

# Amending budget 5/2022: additional measures to address the consequences of the Russian war in Ukraine; Union Civil Protection Mechanism reinforcement; reduction in payment appropriations and update of revenues; other adjustments and technical updates

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PURPOSE: presentation of Draft Amending Budget No 5 for the year 2022 to provide additional measures to address the consequences of the Russian war in Ukraine.

CONTENT: the purpose of draft amending budget 5/2022 is to update the expenditure and revenue sides of the 2022 budget for the following purposes:

## *European defence industry reinforcement through the common procurement act*

Russia's military aggression against Ukraine has dramatically underlined the need for adjustment of the European Defence Technological and Industrial Base (EDTIB) to structural change and for more cooperation between the Member States in the area of defence procurement. To address the most urgent and critical defence gaps, the Commission proposed to establish a dedicated short term instrument, the European Defence Industry Reinforcement through Common Procurement Act, with a total financial envelope of EUR 500 million for the period 2022 to 2024. The EU financial support to be made available through the new instrument should stimulate cooperative defence procurement involving several Member States and benefit the EDTIB while ensuring that the armed forces of the Member States are able to act, with security of supply and increased interoperability.

This DAB proposes to create a **dedicated budget line** for operational expenditure and to allocate **in reserve EUR 83 million** of the remaining unallocated margin in commitment appropriations under the expenditure ceiling of heading 5 (Security and Defence) in 2022.

## *Food chain strand of the single market programme*

The Food Chain strand of the Single Market Programme (SMP) finances structural eradication measures as well as emergency measures to fight outbreaks of animal diseases and plant pests, for which it co-finances the eligible costs of the measures taken by Member States. Following a series of severe outbreaks of Highly Pathogenic Avian Influenza and African Swine Fever in the Member States, the Commission should reimburse the Member States for expenditure already incurred by them in years 2019 and 2020.

Against this backdrop, it is proposed to **reinforce the funds** available for emergency measures in the 2022 budget by **EUR 73.8 million**. Two sources of redeployment have been identified in heading 1 (Single market, innovation and digital) for a total amount of EUR 3.8 million, stemming from higher than expected fee income for the European Chemicals Agency (ECHA) and savings for the European Securities and Market Authority (ESMA). Consequently, the Commission proposes to finance EUR 70 million from the unallocated margin under the expenditure ceiling of heading 1.

### ***Union Civil Protection Mechanism (UCPM/rescEU)***

The draft amending budget proposes to frontload and reinforce the Union Civil Protection Mechanism (UCPM/rescEU), so as to continue channelling in-kind assistance to Ukraine. Additionally, helicopters and other light planes will be leased to increase Union's preparedness for aerial firefighting in 2023 and accelerate the procurement of permanent aerial capacities. The Commission therefore proposes to finance these actions through reinforcement and frontloading of the budgetary needs in the present DAB 5/2022 (**EUR 138.6 million**).

In parallel, continued UCPM assistance to people fleeing Ukraine has to be ensured for the last months of this year. Given the scale and duration of the needs, the reinforcement made available this year is insufficient.

### ***European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)***

The Commission proposes to reinforce the EU contribution to EMCDDA by an amount of **EUR 700 000** from the remaining unallocated margin under the expenditure ceiling of heading 5 (Security and Defence). This reinforcement is necessary to avoid further downsizing of key activities to cope with increased salary costs. The requested budget reinforcement will also allow the agency to make key ICT investments for cyber security.

### ***European public administration***

High inflation and rapidly rising energy prices have a major impact on the administrative expenditure of the institutions, as well as on pensions and European schools. Therefore, it is proposed to **reinforce administrative expenditure and pensions** in heading 7 for an amount of **EUR 163 million** as a result of high inflation and rapidly rising energy prices.

### ***Reduced level of payment appropriations***

It is proposed to decrease the level of payment appropriations for the European Agricultural Fund for Rural Development (EAFRD) and EU4Health by respectively EUR 775 million and EUR 129.2 million.

### ***European aviation safety agency (EASA)***

The ReFuelEU Aviation proposal aims to ensure a level playing field for sustainable air transport, which entails additional tasks for EASA, to provide data on the aviation fuel uplift at Union airports to competent national authorities. The 2022 budget includes a specific amount for this purpose on the reserve line of EUR 1.8 million. Given the observed delay in the legislative process, it is proposed to return the corresponding amount to the Connecting Europe Facility transport budget article 02 03 01, from which it was initially offset.

### ***Update of revenues***

DAB 5/2022 proposes to include in the 2022 budget an update of the estimates for Traditional Own Resources (TOR) as well as to incorporate the estimated impact of exchange rate differences. Overall, the revenue surplus is estimated at EUR 3 billion, which will reduce the Member States' GNI contributions accordingly

Overall, the net impact of this DAB on expenditure amounts to an increase of **EUR 447.5 million in commitment appropriations** and a decrease of **EUR 741.1 million in payment appropriations**.

The overall impact on the revenue side is a **net decrease in the GNI contributions of EUR 3 779 million**.

