Amending budget 7/2007: increase in the forecast of revenue, VAT and GNI balances, decrease of payment appropriations in certain budget lines

2007/2237(BUD) - 07/11/2007 - Commission preliminary draft budget

PURPOSE: to present the drafting amending budget No 7 to the EU's general budget 2007.

CONTENT: this Preliminary Draft Amending Budget (PDAB) No 7 for the year 2007 takes into account of the following developments:

- the need to budget a substantial increase in the forecast of revenue, in particular for the revision of the forecasts of VAT and GNI balances (**EUR 3 233.4 million**);
- the need for a decrease of payment appropriations in budget lines for headings 1a, 1b, 2 and 3a (EUR 1 251.4 million), after taking into account the redeployments proposed in the global transfer.

1. Increase in the forecast of revenue: the Commission proposes to revise the forecasts of VAT and GNI own resources balances, on the basis of the available information, by an increase of EUR 2 814.9 million. These modifications concern chapters 3 1 and 3 2 of the revenue side of the budget. At this stage the calculations for Member States' GNI are still provisional, because of the ongoing verification of GNI data. After the GNI Committee of 25 October, the Commission will revise the above figure accordingly, in the course of the budgetary procedure for this PDAB.

Other revenue:

- repayment of unused Community aid (item 6 1 5 0) and financial corrections in connection with the Structural funds (item 6 5 0 0), which will allow for EUR 179.5 million to budgeted;
- interest on late payments and fines for an additional amount of EUR 239 to be included in the budget.

2. Decrease in payment appropriations: the Commission proposes to adjust the level of payment appropriations for certain budget lines in order to align them more closely to the latest estimates of needs and working on the assumption that the rebalancing of payment appropriations between budget lines requested separately by the Commission's in the so-called 'Global Transfer' will be accepted by the Budget Authority. The reduction (**EUR 1 251.4 million**) in the level of payment appropriations requested in this PDAB takes account in particular of the following factors:

- the fine-tuning of Cohesion expenditure, to reflect the state of play in the programming phase;
- the winding-up of payments stemming from the previous financial frameworks;
- the late adoption of some legal bases, and the resulting delays in starting up new programmes;
- the need to take account of the state of implementation of certain pilot projects and preparatory actions.

The present proposal concerns headings **1a, 1b, 2 and 3a of the financial framework**.

- **Heading 1a (Competitiveness for Growth and Employment)**: the proposed reduction of payment appropriations for heading 1a is EUR 466.5 million due to cuts in the area of research (FP 5 and FP6); competitiveness and innovation; energy and transport (Galileo in particular); nuclear decommissioning ; intelligent energy I; Marco Polo ; pilot projects and preparatory actions.
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- **Heading 1b (Cohesion for Growth and Employment)**: a reduction of EUR 573 million in payment appropriations for heading 1b is also proposed given that 2007 is the first year of the new 2007-2013 programming period, when all new operational programmes are scheduled for adoption, followed by the first advance payments. Currently, the Commission estimates that in 2007 it may not be possible to pay EUR 1 billion, out of the total budget of EUR 7 billion for advances to the new Cohesion policy 2007-2013 programmes, due to delays in the adoption of some programmes. In contrast, payments for the pre-2007 Structural Funds programmes have so far exceeded expectations. Assuming steady payment claims continue for the rest of the year, they are likely to absorb part of the surplus of payment appropriations that had been foreseen for advances for the 2007-2013 programmes. Nevertheless, two budget lines require downward adjustments, albeit of limited magnitude. These are the ERDF lines for the Completion of Objective 2 programmes and the Completion of Technical Assistance and Innovative Measures (EUR 30 million each). There are also significant delays in adopting the new Cross-Border programmes under the European Neighbourhood and Partnership Instrument, co-funded by the European Regional Development Fund (ERDF). None of these programmes is expected to be adopted in 2007 due to delays in the preparation of the joint programmes by the Member States and ENPI participant countries. As a result, none of the amounts budgeted for advances (EUR 13 million) funded by the ERDF can be used. The final component concerns payments for pre-2007 projects of the Cohesion Fund. Despite Portugal and Poland exceeding forecast payment claims, in general payments have trailed expectations in the other Member States, with claims from Bulgaria, Spain, the Czech Republic and Slovenia being especially low. Consequently, overall payments are forecast to be some EUR 500 million lower than forecast.
- **Heading 2 (Preservation and Management of Natural Resources)**: reduced payments for the European Fisheries Fund (- EUR 19 million) and LIFE + (- EUR 88 million) due to the delay in the adoption of the legislative instrument.
- **Heading 3a (Freedom, Security and Justice)**: the unused appropriations appear under the budget lines concerning: Freedom, Security and Justice (- EUR 104 million); External Border Fund; Integration of Third-country Nationals; Daphne III and Fundamental rights and citizenship.

Conclusion: bearing in mind the present PDAB, the 2007 budget is as follows:

- Commitment appropriations: EUR 126 783 164 334 ;
- Payment appropriations: **EUR 114 245 815 415** (against EUR 115 497 218 623 before the PDAB 7 /2007).