Basic information

2019/2037(BUD) BUD - Budgetary procedure	Procedure lapsed or withdrawn
Amending budget 4/2019: reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources) **Subject** 8.70.59 2019 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDE Budgetary Conciliation Committee		

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets	HOWARTH John (S&D)	17/07/2019

Council of the European Union

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
02/07/2019	Commission draft budget published	COM(2019)0610	Summary
03/09/2019	Council position on draft budget published	11733/2019	Summary
16/09/2019	Committee referral announced in Parliament		
01/10/2019	Vote in committee		
03/10/2019	Budgetary report tabled for plenary	A9-0012/2019	Summary
10/10/2019	Decision by Parliament	T9-0024/2019	Summary
10/10/2019	Results of vote in Parliament		
10/10/2019	Start of budgetary conciliation (Parliament and Council)		
04/11/2019	Agreement not reached in budgetary conciliation		

Technical information	
Procedure reference	2019/2037(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	BUDE/9/01741 BUDG/9/00610

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE639.790	01/08/2019	
Amendments tabled in committee		PE641.100	10/09/2019	
Amendments tabled in committee		PE641.123	11/09/2019	
Budgetary report tabled for plenary, 1st reading		A9-0012/2019	03/10/2019	Summary
Budgetary text adopted by Parliament		T9-0024/2019	10/10/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	11733/2019	03/09/2019	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2019)0610	02/07/2019	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

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) - 03/10/2019 - Budgetary report tabled for plenary, 1st reading

The Committee on Budget adopted the report by John HOWARTH (S&D, UK) on the Council position on Draft amending budget No 4/2019 of the European Union for the financial year 2019: Reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources).

On the expenditure side, Draft amending budget No 4/2019 has two objectives:

- to decrease commitment and payment appropriations of budget lines by EUR 112 million and EUR 67.5 million respectively, in heading 1a "Competitiveness for growth and jobs", heading 1b "Economic, Social and Territorial Cohesion", and heading 2 "Sustainable growth – natural resources";

- to increase by EUR 11.9 million commitment and payment appropriations in Heading 5, 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.

On the revenue side, Draft amending budget No 4/2019 concerns a revision of 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 Union budget.

Taking note of the Commission's proposal, Members reiterated their position considering that the Union budget is too small to respond to pressing needs and challenges it faces as well as its citizens.

They considered that a draft amending budget should follow one purpose only. However, the Draft amending budget No 4/2019 has two purposes. They stated that the most urgent purpose of Draft amending budget No 4/2019 is 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. Members therefore approved these adjustments but rejects the proposed release of commitment appropriations.

Members took note of the rebalancing of own resources made necessary by the revision of the forecast of Traditional Own Resources and VAT and by updates to the UK correction.

The committee recommended that the European Parliament decide to amend the Council position on Draft amending budget No 4/2019. It called on the Commission to put forward a new proposal, the aim of which would be to redeploy the potential savings identified both in its proposal for Draft amending budget No 4/2019, as well as any newly identified appropriations which would not be used, to fund key Union programmes in lack of funding.

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) - 03/09/2019 - Council position on draft budget

As a reminder, on 2 July 2019, the Commission submitted to the Council draft amending budget (DAB) No 4 to the general budget for 2019 regarding the reduction of commitment appropriations (c/a) and payment appropriations (p/a) in line with updated needs of expenditure and update of revenue (own resources).

The objective of this proposal is to update both the expenditure and the revenue sides of the budget to take account of the latest developments:

(a) on the expenditure side:

- to release c/a and p/a of budget lines for (sub-)headings 1a (Competitiveness for growth and jobs), 1b (Economic, Social and Territorial Cohesion), 3 (Security and Citizenship), 4 (Global Europe), as well as the EU Solidarity Fund;

- to adjust the budget 2019 of the European Parliament, the European Court of Auditors and the European External Action Service as a result of the postponement of the withdrawal of the United Kingdom from the European Union to 31 October 2019.

(b) 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.

Changes were made the initial proposal of the Commission at the Commission's request. The remarks on the following articles have been modified in the Council's position:

- Article 12 02 04 - European Banking Authority (EBA): "The Union contribution for 2019 amounts to a total of EUR 17 397 600. An amount of EUR 729 344, corresponding to the recovery of surplus which stems from the Union contribution in 2017, is added to the amount of EUR 16 668 256 entered in the budget";

- Article 12 02 05 - European Insurance and Occupational Pensions Authority (EIOPA): "The Union contribution for 2019 amounts to a total of EUR 10 083 336. An amount of EUR 69 102, corresponding to the recovery of surplus which stems from the Union contribution in 2017, is added to the amount of EUR 10 014 234 entered in the budget";

- Article 12 02 06 - European Securities and Markets Authority (ESMA): "The Union contribution for 2019 amounts to a total of EUR 13 612 496. An amount of EUR 47 336, corresponding to the recovery of surplus which stems from the Union contribution in 2017, is added to the amount of EUR 13 565 160 entered in the budget";

- Article 18 02 03 - European Border and Coast Guard Agency (Frontex): "The Union contribution for 2019 amounts to a total of EUR 317 489 000. An amount of EUR 17 103 721 coming from the recovery of surplus is added to the amount of EUR 300 385 279 entered in the budget"; and

- Article 33 03 05 - European Public Prosecutor's Office (EPPO): "The Union contribution for 2019 amounts to a total of EUR 3 911 000".

On 3 September 2019, the Council adopted its position on DAB No 4 to the general budget 2019, the text of which is set out in the technical annex to the explanatory memorandum of its position on the DAB (see Council document).

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.

- ***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.

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) - 10/10/2019 - Budgetary text adopted by Parliament

The European Parliament adopted by 538 votes to 113, with 9 abstentions, a resolution on the Council position on draft amending budget No 4/2019 of the European Union for the financial year 2019: Reduction of commitment and payment appropriations in line with updated needs of expenditure and update of revenue (own resources).

Draft amending budget No 4/2019

On the expenditure side, draft amending budget No 4/2019 has two objectives:

- to decrease commitment and payment appropriations of budget lines by EUR 112 million and EUR 67.5 million respectively, in heading 1a "Competitiveness for growth and jobs", heading 1b "Economic, Social and Territorial Cohesion", and heading 2 "Sustainable growth – natural resources";

- to increase by EUR 11.9 million commitment and payment appropriations in Heading 5, 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.

On the revenue side, draft amending budget No 4/2019 concerns a revision of 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 Union budget.

Parliament's position

Taking note of the Commission's proposal, Parliament reiterated their position considering that the Union budget is too small to respond to pressing needs and challenges it faces as well as its citizens. It considered that a draft amending budget should follow one purpose only. However, the Draft amending budget No 4/2019 has two purposes. Members stated that the most urgent purpose of Draft amending budget No 4/2019 is 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. Parliament therefore approved these adjustments but rejects the proposed release of commitment appropriations concerning budget lines for headings 1a, 1b, 3 and as well as for the European Union Solidarity Fund.

On revenue, Parliament took note of the rebalancing of own resources made necessary by the revision of the forecast of Traditional Own Resources and VAT and by updates to the UK correction.

The European Parliament decided to amend the Council position on Draft amending budget No 4/2019.

It was in favour of restoring previous budget 2019 figures in the context of an ongoing financial year, with a view to eventual adjustments through a comprehensive draft amending budget closer to year end, and when other factors that may arise in the coming weeks can be taken into account.

Lastly, the European Commission is invited to present a new proposal, the objective of which would be to reallocate the potential savings identified both in its proposal on ACB 4/2019 and among the newly identified appropriations that would not be used, in order to finance key EU programmes that do not have sufficient funds.