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from: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 25 October 2012

to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European  
Union

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Subject: Draft amending budget No 6 to the general budget 2012 - General statement of  
revenue - Statement of expenditure by Section - Section III - Commission

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Delegations will find attached Commission document COM(2012) 632 final.

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Strasbourg, 23.10.2012  
COM(2012) 632 final

**DRAFT AMENDING BUDGET N° 6  
TO THE GENERAL BUDGET 2012**

**GENERAL STATEMENT OF REVENUE**

**STATEMENT OF EXPENDITURE BY SECTION  
Section III – Commission**

**DRAFT AMENDING BUDGET N° 6  
TO THE GENERAL BUDGET 2012**

**GENERAL STATEMENT OF REVENUE**

**STATEMENT OF EXPENDITURE BY SECTION  
Section III – Commission**

Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>, and in particular Article 37 thereof,
- the general budget of the European Union for the financial year 2012 adopted on 1 December 2011<sup>2</sup>,
- the amending budget No 1/2012<sup>3</sup> adopted on 20 April 2012,
- the amending budget No 2/2012<sup>4</sup>, adopted on 12 June 2012,
- the amending budget No 3/2012<sup>5</sup>, adopted on 5 July 2012,
- the draft amending budget No 4/2012<sup>6</sup>, adopted on 20 June 2012,
- the draft amending budget No 5/2012<sup>7</sup>, adopted on 19 September 2012,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 6 to the 2012 budget.

## **CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION**

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (<http://eur-lex.europa.eu/budget/www/index-en.htm>). An English version of the changes to this statement is attached for information as a budgetary annex.

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 56, 29.2.2012, p. 1.

<sup>3</sup> OJ L 184, 13.7.2012, p. 1.

<sup>4</sup> OJ L 214, 10.8.2012, p. 1.

<sup>5</sup> OJ L 221, 17.8.2012, p. 1.

<sup>6</sup> COM(2012) 340.

<sup>7</sup> COM(2012) 536.

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## **1. INTRODUCTION**

Draft Amending Budget (DAB) No 6 for the year 2012 concerns the following:

- the usual update in the forecast of revenue after the latest revision of the forecasts of own resources and other revenue;
- an increase of payment appropriations of nearly EUR 9,0 billion across headings 1a, 1b, 2, 3a and 4 of the multi-annual financial framework, with the aim of meeting outstanding needs to the end of the year, so that commitments can be honoured, financial penalties avoided, and beneficiaries can receive the funds envisaged by the agreed EU policies, for which the commitments were authorised in previous annual budgets. The Commission has identified some sources of redeployment for a total of EUR 47,4 million;
- a reduction in the level of commitment appropriations in the budget of EUR 133,4 million, to take account of the latest state of implementation and revised assessments of real needs to the year end.

Variations in own resources, together with a significant increase in the revenue from fines and interest payment of EUR 3 525 million, lead to a total net increase in revenue of EUR 3 080,8 million, which will lessen the effect of the DAB 6 on Member States' GNI-based contributions.

The total amount of payment appropriations requested is EUR 138 752,8 million, corresponding to 1,08 % of the European Union's GNI. This leaves a margin of EUR 3 451,4 million under the 2012 ceiling for payments of the multi-annual financial framework (MFF).

## **2. REVENUE**

### **2.1. Revision of Own Resources**

In accordance with Article 16 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000<sup>8</sup>, the Commission has revised the forecasts for own resources. This refers in particular to VAT (value added tax) and GNI (gross national income) balances and to traditional own resources (TOR).

As far as the VAT and GNI own resources balances of previous years are concerned, and on the basis of the available information, the Commission proposes to enter an amount of EUR 497,3 million. This increase relates to chapters 31<sup>9</sup> and 32<sup>10</sup> of the revenue side of the budget.

At this stage the calculations for Member States' balances are still provisional because of the on-going verification of VAT and GNI data. This may lead the Commission to revise the figures in the course of the procedure for this DAB.

The Commission also proposes to decrease TOR by EUR 950 million in chapter 12<sup>11</sup> of revenue to reflect the trend in custom duties made available to the budget up to now. If new data for the last quarter of the year implies significant changes to this estimation, the Commission will revise its figures in the course of the budgetary procedure.

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<sup>8</sup> OJ L 130, 31.5.2000, p. 1.

<sup>9</sup> Balances and adjustment of balances based on VAT for the previous financial years resulting from application of article 10(4), (5) and (8) of Regulation (EC, EURATOM) No 1150/2000.

<sup>10</sup> Balances and adjustment of balances based on gross national income/product for the previous financial years as a result of the application of article 10(6) to (8) of Regulation (EC, EURATOM) No 1150/2000.

<sup>11</sup> Customs duties and other duties referred to in article 2(1)(a) of Decision 2007/436/EC.

## 2.2. Other Revenue

Taking into account the amounts that at this stage of the year are cashed or will probably be cashed, it is proposed to increase the initial forecasts by a net amount of EUR 3 533,5 million. The detail by line is shown in the table below.

Revenue lines	Budget 2012	DAB 6/2012	New amount
5 2 0 0 — Revenue from investments or loans granted, bank and other interest on the institutins'accounts	6 500 000	3 500 000	10 000 000
5 2 1 0 — Revenue from investments or loans granted, bank and other interest on the accounts of organisations receiving subsidies transferred to the Commission	10 000 000	5 000 000	15 000 000
<b>Sub-total — Revenue from investments or loans granted, bank and other interest</b>	<b>16 500 000</b>	<b>8 500 000</b>	<b>25 000 000</b>
7 0 0 0 — Interest due on late payments into the accounts held with the treasuries of the Member States	5 000 000	155 000 000	160 000 000
7 0 1 — Interest on late payments and other interest on fines	15 000 000	265 000 000	280 000 000
7 1 0 — Fines, periodic penalty payments and other penalties	100 000 000	3 075 000 000	3 175 000 000
7 1 2 — Penalty payments and lump sums imposed on a Member State for not complying with a judgment of the Court of Justice of the European Union on its failure to fulfil an obligation under the Treaty	p.m.	30 000 000	30 000 000
<b>Sub-total — Interest on late payment and fines</b>	<b>120 000 000</b>	<b>3 525 000 000</b>	<b>3 645 000 000</b>
<b>Total</b>	<b>136 500 000</b>	<b>3 533 500 000</b>	<b>3 670 000 000</b>

## 3. REINFORCEMENT OF PAYMENT APPROPRIATIONS

In September, all Commission services were asked to update their forecasts of needs until the end of 2012, and submit their requests to adjust payment appropriations. The revised elements form the basis of the so-called Global Transfer (DEC 30/2012), aimed at adjusting authorised payment appropriations across budget lines, according to the latest updated needs.

In preparing the Global Transfer for 2012, the Commission sought to match increased needs for payment appropriations on some budget lines, with amounts on other lines which would otherwise remain unused, with a view to achieving full implementation. The proposal concerns an amount of EUR 419,7 million, corresponding to some 0,3 % of the total authorised payments in the 2012 budget. In total, 110 budget lines are concerned (65 for reinforcement and 45 for reductions).

The corresponding value of the Global Transfer in 2011 was EUR 719,2 million, and in 2010 it was EUR 1 792 million. The relatively low amount this year reflects the very tight situation for payments in the 2012 budget, with only EUR 419,7 million available for redeployment, and so it has only been possible to meet part of the requests for reinforcement, within the limits of this amount. As already forecast and signalled during the course of the year, these are simply too great to be accommodated through redeployment within the appropriations available in the 2012 budget. Therefore recourse must be made to an amending budget.

The request should also be seen in the context of an adopted budget for 2012 which set the level of payment appropriations EUR 3,6 billion below the Commission's Draft Budget proposal, creating a very tight situation for payments from the beginning of the year.

The Commission is therefore obliged to have recourse to the joint statement agreed during the conciliation on the 2012 budget, and which was part of the joint conclusions of 19 November 2011. In

this statement the Council and the European Parliament asked the Commission "to request additional payment appropriations in an amending budget if the appropriations entered in the 2012 budget are insufficient to cover expenditure". For their part, the Council and the European Parliament undertook to "take position on any draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations."

### 3.1. Heading 1a Competiveness for Growth and Employment

The total request for increase in heading 1a is EUR 625,3 million, across eleven budget lines, as follows:

Budget Line	Heading	Payments (EUR)
02 04 01 01	Space Research	43 000 000
02 04 01 02	Security Research	35 000 000
02 05 01	European satellite navigation programmes (EGNOS and Galileo)	4 850 000
04 05 01	European Globalisation Adjustment Fund (EGF)	17 657 535
08 02 01	Cooperation — Health	79 790 000
08 04 01	Cooperation — Nanosciences, nanotechnologies, materials and new production technologies	63 906 000
08 06 01	Cooperation — Environment (including climate change)	39 113 000
08 10 01	Ideas	30 000 000
09 04 01 01	Support for research cooperation in the area of information and communication technologies (ICTs)	30 000 000
15 02 22	Lifelong Learning Programme	180 000 000
15 07 77	People	102 000 000
<b>Total</b>		<b>625 316 535</b>

#### 02 04 01 01 — Space Research (+ EUR 43 million)

The implementation of payment appropriations on this budget item stood at 94,6 % at mid-October 2012. The reinforcement is needed to cover outstanding commitments as follows:

- Interim and final payments requested by beneficiaries, based on the grant agreements already signed following the calls for proposals of 2007, 2008, 2009 and 2010. These are contractual and legal obligations (part of the RAL);
- Pre-financing payments on the RAL of grant agreements already signed (7 projects) under the call for proposals FP7-SPACE-2011-1. The deadline to sign all the grant agreements of this call is before the end of 2012;
- Pre-financing payments on the new grant agreements to be signed under the call for proposals FP7-SPACE-2012-1. The "time to grant" should be reached before the end of 2012 (representing 42 projects).

#### 02 04 01 02 — Security Research (+ EUR 35 million)

The implementation of payment appropriations on this budget item stood at 100 % at mid-October. The reinforcement is needed to cover outstanding commitments as follows:

- Interim and final payments requested by beneficiaries, based on the grant agreements already signed following the calls for proposals of 2007, 2008, 2009 and 2010. These are contractual and legal obligations (part of the outstanding commitments or "RAL");



- Pre-financing payments on the RAL of grant agreements already signed (33 projects) under the call for proposals FP7-SEC-2011-1. The deadline to sign all the grant agreements of this call is before the end of 2012;
- Pre-financing payments on the new grant agreements to be signed under the call for proposals FP7-SEC-2012-1. The "time to grant" should be reached before the end of 2012 (representing 7 projects).

**02 05 01 — European satellite navigation programmes (EGNOS and Galileo) (+ EUR 4,9 million)**

The request for reinforcement amounts to EUR 4,9 million, to enable the Commission to fulfil its contractual obligations (payment of outstanding commitments) under the Delegation Agreement signed with the European Space Agency (ESA). An amount of EUR 17,2 million has already been requested in the Global Transfer.

The payment allocations will be used to meet the second yearly payment contracted with ESA and to finance the additional procurements already launched in 2011 (8 additional satellites + Ariane 5 adaptation + fees). These are legal obligations.

**04 05 01 — European Globalisation Adjustment Fund (EGF) (+ EUR 17,7 million)**

The payment appropriations of EUR 50 million voted on the EGF line in the 2012 budget are now exhausted. The reinforcement is needed to cover the payments for five cases for which the proposal to mobilise the EGF will be presented by end October/early November. The cases concerned cover applications from Denmark, Spain, Italy, Austria, Romania and Finland.

**08 02 01 — Cooperation — Health (+ EUR 79,8 million)**

Implementation of payments on this line had reached 97,1 % at mid-October. The reinforcement is needed to cover interim and final payments related to previous calls for proposals (FP-7-Health-2007/2008/2009/2010), for an amount of EUR 9,8 million. This will cover payments to 40 projects and avoid or minimise payment of late interest.

A further EUR 70 million is related to the call for proposal FP-7 Health-2012-Innovation-1 2012. This call was launched in July 2011, with deadlines for submissions of 4 October 2011 and 8 February 2012 (for the 2-stage procedure). The pre-financing to the selected projects is now due to avoid any delay in the implementation of these research projects.

**08 04 01 — Cooperation — Nanosciences, nanotechnologies, materials and new production technologies (+ EUR 63,9 million)**

The implementation of this line at mid-October amounted to 83,4 %. The requested reinforcement will cover the needs for interim and final payments related to previous calls for proposals between 2009 and 2011. Some 35 grant agreements will benefit, avoiding or minimising payment of late interest.

Pre-financing payments related to calls for proposals 2012 (FP7-NMP-2012-LARGE, FP7-NMP-2012-SMALL and FP7-NMP-2012-SME) are also due, to avoid any delay in the implementation of these research projects.

**08 06 01 — Cooperation — Environment (including climate change) (+ EUR 39,1 million)**

This adjustment concerns the pre-financing payments related to the calls for proposals 2012 and more specifically the FP7-ENV-2012-Two Stage Calls. The timing of evaluation and negotiations was adapted in order to meet the new targets adopted in 2012 (260 days from Call closure date to the

signature of 75 % of grant agreements). Accordingly, at least 75 % of the grant agreements negotiated should be signed by end of October and 95-100 % by the end of the year. According to the Financial Regulation, the pre-financing payments should be made within 45 days following the signature of the grant agreements.

The additional EUR 39,1 million is needed in order to make the pre-financing payments of approximately 15 grant agreements (out of 43 currently negotiated for this Call). This reinforcement is also essential in order to avoid any delay in the implementation of these research projects.

#### **08 10 01 — Ideas (+ EUR 30 million)**

The requested reinforcement concerns pre-financing payments related to calls for proposals 2012 (Advanced and Starting Grants 2012). The timing of evaluation/negotiation of these calls has been advanced. Around 35-40 pre-financing payments are to be made with these additional appropriations. This reinforcement will also avoid any delay in the implementation of these research projects.

#### **09 04 01 01 — Support for research cooperation in the area of information and communication technologies (ICTs) (+ EUR 30 million)**

The current progress in negotiations for FP7 ICT Cooperation projects selected in response to Call 8 requires carrying out more pre-financing payments than originally expected for projects scheduled to start between September and December 2012. In particular, it is expected to process 231 pre-financing payments related to 2012 calls before the year-end. In addition, 235 cost claims related to projects selected in previous calls will have to be paid before the end of the year. The additional EUR 30 million requested are the strict minimum to fulfil the obligations vis-à-vis third parties. The rate of implementation at mid-October (70,0 %) must be seen in the context of accelerating payments as the year progresses, and the payments remaining on the line will be exhausted by early December.

#### **15 02 22 — Lifelong Learning Programme (+ EUR 180 million)**

The available budget for the Lifelong Learning programme cannot cover the needs in payment appropriations until the year-end. As mid-October implementation of payments has already reached 99,4 %. It is currently impossible to proceed with the intermediate payments (EUR 160,7 million) which are due according to the contractual provisions of the agreements with the national agencies. A further EUR 19,3 million is needed to cover pre-financing, intermediate and final payments of individual projects managed by the Education, Audiovisual and Culture Executive Agency (EACEA).

#### **15 07 77 — People (+ EUR 102 million)**

The reinforcement will allow the Research Executive Agency (REA) to cover the payments to be made before the end of 2012. Implementation had reached 84,9 % at mid-October.

More than 70 % of the amount requested concerns payments against the outstanding commitments made before 2012 (RAL). The rest will cover the pre-financing payments on the new grant agreements to be signed under the 2012 calls for proposals and which have a time to grant target to be reached before the end of 2012.

### 3.2. Heading 1b Cohesion for Growth and Employment

The total request for increase in heading 1b is EUR 7 170,5 million, across fourteen budget lines, as follows:

Budget Line	Heading	Payments (EUR)
04 02 01	Completion of the European Social Fund (ESF) — Objective 1 (2000 to 2006)	189 000 000
04 02 02	Completion of the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland (2000 to 2006)	9 000 000
04 02 04	Completion of the European Social Fund (ESF) — Objective 2 (2000 to 2006)	2 000 000
04 02 17	European Social Fund (ESF) — Convergence	1 837 000 000
04 02 19	European Social Fund (ESF) — Regional competitiveness and employment	1 060 000 000
04 02 20	European Social Fund (ESF) — Operational technical assistance (2007 to 2013)	3 500 000
13 03 01	Completion of European Regional Development Fund (ERDF) — Objective 1 (2000 to 2006)	790 000 000
13 03 04	Completion of European Regional Development Fund (ERDF) — Objective 2 (2000 to 2006)	80 000 000
13 03 13	Completion of Interreg III Community initiative (2000 to 2006)	50 000 000
13 03 16	European Regional Development Fund (ERDF) — Convergence	1 400 000 000
13 03 19	European Regional Development Fund (ERDF) — European territorial cooperation	400 000 000
13 04 01	Cohesion Fund — Completion of previous projects (prior to 2007)	250 000 000
13 04 02	Cohesion Fund	1 100 000 000
<b>Total</b>		<b>7 170 500 000</b>

Regarding the completion of the programmes of the previous period 2000-2006, the Commission is ready to proceed with payments of the final balance for many programmes, but the corresponding appropriations on the various budget lines concerned are either fully exhausted or will be exhausted soon. Therefore it is necessary to reinforce payment appropriations in Budget 2012 as the corresponding appropriations have not been budgeted in the Draft Budget 2013.

Regarding the new programmes 2007-2013, payment applications received from Member States on 15 October are higher than the level of payment applications received last year at the same time. Furthermore, the Commission had also to charge on Budget 2012, payment applications from last year that could have been paid in 2011 if the appropriations had been available. As the available appropriations are only slightly higher than last year, reinforcing payment appropriations is necessary to meet the legal obligations and to avoid an excessive amount of unpaid payment applications at the end of the year that might not be properly managed in 2013.

#### **04 02 01 — Completion of the European Social Fund (ESF) — Objective 1 (2000 to 2006) (+ EUR 189 million)**

Already at the start of October the payments on this line were almost fully exhausted (99,8 % implementation). The additional amount is required to cover payment needs related to programme closures and represents only uncontested amounts resulting from a detailed analysis of closure documents.

**04 02 02 — Completion of the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland (2000 to 2006) (+ EUR 9 million)**

The additional payment appropriations required on this line are necessary in order to cover closure payment for the closure of this programme by the end of the year. No payment appropriations were budgeted on this line in 2012.

**04 02 04 — Completion of the European Social Fund (ESF) — Objective 2 (2000 to 2006) (+ EUR 2 million)**

The available appropriations on this budget line were nearly exhausted mid-October (less than EUR 2 million left). An additional reinforcement of EUR 2 million is needed in order to pay the balance for two programmes ready to be closed.

**04 02 17 — European Social Fund (ESF) — Convergence (+ EUR 1 837 million)**

The estimate of payment needs on this line has been revised upwards following the Commission's latest analysis of implementation concerning the European Social Fund. In mid-October, implementation reached 96,3 % of available appropriations and additional payment appropriations are required to cover needs before the year end and full implementation will be reached soon. At the same time last year, implementation stood at 74 % of the year-end outturn.

**04 02 19 — European Social Fund (ESF) — Regional competitiveness and employment (+ EUR 1 060 million)**

The estimate of payment needs on this line has been revised upwards following the Commission's latest analysis of implementation concerning the European Social Fund. Since the beginning of October, the appropriations on this budget line are fully exhausted, and pending payment claims are blocked awaiting a reinforcement of this budget line. The pending claims concern 14 Member States, and in particular Germany and the United Kingdom.

**04 02 20 — European Social Fund (ESF) — Operational technical assistance (2007 to 2013) (+ EUR 3,5 million)**

Mid-October implementation on this line reached 99,6 % of available appropriations. Additional payment appropriations are required to cover needs up to the end of the year.

**13 03 01 — Completion of European Regional Development Fund (ERDF) — Objective 1 (2000 to 2006) (+ EUR 790 million)**

The closure of operational programmes relating to this budget line has been progressing very rapidly. Mid-October, implementation reached 95,7 % of available appropriations. The additional amount is required to cover payment needs related to programme closures and represents only uncontested amounts resulting from a detailed analysis of closure documents.

**13 03 04 — Completion of European Regional Development Fund (ERDF) — Objective 2 (+ EUR 80 million)**

Mid-October implementation as a percentage of available appropriations stood at 94,2 %. Closures are progressing rapidly and the remaining payment appropriations will not be sufficient to cover outstanding needs relating to the uncontested amounts resulting from a detailed analysis of closure documents. Additional payment appropriations are therefore required in order to proceed with these closure payments.

### **13 03 13 — Completion of Interreg III Community initiative (2000 to 2006) (+ EUR 50 million)**

Mid October payment appropriations on this line were completely exhausted. The additional amount is required to cover payment needs related to programme closures and represents only uncontested amounts resulting from a detailed analysis of closure documents.

### **13 03 16 — European Regional Development Fund (ERDF) — Convergence (+ EUR 1 400 million)**

The estimate of payment needs on this line has been revised upwards following the Commission's latest analysis of implementation concerning the European Regional Development Fund. The results of this analysis indicate that payment claims that are expected to be received from Member States before the year end substantially exceed the available appropriations. The higher than expected payment needs are also due to the fact that some of the payment requests received in 2011 could only be paid in 2012 (some EUR 4,6 billion for this line). Mid-October, the implementation of payments on this line stood at 77,5 %, to be compared with 68,4 % last year at the same time.

### **13 03 19 — European Regional Development Fund (ERDF) — European territorial cooperation (+ EUR 400 million)**

In early October implementation on this line already reached 99,7 % of available appropriations. At the same time last year implementation stood at 60 % of year-end outturn. Additional appropriations are required to cover upcoming payment requests from Member States.

### **13 04 01 — Cohesion Fund — Completion of previous projects (prior to 2007) (+ EUR 250 million)**

The higher than expected payment needs are due principally to the fact that the closure of Cohesion Fund projects has been progressing at a rapid pace this year and forecasts indicate that this trend is set to continue. Mid-October implementation of payment appropriations on this line reached 92,9 % of available appropriations (as compared with only 52 % at the same time last year).

### **13 04 02 — Cohesion Fund (+ EUR 1 100 million)**

The estimate of payment needs on this line has been revised upwards following the Commission's latest analysis of implementation concerning the Cohesion Fund. The results of this analysis indicate that payment claims that are expected to be received from Member States substantially exceed the available appropriations. Mid-October implementation of payment appropriations on this line already reached 76,2 % which is substantially higher than the level reached at the same time last year (48 %) and further payment applications are expected.

## **3.3. Heading 2 Preservation and Management of Natural Resources**

The total request for increase in heading 2 is EUR 1 169 million, across three budget lines, as follows:

<b>Budget Line</b>	<b>Heading</b>	<b>Payments (EUR)</b>
05 04 02 01	Completion of the European Agricultural Guidance and Guarantee Fund, Guidance Section — Objective 1 regions (2000-2006)	111 000 000
05 04 05 01	Rural development programmes	1 041 000 000
17 04 01 01	Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public health risk linked to an external factor — New measures	17 000 000
	<b>Total</b>	<b>1 169 000 000</b>

**05 04 02 01 — Completion of the European Agricultural Guidance and Guarantee Fund, Guidance Section – Objective 1 regions (2000-2006) (+ EUR 111 million)**

The available payment appropriations will be insufficient to make all the closure payments foreseen in 2012. This is due to the closure of important programmes in 2012, notably for Spain, Italy and Portugal, which are already at a very advanced stage of the closure process.

**05 04 05 01 — Rural development programmes (+ EUR 1 041 million)**

The final payments to be made on the 2012 budget under the Rural Development programmes relate to Member States' third quarter expenditure declarations that are to be transmitted to the Commission by 10 November at the latest. Revised forecasts, requested by the Commission from the Member States, and received by the beginning of September, indicate that payment appropriations for Rural Development programmes 2007-2013 will be insufficient to cover needs. However, over the past few years, forecasts have tended to exceed the declaration by a significant amount (by 11 % in 2011). Therefore, the Commission has taken a prudent stance and requests additional payment appropriations on the basis of a reduction of 15 % applied to these revised forecasts. It would imply expenditure declarations for the third quarter in the same order of magnitude as last year. The Commission will closely follow the incoming expenditure declarations for the third quarter and inform the budgetary authority of any change in the additional needs of payment appropriations.

**17 04 01 01 Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public health risk linked to an external fact — New measures (+ EUR 17 million)**

There is an additional need for payment appropriations to cover outstanding obligations vis-à-vis the Member States in conformity with the application of animal disease eradication programmes for the years 2010 and before, but also for the implementation of the 2011 programmes, which had higher co-financing rates. EUR 17 million is needed to fully reimburse Member States for pre-financing of the programmes. However, with respect to commitments, the favourable animal health situation in 2012 has meant that all necessary commitments have already been made so that the remaining commitment appropriations will not be needed in 2012 (see section 4 below).

**3.4. Heading 3a Freedom, Security and Justice**

The total request for increase in heading 3a is EUR 10 million on one single budget line:

Budget Line	Heading	Payments (EUR)
18 02 09	European Return Fund	10 000 000
	<b>Total</b>	<b>10 000 000</b>

**18 02 09 — European Return Fund (+ EUR 10 million)**

The payment appropriations allocated to the European Return Fund for 2012 are not sufficient to pay the first pre-financings relating to the 2012 annual programmes, in line with the legal basis, which foresees that a pre-financing of 50 % of the related commitments is automatically paid upon adoption of the national annual programmes. A reinforcement of EUR 10 million is therefore requested to allow the remaining first pre-financings to be paid to the Member States.

### 3.5. Heading 4 EU as a Global Player

The total request for increase in heading 4 is EUR 67,1 million across four budget lines:

Budget Line	Heading	Payments (EUR)
19 08 01 03	European Neighbourhood and Partnership financial cooperation with Eastern Europe	12 000 000
21 05 01 01	Health	14 400 000
23 02 01	Humanitarian aid	23 687 548
23 02 02	Food aid	17 000 000
	<b>Total</b>	<b>67 087 548</b>

#### **19 08 01 03 — European Neighbourhood and Partnership financial cooperation with Eastern Europe (+ EUR 12 million)**

Following the mid-year assessment review, the payment needs for 2012 have been revised and updated, and show an outstanding need of EUR 83 million in payment appropriations. Most of this will be met through internal redeployment, but a shortfall of EUR 12 million remains to be covered.

The implementation of this budget item has been at or close to 100 % in each of the past three budget years. It is a line on which payments accelerate at the year-end for two main structural reasons. First, the nature of the Annual Action Plan process, with a focus on commitments during the first half of any year. Second, the profile of the large payments in the Eastern Neighbourhood, which tend to be tranches of budget support and prefinancing payments to the investment facilities (e.g. the Neighbourhood Investment Facility and the FEMIP — Euro-Mediterranean Investment and Partnership Facility). This kind of payment is quite predictable, and usually takes place at the end of the year.

#### **21 05 01 01 — Health (+ EUR 14,4 million)**

The implementation of payments on this line reached 100 % in early October. Of the total need for reinforcement of EUR 29 million, EUR 14,6 million could be accommodated in the Global Transfer. The remaining, EUR 14,4 million is now requested in this amending budget.

There are currently a total of 128 grant contracts and 13 contribution agreements with international organisations under this budget line. The need of payment appropriations is higher than initially forecasted, due to payment requests relating to contracts signed in late 2011 and in early 2012. It should be noted that:

- in the selection procedure, the contracts under the calls for proposals on Non-State Actors' capacity building for access to HIV-AIDS prevention, treatments and care in ENPI were only signed by end December 2011 and therefore the first payments on these contracts were delayed from 2011 to 2012;
- first payments due on a 2011 contribution agreement with the United Nations Population Fund (UNFPA) was not fully paid in 2011, leaving a balance to be paid from 2012 appropriations. At the time the Draft Budget 2012 was submitted (April 2011), the identification of the Annual Action Programme 2012 was at an early stage, and the full consequences in terms of payment needs were not definitive;
- the final payment to the Global Alliance for Vaccines and Immunisation initially forecasted for 2013 will now take place in 2012 as the project was finalised sooner than foreseen.

### **23 02 01 — Humanitarian aid (+ EUR 23,7 million)**

The initial budget in payment appropriations on the humanitarian aid budget line, as approved by the Budgetary Authorities, was EUR 35 million lower than the amount in commitment appropriations. At the same time, the necessary payment appropriations for 2012 are close to the commitments and the most recent RAL (2010/2011) still to be paid stands at EUR 159 million. Implementation of the payments on this budget line stood at 99,0 % mid-October.

Additionally, the humanitarian aid budget line has been reinforced with EUR 150 million in commitment appropriations to deal with the humanitarian crises in Sudan, South Sudan, Yemen, Syria, the Horn of Africa and Pakistan. The reinforcements have been achieved through the use of the Emergency Aid Reserve (EAR) and redeployment within heading 4.

The corresponding reinforcement in payment appropriations were only 58 % of the amount in commitments, while the Commission makes pre-financing payments of 80 % at the start of the humanitarian operations. The Commission has therefore specifically mentioned in its transfer requests to the Budgetary Authorities that supplementary payment appropriations would be requested later in the year. Out of the total EUR 88 million needed, EUR 64,3 million have already been requested in the Global Transfer.

### **23 02 02 — Food aid (+ EUR 17 million)**

The initial budget in payment appropriations on the food aid budget line, as approved by the Budgetary Authority, was EUR 21 million lower than the amount in commitment appropriations. At the same time, the necessary payment appropriations for 2012 are close to the commitments and the most recent RAL (2010/2011) still to be paid stands at EUR 63 million. By early October, the implementation of payments on this budget line had reached 100 %.

The food aid budget line has been reinforced with EUR 90 million in commitment appropriations to deal with the humanitarian crises in the Sahel, Sudan/South Sudan and the food crisis in the Horn of Africa. The reinforcements have been achieved through the use of the Emergency Aid Reserve and redeployment within heading 4. The corresponding reinforcements in payment appropriations were only 19 % of the amount in commitments, while the Commission makes a pre-financing payment of 80 % at the start of the humanitarian operations. The Commission already mentioned in its transfer requests to the Budgetary Authority that supplementary payment appropriations may be needed later in the year. Out of the total EUR 51 million needed, EUR 34 million have already been requested in the Global Transfer.

## **4. REDUCTIONS IN COMMITMENT AND PAYMENT APPROPRIATIONS**

The Commission has identified a number of budget items for which part of the available commitment appropriations will not be used by the end of the year, and therefore proposes to reduce the budgeted commitment appropriations accordingly. In some cases, a corresponding amount of payment appropriations is also available, and is redeployed within this amending budget. The total reductions concerned amount to EUR 133,4 million for commitments and EUR 47,4 million for payments.

The full list, by heading, is set out below:



Budget Line	Heading	Commitments EUR	Payments EUR	Justification
09 02 04 0 1	Body of European Regulators for Electronic Communications (BEREC) — Office — Contribution to Titles 1 and 2	- 1 102 937		On 19 August 2012, BEREC Office's Management Committee approved an amended agency's budget. The proposed decrease in commitment appropriations corresponds to the difference between the EU subsidy to the Agency, authorised in the 2012 budget, and the amended BEREC Office's budget.
26 02 01	Procedures for awarding and advertising public supply, works and service contracts	- 1 600 000		Contrary to the initial forecast, a significant drop in the publications of the institutions and other types of public notices has been observed in the first three quarters of 2012. Moreover, a new production contract with lower prices will come into force in December 2012. All these factors generate a surplus of commitment appropriations.
29 02 03	Union Statistical Programme 2008 to 2012	- 5 000 000		The draft Regulation on the EU Safety Survey was adopted by the Commission in June 2011 and is now being discussed by the Council and Parliament. According to the Commission's proposal, an EU Safety Survey (SASU) should be carried out by the Member States in 2013. Eurostat had allocated necessary budgetary funds in 2012 to undertake the safety survey immediately after adoption of the Regulation. As it became apparent during the legislative process, more time is needed to allow reaching an agreement at the level of the European legislator, and adoption is envisaged for 2013, one year later than originally planned. An amount of EUR 6 million was originally allocated for this project, from which EUR 5 million will not be used and can thus be reallocated.
<b>Total Heading 1a</b>		<b>- 7 702 937</b>	<b>0</b>	
05 04 05 0 2	EAFRD technical assistance	- 13 000 000		The available commitment appropriations are not expected to be completely used, leaving a surplus of EUR 13 million. The under-execution on this line in 2012 has already been taken into account in the Draft Budget 2013.
11 03 01	International fisheries agreements	- 49 606	- 76 191	Some appropriations are not needed after making all necessary commitments linked to the international fisheries agreements in force in 2012 and settling some of the RAL amounts (sectorial support for the Madagascar and Kiribati agreements and the compensation due to the Republic of Guinea for 2010).
11 03 02	Contributions to international organisations	- 798 015		The annual financial contribution to two regional organisations is not due this year because of the delay of the entry into force of the mandate of these organisations. In addition, the exchange rates fluctuations have led to lower expenses.

Budget Line	Heading	Commitments EUR	Payments EUR	Justification
11 03 04	European Union financial contribution to the bodies set up by the United Nations Convention on the Law of the Sea, 1982	- 33 234	- 22 877	The annual financial contribution has been lower than initially foreseen.
11 06 11	European Fisheries Fund (EFF) — Operational technical assistance	- 477 119		The contribution to actions undertaken in 2012 is lower than foreseen initially.
11 07 02	Support for the management of fishery resources (improvement of scientific advice)	- 240 000		Appropriation not needed in 2012 because of delays in the finalisation of the framework contract for scientific advice.
17 04 01 01	Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public health risk linked to an external factor — New measures	- 57 640 000		Due to the favourable animal health situation in 2012, all necessary commitments have already been made so that the remaining commitment appropriations will not be needed in 2012.
17 04 03 01	Emergency fund for veterinary complaints and other animal contaminations which are a risk to public factor — New measures	- 4 400 000		Due to the favourable animal health situation in 2012, the requests for contribution from the Emergency Fund will only be half of the provision set up at the start of the year. An increase of EUR 17 million in payments is explained in section 3 above.
17 04 07 01	Feed and food safety and related activities — New measures	- 3 380 000		Fewer actions than initially planned will be financed this year.
<b>Total Heading 2</b>		<b>- 80 017 976</b>	<b>- 99 068</b>	
09 02 05	Other measures in the audiovisual and media sector	- 40 741		The proposed decrease in commitment appropriations is the result of the cancellation of a procurement procedure for a study on business models for internet content providers (SMART2012/0030) because a similar exercise is carried out by another Commission Service.
<b>Total Heading 3b</b>		<b>- 40 741</b>	<b>0</b>	
40 02 41	Differentiated Appropriations — International Fisheries Agreements (Reserve)	- 45 652 520	- 47 252 520	A number of agreements currently under negotiation will not be adopted by the end of the year (Morocco, Gabon, Solomon Islands, Guinea-Bissau). Therefore, the appropriations entered into the reserve for this purpose will not be used in 2012.
<b>Total Reserves on financial interventions</b>		<b>- 45 652 520</b>	<b>- 47 252 520</b>	
<b>GRAND TOTAL</b>		<b>- 133 414 172</b>	<b>- 47 351 588</b>	

## 5. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2012 Financial framework		Budget 2012 (incl. AB 1-3/2012 and DAB 4-5/2012)		DAB 6/2012		Budget 2012 (incl. AB 1-3/2012 and DAB 4-6/2012)	
	CA	PA	CA	PA	CA	PA	CA	PA
<b>1. SUSTAINABLE GROWTH</b>								
1a. Competitiveness for growth and employment <i>Margin</i>	14 853 000 000		15 403 000 000 - 50 000 000	11 482 916 106	- 7 702 937	625 316 535	15 395 297 063 - 42 297 063	12 108 232 641
1b. Cohesion for growth and employment <i>Margin</i>	52 761 000 000		52 752 576 141 8 423 859	43 835 746 321		7 170 500 000	52 752 576 141 8 423 859	51 006 246 321
<b>Total Margin<sup>12</sup></b>	<b>67 614 000 000</b>		<b>68 155 576 141</b> - 41 576 141	<b>55 318 662 427</b>	<b>- 7 702 937</b>	<b>7 795 816 535</b>	<b>68 147 873 204</b> - 33 873 204	<b>63 114 478 962</b>
<b>2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES</b>								
Of which market related expenditure and direct payments	48 093 000 000		43 969 637 305	43 875 978 049	- 65 420 000	17 000 000	43 904 217 305	43 892 978 049
<b>Total Margin</b>	<b>60 810 000 000</b>		<b>59 975 774 185</b> 834 225 815	<b>57 034 220 262</b>	<b>- 125 670 494</b>	<b>1 121 648 412</b>	<b>59 850 103 691</b> 959 896 309	<b>58 155 868 674</b>
<b>3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE</b>								
3a. Freedom, Security and Justice <i>Margin</i>	1 406 000 000		1 367 806 560 38 193 440	835 577 878		10 000 000	1 367 806 560 38 193 440	845 577 878
3b. Citizenship <i>Margin</i>	699 000 000		1 385 690 821 1 563 220	1 336 954 221	- 40 741		1 385 650 080 1 603 961	1 336 954 221
<b>Total Margin<sup>13</sup></b>	<b>2 105 000 000</b>		<b>2 753 497 381</b> 39 756 660	<b>2 172 532 099</b>	<b>- 40 741</b>	<b>10 000 000</b>	<b>2 753 456 640</b> 39 797 401	<b>2 182 532 099</b>
<b>4. EU AS A GLOBAL PLAYER</b>								
<i>Margin<sup>14</sup></i>	8 997 000 000		9 405 937 000 - 150 000 000	6 955 083 523		67 087 548	9 405 937 000 - 150 000 000	7 022 171 071
<b>5. ADMINISTRATION</b>								
<i>Margin<sup>15</sup></i>	8 523 000 000		8 279 641 996 327 358 004	8 277 736 996			8 279 641 996 327 358 004	8 277 736 996
<b>TOTAL Margin</b>	<b>148 049 000 000</b>	<b>141 360 000 000</b>	<b>148 570 426 703</b> 1 209 764 338	<b>129 758 235 307</b> 12 445 957 052	<b>- 133 414 172</b>	<b>8 994 552 495</b>	<b>148 437 012 531</b> 1 43 178 510	<b>138 752 787 802</b> 3 451 404 557

<sup>12</sup> The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million). EUR 50 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

<sup>13</sup> The European Union Solidarity Fund (EUSF) amount is entered over and above the relevant headings as foreseen by the IIA of 17 May 2006 (OJ C 139 of 14.6.2006)

<sup>14</sup> The 2012 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 258,9 million). EUR 150 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

<sup>15</sup> For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 84 million for the staff contributions to the pension scheme.