Amending budget 4/2019: reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources)

2019/2037(BUD) - 02/07/2019 - Commission draft budget

PURPOSE: presentation of Draft amending budget No 4 to the 2019 budget: reduction of commitment and payment appropriations in line with updated expenditure needs and updated revenue (own resources).

CONTENT: the purpose of Draft amending budget (DAB) No 4/2019 is to update both the expenditure and revenue side of the budget to take account of recent developments.

A. Expenditure

(1) The objective is first of all to release commitment and payment appropriations of budget lines for headings 1a Competitiveness for growth and jobs, 1b Economic, Social and Territorial Cohesion, 3 Security and Citizenship, 4 Global Europe as well as the European Union solidarity fund.

The decrease in commitment and payment appropriations concerns the following bodies and instruments:

- ***Financial Supervision Authorities (- EUR 18 520 000)***: the political agreements on the proposals for the revision of the mandates of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) has resulted in a more limited extension of the scope of the mandates, with a corresponding impact on the resources needs, whereas the current funding model (40 / 60 share between the EU budget and the national authorities) was retained.

- ***European Border and Coast Guard Agency - Frontex (- EUR 12 121 000)***: political agreement was reached in March 2019 on the gradual creation of a standing corps of 10 000 border guards by 2027. Taking into account the expected entry into force of the Regulation around 1 November 2019, as the formal starting point for the actual recruitment of the standing corps of border guards, the Commission considers it prudent to keep an amount of EUR 7. 2 million in the reserve to cover the salary expenditure for the first recruitments of the border guards in 2019. Consequently, the remaining amount in the reserve can be cancelled in this DAB. .

- ***Recasting of the Dublin III Regulation (- EUR 7 200 000)***: the voted budget 2019 contained EUR 460 million in commitment appropriations as a reserve related to the Commission proposal to recast the Dublin III Regulation. The first tranche of EUR 370 million was released in April 2019. In parallel with this draft amending budget, the Commission presents a second and final transfer request covering an amount of EUR 82.8 million. The remaining amount in the reserve can be cancelled in this DAB.

- ***European Public Prosecutor's Office (- EUR 1 000 000 000)***: the appointment of the Chief Prosecutor of the EPPO has taken more time, and is currently expected to take place in the second half of 2019. This has a knock-on effect on certain other recruitments and some of the expenditure originally planned for 2019 will occur in 2020.

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- ***European Social Fund - Operational technical assistance (- EUR 8 300 000)***: in view of the latest assessment of actual needs in terms of commitment appropriations, EUR 8.3 million can be cancelled without jeopardising the smooth implementation of this technical assistance.

- ***Emergency Support Instrument (- EUR 120 000)***: the current allocation for support expenditure in this area amounts to EUR 250 000. In line with the revised forecast of required appropriations, EUR 120 000 may be cancelled.
- ***EU Civil Protection Mechanism (- EUR 35 million in commitment appropriations and - EUR 28 560 514 in payment appropriations)***: Decision (EU) 2019/420 of the European Parliament and of the Council increased the financial envelope for the mechanism for the period 2014-2020 to EUR 574 million. In view of the late adoption of the amending decision, the amounts in the reserve which are higher than the allocations agreed for 2019 may be cancelled.

- ***EU Solidarity Fund (- EUR 29 748 635)***: at the end of 2018, an amount of EUR 29.7 million in commitment appropriations for the EUSF was available, which was automatically carried over to 2019. EUR 50 million had been mobilised with the 2019 budget. It is therefore proposed to reduce the commitment appropriations entered in the 2019 budget by EUR 29.7 million in order to reduce the level of commitment appropriations to the amount of EUR 50 million provided for in the basic act and to the level of payment appropriations.

- ***Adjustment of the mobilisation of the special instruments***: it is proposed to adjust the mobilisation of the Flexibility Instrument as follows: (i) for heading 1a, the mobilisation of the instrument is decreased by EUR 18.5 million; (ii) for heading 3, the mobilisation of the instrument is decreased by EUR 55.4 million.

(2) The DAB also aims to adjust the budget 2019 of some institutions as a result of the postponement of the withdrawal of the United Kingdom from the European Union to 31 October 2019. The total amount of additional appropriations (commitment and payment) is estimated at **EUR 11 941 000**.

The postponement until 31 October 2019 not only affects the composition of the European Parliament and the cost for parliamentary assistance, but also the need to keep the UK Liaison Office, and triggered the organisation of European elections in the United Kingdom, which required a full-fledged information campaign. The abovementioned elements, which constitute unavoidable, exceptional and unforeseen circumstances, require additional supplementary appropriations of EUR 15.1 million.

The decision on the postponement of the UK withdrawal by up to seven months has an impact on remuneration and other expenditure for a College of 28, as opposed to 27 Members at the Court of Auditors. In view of the tight budget requested for 2019, the Court will not be in a position to find the additional resources by redeployment but requests an additional allocation of EUR 107 000 to cover salaries and other allowances as well as mission and representation expenses.

The EEAS will therefore reduce its 2019 budget by the running costs foreseen from the beginning of the year until 1 August for its Headquarter’s Division and its presence points in the UK (EUR 3 276 000).

B. Revenue

It is proposed to revise the forecasts of Traditional Own Resources (i.e. customs duties and sugar sector levies), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget.