	European Economic and Social Committee	171,725,025	171,725,025			171,725,025	171,725,025
7.2.7	European Committee of the Regions	128,585,216	128,585,216			128,585,216	128,585,216
7.2.8	European Ombudsman	15,183,194	15,183,194			15,183,194	15,183,194
7.2.9	European Data Protection Supervisor	26,473,899	26,473,899			26,473,899	26,473,899
7.2.X	European External Action Service	913,751,125	913,751,125			913,751,125	913,751,125
	MFF Headings	193,046,943,023	147,090,466,760	-1,519,946,001	-875,854,858	191,526,997,022	146,214,611,902
	Flexibility Instrument	1,192,832,134	1,457,791,145	-276,980,803		915,851,331	1,457,791,145
	Of which under Single Margin Instrument 11(1)(a)	490,361,450				475,384,162	
	Euri Instrument	**1,239,082,096**	1,239,082,096	**-531,597,866**	**-531,597,866**	**707,484,230**	707,484,230
	Ceiling	190,544,000,000	175,378,000,000			190,544,000,000	175,378,000,000
	Margin	**419,332,657**	30,984,406,481	696,390,044	875,854,858	**1,115,722,701**	31,328,663,473
	Appropriations as % of GNI	1.05%	0.80%	-0.01%	0.00%	1.04%	0.79%

Annex II Detailed changes in comparison with the DB 2025 as regards figures by MFF heading[12]

Detailed changes in comparison with the DB 2025 as regards figures by MFF heading

FF	Title Chapter Article Item	Description	Council's Changes on DB 2025		
			DA NDA	c/a	p/a
1		**Single Market, Innovation and Digital**		**-643.237.284**	**-222.430.426**
	01 02 01 01	European Research Council	DA	-73.218.040	-24.406.013
	01 02 01 02	Marie Skłodowska-Curie Actions	DA	-30.028.530	-10.009.510
	01 02 01 03	Research infrastructures	DA	-11.086.860	-3.695.620
	01 02 02 10	Cluster 'Health'	DA	-20.094.561	-6.698.187
	01 02 02 11	Cluster 'Health' - Innovative Health Initiative Joint Undertaking	DA	-7.118.803	-2.372.934
	01 02 02 12	Cluster 'Health' - Global Health EDCTP3 Joint Undertaking	DA	-6.006.924	-2.002.308
	01 02 02 20	Cluster 'Culture, Creativity and Inclusive Society'	DA	-10.301.027	-3.433.676
	01 02 02 30	Cluster 'Civil Security for Society'	DA	-7.396.088	-2.465.363
	01 02 02 40	Cluster 'Digital, Industry and Space'	DA	-41.501.079	-13.833.693
	01 02 02 41	Cluster 'Digital, Industry and Space' - European High-Performance Computing Joint Undertaking (EuroHPC)	DA	-4.179.834	-1.393.278
	01 02 02 42	Cluster 'Digital, Industry and Space' - Chips Joint Undertaking	DA	-15.694.302	-5.231.434
	01 02 02 43	Cluster 'Digital, Industry and Space' - Smart Networks and Services Joint Undertaking	DA	-4.137.589	-1.379.196
	01 02 02 50	Cluster 'Climate, Energy and Mobility'	DA	-36.398.713	-12.132.905
	01 02 02 51	Cluster 'Climate, Energy and Mobility' - Single European Sky ATM Research 3 Joint Undertaking	DA	-2.977.949	-992.650
	01 02 02 52	Cluster 'Climate, Energy and Mobility' - Clean Aviation Joint Undertaking	DA	-13.700.003	-4.566.668
	01 02 02 53	Cluster 'Climate, Energy and Mobility' - Europe's Rail Joint Undertaking	DA	-2.984.705	-994.901
	01 02 02 54	Cluster 'Climate, Energy and Mobility' - Clean Hydrogen Joint Undertaking	DA	-3.001.350	-1.000.450
	01 02 02 60	Cluster 'Food, Bioeconomy, Natural Resources, Agriculture and Environment'	DA	-35.670.755	-11.890.251
	01 02 02 61	Cluster 'Food, Bioeconomy, Natural Resources, Agriculture and Environment' - Circular Bio-based Europe Joint Undertakin	DA	-3.976.329	-1.325.443
	01 02 03 01	European Innovation Council	DA	-38.685.639	-12.895.213
	01 02 03 02	European innovation ecosystems	DA	-2.889.308	-963.103
	01 02 03 03	European Institute of Innovation and Technology (EIT)	DA	-13.921.354	-4.640.452
	01 02 04 01	Widening participation and spreading excellence	DA	-13.332.529	-4.444.176
	01 02 04 02	Reforming and enhancing the European R&I system	DA	-1.704.729	-568.243
	01 04 01	Construction, operation and exploitation of the ITER facilities - European Joint Undertaking for ITER - and the Development	DA	-50.479.153	-16.826.384
	02 01 30 01	Support expenditure for the Digital Europe Programme	NDA	-6.986.000	-6.986.000
	02 02 02	EU guarantee from the InvestEU Fund - Provisioning of the common provisioning fund	DA	-18.444.104	-6.148.035
	02 02 03	InvestEU Advisory Hub, InvestEU Portal and accompanying measures	DA	-12.230.028	-4.076.676
	02 03 03 01	Connecting Europe Facility (CEF) - Digital	DA	-110.000.000	-36.666.666
	03 02 01 01	Operation and development of the internal market of goods and services	DA	-234.733	-78.244
	03 02 01 02	Internal market governance tools	DA	-53.739	-17.913
	03 02 01 03	Taxud regulatory work support - Implementation and development of the internal market	DA	-32.413	-10.804
	03 02 01 04	Company law	DA	-9.959	-3.320
	03 02 01 05	Competition policy for a stronger Union in the digital age	DA	-206.689	-68.896
	03 02 01 06	Implementation and development of the internal market for financial services	DA	-56.464	-18.821
	03 02 01 07	Market surveillance	DA	-155.442	-51.814
	03 02 02	Improving the competitiveness of enterprises, particularly SMEs, and supporting their access to markets	DA	-1.211.448	-403.816
	03 02 03 01	European standardisation	DA	-228.682	-76.227
	03 02 03 02	International financial and non-financial reporting and auditing standards	DA	-90.379	-30.126
	03 02 04 01	Ensuring high level of consumer protection and product safety	DA	-233.455	-77.818
	03 02 04 02	The participation of end users in financial services policymaking	DA	-15.924	-5.308
	03 02 05	Producing and disseminating high quality statistics on Europe	DA	-711.198	-237.066
	03 02 06	Contributing to a high level of health and welfare for humans, animals and plants	DA	-2.259.475	-753.158

[12] The yellow colour is marking lines or chapters which are affected by the MFF revision <u>and</u> subject to Council reductions. The green colour marks lines which are affected by the MFF revision and subject to Council top-ups (only one line).

	03 10 01 01	European Chemicals Agency - Chemicals legislation	DA	-2.625.000	-2.625.000
	03 10 01 02	European Chemicals Agency - Activities in the field of biocides legislation	DA	-1.412.000	-1.412.000
	03 10 04	European Securities and Markets Authority (ESMA)	DA	-750.000	-750.000
	04 01 01	Support expenditure for the Union Space Programme	NDA	-304.000	-304.000
	04 03 01	Union Secure Connectivity Programme - Contribution from Heading 1	DA	-34.500.000	-11.466.667
2		**Cohesion, Resilience and Values**		**-808.712.422**	**-574.344.764**
2.1		Economic, social and territorial cohesion		-133.753	-133.753
	05 02 01	ERDF - Operational expenditure	DA		0
	05 03 01	Cohesion Fund (CF) - Operational expenditure	DA		0
	07 01 01 01	Support expenditure for the ESF+ - Shared management	NDA	-133.753	-133.753
	07 02 01	ESF+ shared management strand - Operational expenditure	DA		0
2.2		Resilience and values		-808.578.669	-574.211.011
	06 01 03	Support expenditure for the European Union Recovery Instrument (EURI)	NDA	-117.647	-117.647
	06 01 05 01	Support expenditure for the EU4Health Programme	NDA	-141.715	-141.715
	06 02 02	Technical Support Instrument	DA	-6.565.174	-2.188.391
	06 04 01	European Union Recovery Instrument (EURI) - Payment of periodic coupon and redemption at maturity	NDA	-456.000.000	-456.000.000
	07 01 02 01	Support expenditure for Erasmus+	NDA	-533.917	-533.917
	07 01 03 01	Support expenditure for the European Solidarity Corps	NDA	-110.619	-110.619
	07 01 04 01	Support expenditure for Creative Europe	NDA	-123.284	-123.284
	07 02 04	ESF+ - Employment and Social Innovation (EaSI) strand	DA	-15.625.236	-5.208.412
	07 03 01 01	Promoting learning mobility of individuals and groups, and cooperation, inclusion and equity, excellence, creativity and inno	DA	-294.298.505	-98.099.502
	07 04 01	European Solidarity Corps	DA	-1.371.600	-457.200
	07 06 01	Equality and rights	DA	-1.661.738	-553.913
	07 06 02	Citizens engagement and participation in the democratic life of the Union	DA	-32.029.234	-10.676.411
3		**Natural Resources and Environment**		**-3.884.000**	**-2.084.000**
3.2		Other programmes of Natural Resources and Environment		-3.884.000	-2.084.000
	09 01 01 01	Support expenditure for the Programme for the Environment and Climate Action (LIFE)	NDA	-1.184.000	-1.184.000
	09 02 01	Nature and biodiversity	DA	-1.094.600	-364.867
	09 02 02	Circular economy and quality of life	DA	-666.071	-222.024
	09 02 03	Climate change mitigation and adaptation	DA	-447.374	-149.125
	09 02 04	Clean energy transition	DA	-491.955	-163.985
4		**Migration and Border Management**		**-65.873.362**	**-81.206.696**
	11 02 01	Instrument for Financial Support for Border Management and Visa Policy	DA	23.000.000	7.666.666
	11 10 01	European Border and Coast Guard Agency (Frontex)	DA	-88.873.362	-88.873.362
5		**Security and Defence**		**-5.000.000**	**-1.700.000**
	12 02 01	Internal Security Fund (ISF)	DA	-10.000.000	-3.400.000
	13 04 01	Military mobility	DA	10.000.000	3.400.000
	13 05 01	Union Secure Connectivity Programme - Contribution from Heading 5	DA	-5.000.000	-1.700.000
6		**Neighbourhood and the World**		**21.738.355**	**20.888.316**
	14 01 01 01	Support expenditure for the Neighbourhood, Development and International Cooperation Instrument - Global Europe	NDA	-8.261.645	-8.261.645
	14 03 01	Humanitarian aid	DA	30.000.000	29.149.961
				-1.504.968.713	**-860.877.570**

total cuts w/o EURI line(s)
-352.461.022
46.000.000
-398.461.022

Annex III Council statements

1. Statement on payments

In order to ensure the proper implementation of Union's programmes and to avoid an excessive increase of RAL in the final years of the current MFF, the Council invites the Commission to continue closely and actively monitoring, during the year 2025, the implementation of the programmes (particularly in sub-heading 2a and Rural Development).

To that end, taking into account the forecasts accuracy of the Member States where applicable and the payments margin in the draft budget 2025 - mainly driven by sub-heading 2a, it expects the Commission to present in a timely manner updated figures concerning the state of affairs and estimates regarding 2025 payment appropriations.

If the figures show that the appropriations entered in the budget 2025 are insufficient to cover the justified 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 as soon as possible without undue delay 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. The same applies *mutatis mutandis* if the figures show that the appropriations entered in the budget 2025 are higher than needed.

The Council will carefully examine the letter of amendment concerning agriculture (including information on assigned revenue) in order to appropriately assess the level of resources under heading 3 (*Natural resources and environment*) in the budget 2025.

2. Statement on the progress of work on the implementation of the MFF mid-term revision

The Council acknowledges that the budgetary challenges that the Union and the Member States are facing in a context of repeated crisis, geopolitical turbulences and uncertainty that led to the mid-term revision of the Multiannual Financial Framework (MFF) amount to new, objective, long-term circumstances within the meaning of Point 18 of the Interinstitutional Agreement of 16 December 2020 on budgetary discipline (IIA).

The Council considers that this exceptional situation, which should not serve as a precedent for any future implementation of Point 18 of the IIA, allows the European Parliament and the Council, and the Commission when it draws up the draft budget, to depart by more than 15 % from the financial envelope of Union programmes, which constitute the prime reference amount for the European Parliament and for the Council during the annual budgetary procedure.

The Council recalls that, in line with Point 18 of the IIA, any increase resulting from such variation shall remain beneath the existing ceiling for the heading concerned, without prejudice to the use of instruments referred to in the MFF Regulation and in the IIA. Moreover, this possibility does not apply to appropriations for cohesion adopted in accordance with the ordinary legislative procedure and pre-allocated per Member State which contain a financial envelope for the entire duration of the programme or to the large-scale projects referred to in Article 18 of the MFF Regulation.

While recalling the need to ensure legal certainty through the adoption of the necessary changes for the implementation of the MFF mid-term revision with regard to Brexit Adjustment Reserve[13], notably the redeployment of the remaining allocations for 2025 that have not been transferred, the Council notes that, at this stage, there is no basis for moving forward with the work on the proposal for a Regulation of the European Parliament and of the Council as regards the changes to the amounts of funds for certain programmes and funds[14], and the proposal for a Regulation of the European Parliament and of the Council as regards the financial envelope and the allocation for the thematic facility[15].

3. Statement on budgetary nomenclature for the Western Balkans Facility

The Council recalls the joint declaration by the European Parliament and the Council on the appropriate budgetary nomenclature for the Western Balkans Facility, approved as part of the political agreement to set up the Facility for the Western Balkans. In this regard, it takes note that the Commission did not give consideration to the declaration when presenting the draft budget 2025. The Council considers that new budget lines should be introduced in the budget 2025, in particular one per beneficiary country and also invites the European Parliament and the Commission to consider introducing the necessary changes during the budgetary negotiations.

4. Statement on heading 6 (*Neighbourhood and the World*)

The Council recalls the European Council conclusions of 1 February 2024, including its Table 1, where it is underlined that the reinforcement of heading 6 will help to support, among others, the Southern neighbourhood with EUR 2 billion.

The Council calls on the Commission to prioritise the use of the NDICI cushion in order to respect the above priority set by the European Council and to ensure that the minimum amounts referred to in Regulation (EU) 2021/947, Article 6, paragraph 2 (a) for the Neighbourhood and Sub-Saharan Africa is attained.

The Council considers crucial and calls on the Commission to provide for adequate quarterly reporting on the achievement of the above-mentioned minimum amounts as well as on the amount of decommitments materialising in heading 6 with special attention to NDICI and IPA. The Council can take this information into account in the annual budgetary procedure.

As regards Humanitarian Aid (HUMA), the Council emphasizes that the additional amount of EUR 30 million (as compared to the European Commission draft budget 2025) agreed in the Council position for the Humanitarian aid budget line should be prioritized towards partners in the Eastern neighbourhood, especially Ukraine, Moldova and Georgia, not excluding support for those countries under the regular HUMA assistance or any future mobilization of the Emergency Aid Reserve.

[13] Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1–26).
[14] Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 2021/522, (EU) No 2021/1057, (EU) No 2021/1060, (EU) No 2021/1139, (EU) No 2021/1229, and (EU) No 2021/1755 as regards the changes to the amounts of funds for certain programmes and funds (COM(2024) 100 final).
[15] Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 2021/1148 as regards the financial envelope and the allocation for the thematic facility (COM(2024) 301 final).

5. Statement on heading 7 (*European Public Administration*)

The Council expresses its disappointment that the Commission has disregarded the clear signal from the Heads of State and Government at the February 2024 European Council meeting, which emphasized the need for restraint in administrative expenditure. Referring to paragraph 130 of the July 2020 European Council conclusions, all EU institutions, bodies, agencies, and their administrations were called on to optimize staff resources to the 2020 level and seek efficiency gains in non-salary related expenditures. Therefore, the Council strongly urges all institutions to further control and manage administrative spending and pursue for efficiencies.

The Council also considers that, due to a pending clear legal basis, the proposed housing allowance in Luxembourg requires further regulatory and budgetary discussion. In light of the above, the Council will examine the proposed housing allowance for EU staff in Luxembourg, once a clear legal basis and detailed modalities thereof have been provided.

The Council highlights recent information suggesting that the parameters used by the Commission to estimate the necessary amounts for the 2024 salary adjustment may be overestimated. If this is confirmed in the forthcoming amending letter to the draft budget for 2025 the Council expects that the surplus amounts in heading 7 will be fully reinstated into the Single Margin Instrument to address unforeseen needs in 2025.

Annex IV Draft calendar for the 2025 budgetary procedure

12 July	Formal adoption of the consolidated Draft Budget 2025
17 July	Adoption of Council's position on DB in Coreper
25 July	Budgetary trilogue
4 September	Presentation of WD on DB and Council position in BUDG committee
5 September - 12.00	Deadline for tabling budgetary amendments: - by individual members to BUDG - and by Committees and MEPS (36 signatures) to Plenary
12 September - 12.00	Deadline for tabling budgetary amendments by groups to Plenary
13 September	Formal adoption of Council's position
13 September - 12.00	Deadline for opinions from other committees to the draft budgetary resolution
Week 38	Presentation of Council's position in EP Plenary
20 September (tbc)	Draft report on the budgetary resolution available
25 September - 17.00	Deadline for tabling amendments to the draft budgetary resolution
7 October (STR)	BUDG vote on budgetary amendments
14 October	Adoption of budgetary resolution (all sections) in BUDG committee
17 October	Budgetary trilogue
21-24 October	Adoption of Parliament's reading
29 October - 18 November	21-day conciliation period
25-28 November	(In case of agreement) Adoption of the 2025 budget