2010 budget: section III, Commission

2009/2002(BUD) - 20/11/2009 - Amending/supplementary letter on draft budget

PURPOSE: presentation of the letter of amendment No. 2 to the draft general budget of the EU for the financial year 2010, as established by the Council.

CONTENT: on 27 October 2009, the Commission submitted to the Council the letter of amendment No. 2 to the preliminary draft budget for 2010. This covered, among other things, a new estimate of agricultural expenditure as compared with the preliminary draft budget (PDB) for 2010 in accordance with the provisions of the Interinstitutional Agreement (IIA) 2006 on budgetary discipline. The new estimates take account of the situation on the various agricultural markets and of all the legislative decisions and proposals adopted in the agricultural sector since the PDB was established.

Budgetary impact of the Commission's letter of amendment: the overall impact of letter of amendment No. 2 on the 2010 PDB is **an increase of EUR 2.35 billion in commitment appropriations** and EUR 641.5 million in payment appropriations.

This increase incorporates the following by budget heading:

- **Heading 2:** (Preservation and management of natural resources), the new estimates lead to an overall increase of EUR 685.3 million in commitment appropriations and EUR 264 million in payment appropriations, as compared the estimates in the 2010 PDB, and leave a margin of EUR 424 million below the corresponding ceiling of the financial framework. This net increase in the proposed commitment appropriations results from: i) additional needs in the agricultural sector (+EUR 159.3 million), particularly in Chapter 05 02 (Intervention in agricultural markets), ii) the allocation of EUR 280 million for **exceptional measures in the dairy sector** ("exceptional Milk action") and iii) the inclusion of EUR 420 million that will be made available to rural development in the framework of the European Economic Recovery Plan (EERP) (this last point was offset by a carry-over of assigned revenue from 2009 to 2010 (EUR 133 million), combined with an increase of the assigned revenue to be generated in 2010 (+EUR 34 million) and a net decrease of EUR 7 million in Title 11 (Maritime Affairs and Fisheries), due to the reduction of the reserve for international agreements by EUR 8 million;
- **Sub-heading 1a** (Competitiveness for growth and employment): the inclusion of EUR 1 587 million in commitment appropriations and EUR 377.5 million in payment appropriations on Article 06 04 14 for **energy projects to aid economic recovery**. It is also proposed to lift the reserve of EUR 650 million for payment appropriations on the same Article 06 04 14, in order to proceed with the timely implementation of the EERP. Under the same heading, the inclusion of EUR 75 million in commitment appropriations on Article 06 05 05 (Nuclear safety – Transitional measures (decommissioning)) is also proposed to provide continued support for the decommissioning of the Kozloduy nuclear power plant in Bulgaria. This amount will be entered in the reserve, pending adoption of the related legal basis.

Council activities: following the conclusions of the Conciliation meeting with the European Parliament and the Commission of 18 November 2009, the Council agreed to accept the letter of amendment, as proposed by the Commission, with the following amendments:

- with respect to the **'exceptional Milk action'**, under heading 2, an amount of EUR 20 million is shifted from item 05 02 12 01 (Refunds for milk and milk products) to item 05 02 12 99 (Other measures (milk and milk products)), thus bringing the total amount allocated for exceptional measures in the dairy sector ("exceptional Milk action") to **EUR 300 million** in non-differentiated appropriations, which is entered in the reserve, pending adoption of the related legal basis;

- with respect to **energy projects to aid economic recovery**, under sub-heading 1a, an additional amount of EUR 393 million in commitment appropriations has been allocated to the relevant budget article (06 04 14), thus bringing the total amount to **EUR 1 980 million** and covering in full the financing of the European Economic Recovery Plan (EERP), following the agreement reached on the revision of the multiannual financial framework (see the procedural file ACI/2009/2184).

In conclusion, the Council established its letter of amendment on the basis of the points cited above and as set out in the technical annex of the Council's document 16328/09 ADD 1 BUDGET.