Basic information

2023/0080(BUD) BUD - Budgetary procedure	Procedure completed
Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme **Subject** 8.70.53 2023 budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	KELLER Fabienne (Renew)	28/03/2023
	Shadow rapporteur LEWANDOWSKI Janusz (EPP) NEGRESCU Victor (S&D) GUERREIRO Francisco (Greens/EFA) RZOŃCA Bogdan (ECR) KUHS Joachim (ID) PAPADIMOULIS Dimitrios (The Left)	

Council of the European Union

European Commission

Commission DG	Commissioner
Budget	HAHN Johannes

Key events

Date	Event	Reference	Summary
16/03/2023	Commission draft budget published	COM(2023)0150	Summary
16/05/2023	Council position on draft budget published	08566/2023	Summary
23/05/2023	Vote in committee		

01/06/2023	Committee referral announced in Parliament		
05/06/2023	Budgetary report tabled for plenary	A9-0209/2023	Summary
13/06/2023	Decision by Parliament	T9-0222/2023	Summary
13/06/2023	Results of vote in Parliament		
27/07/2023	Draft budget approved by Council		
27/07/2023	Final act published in Official Journal		

Technical information

Procedure reference	2023/0080(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/11559

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE746.642	13/04/2023	
Amendments tabled in committee		PE746.728	11/05/2023	
Budgetary report tabled for plenary, 1st reading		A9-0209/2023	05/06/2023	Summary
Budgetary text adopted by Parliament		T9-0222/2023	13/06/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	08566/2023	16/05/2023	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2023)0150 	16/03/2023	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2023/1469
OJ L 189 27.07.2023, p. 0001

Corrigendum to final act 32023B1469R(01)
OJ L 226 14.09.2023, p. 0203

Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme

2023/0080(BUD) - 16/03/2023 - Commission draft budget

PURPOSE: presentation by the Commission of Draft Amending Budget (DAB) No 1 for the year 2023.

CONTENT: Draft Amending Budget (DAB) No 1 for the year 2023 aims at introducing the necessary technical changes to the 2023 budget stemming from the political agreements reached on several legislative proposals, in particular with respect to REPowerEU, the Carbon Border Adjustment Mechanism (CBAM) and the Union Secure Connectivity programme.

Overall, the net impact of DAB 1 on expenditure corresponds to an increase of **EUR 52.6 million in commitment appropriations**. No additional payment appropriations are requested.

(1) REPowerEU

To address new challenges, on 18 May 2022 the Commission proposed to reinforce the firepower of the Recovery and Resilience Facility Regulation (RRF) through the REPowerEU plan.

The Regulation on the creation of dedicated REPowerEU chapters in the recovery and resilience plans defines specific REPowerEU objectives that should be addressed by the investments and reforms to be included in the existing recovery and resilience plans (RRPs). In addition, the Regulation provides for additional sources of dedicated funding to finance the relevant measures. This includes additional revenue from auctioning of allowances from the Emissions Trading System under Directive 2003/87/EC as well as from voluntary transfers from the Brexit Adjustment Reserve (BAR).

In order to allow the Commission to make the budgetary commitments in a timely manner upon the adoption of the Council implementing decisions, the Commission proposes to make **all the necessary additional adjustments to the budget nomenclature** and budget remarks in DAB 1, following the adoption of the REPowerEU plan and Regulation with targeted amendments to the Recovery and Resilience Facility Regulation (RRF), the Emissions Trading Schemes (ETS) Directive as well as the Brexit Adjustment Reserve (BAR) Regulation.

(2) Carbon border adjustment mechanism (CBAM)

The final agreement reached by the European Parliament and the Council in December 2022 on the establishment of the Mechanism is based on a centralised governance model, which requires heavy involvement of the Commission in the implementation and the development and maintenance of a substantial IT system. At the same time, the co-legislators did not retain the option of financing CBAM from external assigned revenue accruing from the Emissions Trading System. Therefore, the increased costs for the IT system will have to be financed from the margin under the expenditure ceiling of heading 3 (Natural Resources and Environment), whereas the additional Commission staff will have to be financed under heading 7.

The Commission proposed to create a new budget line for CBAM in heading 3 with a level of respectively **EUR 4.1 million in commitment appropriations and EUR 1.6 million in payment appropriations** and to delete the existing budget line in heading 1, while adding the appropriations to the corresponding margin under heading 1.

As regards **staffing**, the Commission recalled that the final agreement reached by the co-legislators on the establishment of the carbon border adjustment mechanism (CBAM) has evolved significantly in terms of the human resources required for its implementation within the Commission, compared to the legislative financial statement which accompanied the original proposal, which was based on a decentralised model of implementation.

The additional Commission human resources required by the final agreement endorsed by the colegislators will not allow the Commission to respect the principle of stable staffing and will require additional resources, to be authorised by the European Parliament and the Council during the annual budget procedure along with the related budgetary appropriations.

The Commission is now asking for an **additional 16 posts in its operating establishment plan and four contract agents in 2023**, as well as a corresponding amount of **EUR 1.5 million** to cover the related administrative expenditure in heading 7, assuming recruitment on average mid-year.

(3) Union secure connectivity programme

In the final trilogue on 23 November 2022, the co-legislators agreed to increase the financing of the Union Secure Connectivity initiative by EUR 50 million from the unallocated margin under the expenditure ceiling of Heading 1. To implement this agreement, the Commission proposes to include in DAB 1 an amount of **EUR 50 million in commitment appropriations**, which will contribute to the launch of procurement procedures in 2023. The current level of payment appropriations in the 2023 budget is considered sufficient to cover this year's payment needs.

In particular, DAB 1 covers the following elements:

- adjusting the EU contribution and/or staff numbers of the Anti-Money Laundering Authority (AMLA), the European Union Agency for the Cooperation of Energy Regulators (ACER), the Agency for support to the Body of European Regulators for Electronic Communications (BEREC) and the European Chemicals Agency (ECHA) to take account of changes in their mandates;

- adjusting the establishment plan of the Health and Digital Executive Agency (HaDEA) to take account of a minor change in the staff structure of the executive agency;

- increasing the level of appropriations of the European Data Protection Supervisor (EDPS) to finance legal fees following an increase of litigation cases relating to the application of the General Data Protection Regulation.

Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme

2023/0080(BUD) - 13/06/2023 - Budgetary text adopted by Parliament

The European Parliament adopted, by 560 votes to 36 with 27 abstentions, a resolution on the Council's position on Draft amending budget No 1/2023 of the European Union for the financial year 2023 - technical adjustments stemming from political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme.

Parliament approved the Council's position on draft amending budget 1/2023.

Draft amending budget No 1/2023 also entails adjustments to the Union contribution or staff numbers of various agencies to take account of changes in their mandates and to the establishment plan of the Health and Digital Executive Agency and an increase in the level of appropriations of the European Data Protection Supervisor (EDPS) to finance legal fees following an increase of litigation cases relating to the application of the General Data Protection Regulation (GDPR);

Parliament reiterated that to better respect the prerogatives of the budgetary authority, the Commission should (i) present draft amending budgets for one purpose only and refrain from combining several objectives in a single draft amending budget; (ii) provide detailed information on the various changes proposed, such as the legislative financial statements, in order to allow the budgetary authority to properly assess the budgetary changes.

Members welcomed the fact that Draft amending budget No 1/2023 reflects the revised legislative financial statement resulting from the decision of the legislator for a more centralised governance model for carbon border adjustment mechanism. However, they are concerned that the corresponding appropriations consume parts of the already very scarce remaining unallocated margin under heading 3, which puts the budget lines, including its long-standing priorities such as the LIFE Programme. The Commission is called on to make sure that this issue is taken into account in the upcoming proposal for the revision of the multiannual financial framework and to propose increased resources for the respective heading accordingly.

Parliament took note of the Commission's unilateral statement on the financing of human resources for CBAM, according to which the Commission will require additional resources. It welcomed the fact that the common Union interest of ensuring adequate staffing and resources was accepted by the co-legislators.

Lastly, Members stressed the importance of ensuring the correct and consistent application of the RGPD and welcomed the proposal to increase appropriations for the EDPS's.

Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme

2023/0080(BUD) - 05/06/2023 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report by Fabienne KELLER (Renew, FR) on the Council position on Draft amending budget No 1/2023 of the European Union for the financial year 2023 – technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme.

The committee recommended **approving the Council's position** on draft amending budget 1/2023;

Taking note of draft amending budget 1/2023 presented by the Commission, Members reiterated that, to better respect the prerogatives of the budgetary authority, the Commission should present draft amending budgets for one purpose only and refrain from combining several objectives in a single draft amending budget. The Commission should provide detailed information on the various changes proposed, such as the legislative financial statements, in order to allow the budgetary authority to properly assess the budgetary changes.

Members welcomed the fact that Draft amending budget No 1/2023 reflects the revised legislative financial statement resulting from the decision of the legislator for a more centralised governance model for CBAM. They recognised that a model constitutes a clear example of European added value and acknowledged that it requires a certain level of additional human and budgetary resources. However, Members are concerned that the corresponding appropriations consume parts of the already very scarce remaining unallocated margin under heading 3, which puts the budget lines, including its long-standing priorities such as the LIFE Programme, under that heading in competition and at a disadvantage.

The Commission is called on to make sure that this issue is taken into account in the upcoming proposal for the revision of the MFF and to propose increased resources for the respective heading accordingly.

The report noted the Commission's unilateral statement on the financing of human resources for the CBAM, according to which the Commission will need additional resources. It welcomed the fact that the Union's common interest in ensuring adequate staffing and resources has been accepted by the co-legislators.

Amending budget 1/2023: technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism and the Union Secure Connectivity programme

2023/0080(BUD) - 16/05/2023 - Council position on draft budget

On 16 March 2023, the Commission submitted to the Council draft amending budget (DAB) No 1 to the general budget for 2023 concerning technical adjustments stemming from the political agreements reached on several legislative proposals, including with respect to REPowerEU, the Carbon Border Adjustment Mechanism (CBAM) and the Union Secure Connectivity programme.

The aim of this proposal is to:

- adjust the budgetary nomenclature and remarks following the adoption of the REPowerEU plan and Regulation with targeted amendments to the Recovery and Resilience Facility Regulation (RRF), the Emissions Trading Schemes (ETS) Directive, as well as the Brexit Adjustment Reserve (BAR) Regulation;

- transfer the operational line of the CBAM from heading 1 to heading 3 of the multiannual financial framework (MFF), in line with the final agreement reached in December 2022 by the European Parliament and the Council on the establishment of the CBAM, while adjusting the staffing and other administrative appropriations under heading 7 as per the revised legislative financial statement;

- reinforce the Space Secure Connectivity programme for an amount of EUR 50 million in commitment appropriations, in order to complete the financing of the programme for the period until the end of 2027;

- adjust the EU contribution and/or staff numbers of the Anti-Money Laundering Authority (AMLA), the European Union Agency for the Cooperation of Energy Regulators (ACER), the Agency for support to the Body of European Regulators for Electronic Communications (BEREC) and the European Chemicals Agency (ECHA) to take account of changes in their mandates;

- adjust the establishment plan of the Health and Digital Executive Agency (HaDEA) to take account of a minor change in the staff structure of the executive agency;

- increasing the level of appropriations of the European Data Protection Supervisor (EDPS) to finance legal fees following an increase of litigation cases relating to the application of the General Data Protection Regulation.

Overall, the net impact of DAB 1 on expenditure amounts to an increase of **EUR 52.6 million in commitment appropriations**. No additional payment appropriations are requested.

The Council adopted its position on DAB No 1 to the general budget for 2023 as set out in the technical annex contained in this explanatory memorandum.