2007 budget: section III, Commission

2006/2018(BUD) - 26/09/2006 - Document attached to the procedure

PURPOSE : to present Amending Letter 2/2007 to the preliminary draft budget (Section III – Commission).

CONTENT : the adaptations to the Preliminary Draft Budget for 2007 (PDB 2007), included in Amending Letter No 2 (AL 2) fall into two broad categories:

- § those which have a net financial impact;
- § those which merely concern adjustments to the budgetary remarks and other technical corrections.

1) Changes with a net financial effect:

- The budgetary aspects of the creation of the European Globalisation Adjustment Fund (EGF) must be taken into account following the approval on 17 May 2006 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management. EUR 500 million in commitment appropriations are thus entered into the reserve.

- Pending adoption of the proposal for a new Council Regulation on Community financial contributions to the International Fund for Ireland (IFI), it is proposed to enter EUR 15 million in commitment appropriations into the reserve.

- Following the adoption by the Commission on 28 June 2006 of the proposal for a Decision amending and extending Decision 804/2004/EC on a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule II), it is proposed to increase the level of commitment (+EUR 6 million) and payment appropriations (+ EUR 4.4 million) entered in the reserve for this programme.

- Changes reflecting the variation in the components of Heading 1b in the legal bases that have been adopted, relative to the respective envelopes that were known at the time of preparation of the PDB 2007. The contribution of Heading 1b to the European Neighbourhood and Partnership Instrument has now been entered in the budget. For commitment appropriations the net financial impact is zero but there is an increase in payment appropriations of EUR 8,4 million. There are also changes of a similar nature, reflecting variations in the "convergence" and "non-convergence" envelopes of the European Fisheries Fund, though in this case the financial impact is zero for both commitment and payment appropriations.

To summarise, these modifications primarily concern commitment appropriations to be entered in the reserve (EUR 500 million for the EGF, EUR 15 million for the IFI, and EUR 6 million for Hercule II, all under Heading 1a). For payment appropriations EUR 4.4 million relates to payment appropriations for Hercule II, to be entered into the reserve for Heading 1a. EUR 8.4 million in additional payment appropriations are requested for Heading 1b.

2) Technical ajustments:

- The modification of the budgetary remarks to take account of the revised legislative package, adopted by the Commission on 24 May 2006. The amended legislative acts proposed are consistent with the annual expenditure ceilings agreed in the new multi-annual financial framework.

- For the Structural Funds and the European Fisheries Fund, updates take account of the adoption of the legal acts.

- In order to ensure a homogenous promotion system for all Commission staff, adaptations to the establishment plan of the Joint Research Centre (JRC) are proposed.

- Following the modernisation of the accounting system, there is also a need to put forward a proposal to create, with a token "p.m." entry, two new budget lines: 27 01 12 02 "Coverage of expenditure incurred in connection with treasury management" and 21 01 04 10 "EDF contribution to common administrative support expenditure", both already proposed in PDAB 5/2006.

- In order to take account of the forthcoming legislative proposal on the European Investment Fund capital increase, the budget remarks of expenditure item 01 04 09 01 "EIF-Provision of paid-up shares of subscribed capital", and revenue Article 850 "Dividends paid by the EIF" should be updated.

- A technical correction is necessary to finance budget Article 04 04 09 "Support for the running costs of the Platform of European Social Non-governmental organisations" under Heading 3b of the new multi-annual financial framework, instead of Heading 1a as in the PDB. This involves moving EUR 620 000 in both commitments and payments from Heading 1a to Heading 3b.

- The budget remarks of a number of Community programmes (Community Statistical Programme, Lifelong, Learning, Youth in Action, Media, European Environmental Agency) should be updated to reflect an agreement on the participation of the Swiss Confederation.

Finally, by means of this amending letter, the Commission draws the attention of the European Parliament and the Council on the consequences of a possible delay in the adoption of certain new legal bases in the field of external actions, and the proposed remedial actions that might be required before the new legal bases enter into force. In the framework of the negotiations on the Interinstitutional Agreement (IIA) on budget discipline and sound financial management, political agreement was reached on the need for the new programmes and the related financial envelopes. Despite this, the legal bases of certain programmes might not be approved by the end of 2006. This would create a legal vacuum, in particular for the ongoing programmes expiring at the end of 2006, which are going to be consolidated in new instruments. Therefore, the Commission intends to ensure the means for the ongoing actions to be properly completed and the preparatory work for the new programmes to be operational once the relevant legal bases are eventually adopted.