Amending budget 5/2019: adjustments of administrative appropriations of EU institutions in line with the latest information available and update of revenue (own resources)

2019/2147(BUD) - 08/11/2019 - Commission draft budget

PURPOSE: presentation of the draft amending budget No 5 to the general budget 2019 with a view to updating both the expenditure and the revenue sides of the budget to take account of the latest developments.

CONTENT: on 2 July 2019, the Commission transmitted the Draft Amending Budget (DAB) No 4 for the year 2019, which was intended to update both the expenditure and the revenue sides of the budget to take account of the latest developments.

The Council and the European Parliament completed their reading of DAB No 4/2019 respectively on 3 September 2019 and on 10 October 2019.

As the European Parliament adopted amendments which could not be accepted by the Council, a Conciliation Committee was convened, in accordance with Article 314 §4(c) of the Treaty on the Functioning of the European Union (TFEU). The Conciliation Committee worked over a period of twenty-one days, between 15 October and 4 November 2019. However, it was not possible during this period to reconcile the positions of the European Parliament and Council.

The non contested elements of DAB 4/2019 are included in the present Draft Amending Budget No 5 /2019 which takes account, at the same time, of the latest information available.

Therefore, the objective of DAB No 5/2019 is:

- **on the expenditure side**, to adjust the administrative expenditure of EU institutions to reflect the impact of: (i) the salary update that will apply as from 1 July 2019, which is lower than foreseen, and; (ii) the latest postponement of the UK withdrawal from the European Union decided on 28 October 2019;
- **on the revenue side**, to revise the forecast 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.

Salary update

The adjustment of the nominal net remuneration of EU officials in Brussels and Luxembourg with effect from July 2019 is equal to 2.0%. The adjustment is necessary to maintain a parallel development of

purchasing power with the civil servants in the Member States. It is lower than estimated notably due to the lower than anticipated evolution of the cost of living in Belgium and Luxembourg.

The proposal is to reduce the non-differentiated expenditure of heading 5 Administration by EUR 9.9 million for 2019, of which EUR 3.8 million for the Commission, EUR 3,0 million for the pensions of all institutions, and EUR 3.1 million for all other participating institution.

Postponement of the UK withdrawal from the European Union: impact on EU institutions

As a result, the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors and the European Economic and Social Committee reduced their budget request by a total amount of about EUR 11.7 million (of which EUR 10.2 million for the European Parliament). This reduction was estimated on the basis of the UK being a Member State for 3 months in 2019.

Conversely, the European External Action Service increased its budget request to reflect the additional expenditure related to the setting-up of a UK division at Headquarters and an EU delegation in London.

Due to the latest postponement of the withdrawal of the UK, the institutions will now have to cover expenditure relating to the UK as an EU Member State for nine additional months in 2019. The European Parliament requests additional appropriations, whereas the European External Action Service and the European Data Protection Supervisor are proposing to return appropriations, which cannot be used.

The postponement of the UK withdrawal 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.

Revenue

The Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts. It concerns, in particular, the forecast of TOR to be paid to the budget in 2019 as well as the forecast of the 2019 VAT and GNI bases.