



**COUNCIL OF
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COVER NOTE

from:	Mr Janusz LEWANDOWSKI, Member of the European Commission
date of receipt:	27 November 2012
to:	Mr Vassos SHIARLY, President of the Council of the European Union
Subject:	Transfer of appropriations No DEC 55/2012 within Section III - Commission - of the general budget for 2012

Delegations will find attached Commission document DEC 55/2012.

Encl.: DEC 55/2012



BRUSSELS, 23/11/2012

GENERAL BUDGET - 2012
SECTION III - COMMISSION TITLE 05

TRANSFER OF APPROPRIATIONS N° DEC 55/2012

EUR

FROM

CHAPTER - 0503 Direct aids

ITEM - 05 03 01 01 SPS (single payment scheme)	Non-Diff.	- 160 000 000
ITEM - - 05 03 01 05 Specific support (Article 68) - Decoupled direct aids	Non-Diff.	- 81 000 000
ITEM - 05 03 02 44 Specific support (Article 68) - Coupled direct aids	Non-Diff.	- 59 900 000

CHAPTER - 0504 Rural development

ITEM - 05 04 01 14 Rural development financed by the EAGGF Guarantee Section - Programming period 2000 to 2006	Non-Diff.	- 2 400 000
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TO

CHAPTER - 0507 Audit of agricultural expenditure

ITEM - 05 07 01 06 Accounting clearance of previous years' accounts with regard to shared management expenditure under the EAGGF Guarantee Section (previous measures) and under the EAGF	Non-Diff.	228 600 000
ITEM - 05 07 01 07 Conformity clearance of previous years' accounts with regard to shared management expenditure under the EAGGF Guarantee Section (previous measures) and under the EAGF	Non-Diff.	36 300 000
ARTICLE - 05 07 02 Settlement of disputes	Non-Diff.	38 400 000

I. INCREASE

I.A

a) Heading

05 07 01 06 - Accounting clearance of previous years' accounts with regard to shared management expenditure under the EAGGF Guarantee Section (previous measures) and under the EAGF

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	-200 000 000
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	-200 000 000
4. Utilisation of final appropriation	0
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5. Amount not used/available (3-4)	-200 000 000
6. Requirements up to year-end	28 548 896
7. Increase proposed	228 600 000
8. Increase as percentage of appropriation in budget (7/1A)	114.30%
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the increase

For the accounting clearance of EAGF accounts, the Budgetary Authority, when adopting the 2012 budget, booked negative appropriations amounting to – EUR 200 million. However, in 2012, the Commission adopted accounting clearance decisions through which positive corrections in favour of the Member States were made. Therefore, the Commission will need a total net amount of positive appropriations of EUR 228.6 million after consideration of the expected corrections for non-respect of payment deadlines. The Commission therefore proposes to make a transfer of available appropriations from other items in order to close this account.

I.B

a) Heading

05 07 01 07 - Conformity clearance of previous years' accounts with regard to shared management expenditure under the EAGGF Guarantee Section (previous measures) and under the EAGF

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	p.m.
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	0
4. Utilisation of final appropriation	0
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5. Amount not used/available (3-4)	0
6. Requirements up to year-end	36 208 260
7. Increase proposed	36 300 000
8. Increase as percentage of appropriation in budget (7/1A)	N/A
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the increase

No appropriations were granted by the Budgetary Authority with regard to previous years' conformity clearance corrections under this item. Nevertheless, Commission decisions were taken in 2012 foreseeing positive corrections in favour of the Member States of approximately EUR 36.3 million.

Therefore, it is proposed to make a transfer of available appropriations from other items in order to close this account.

I.C

a) Heading

05 07 02 - Settlement of disputes

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	800 000
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	800 000
4. Utilisation of final appropriation	0
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5. Amount not used/available (3-4)	800 000
6. Requirements up to year-end	39 200 000
7. Increase proposed	38 400 000
8. Increase as percentage of appropriation in budget (7/1A)	4800.00%
9. Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the increase

This item relates to payments intended to cover the Union's costs of settling disputes. On 29 March 2012, the European Court of Justice annulled Commission Decision 2007/361/EC concerning the determination of surplus stocks of agricultural products other than sugar and the financial consequences of their elimination in relation to the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia. Therefore, the Commission has to reimburse the amount of EUR 39.2 million paid by the Member States concerned under this decision. The 2012 budget foresaw an amount of EUR 0.8 million for settlement of disputes. Therefore, the Commission requests to reinforce the appropriations, on the line accordingly, in order to fund this reimbursement.

II. DECREASE

II.A

a) Heading

05 03 01 01 - SPS (single payment scheme)

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	30 472 000 000
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	30 472 000 000
4. Utilisation of final appropriation	30 272 000 000
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5. Amount not used/available (3-4) (C1)	200 000 000
6. Requirements up to year-end (C1)	40 000 000
7. Proposed decrease	160 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	0.52%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	430 715 374
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation $[(1-2)/1]$	100.00%

d) Detail grounds for the transfer

Since the most significant part of EAGF revenue in the 2012 budget has been assigned to the SPS scheme, the Commission proposes to transfer appropriations from item 05 03 01 01 in order to balance the negative appropriations in item 05 07 01 06 which relates to corrections from accounting clearance of previous years' accounts. The remaining requirements estimated up to year-end for the SPS (EUR 377.8 million) can be met by the remaining appropriations (EUR 40 million) and the available assigned revenue appropriations collected within the 2012 budget year.

Therefore, it is proposed to transfer the amount of EUR 160 million in order to cover part of the funding needs of item 05 07 01 06.

Note concerning the assigned revenue included in article 05 03 01:

Assigned revenue, amounting to approximately EUR 1 020.3 million and comprised of an amount of EUR 430.7 million carried forward from 2011 into 2012 and of an amount of EUR 589.6 million freshly collected in 2012, has been included into article 05 03 01. The assigned revenue carried forward from 2011 into 2012 has been fully used to reimburse expenditure for the SPS.

II.B

a) Heading

05 03 01 05 - Specific support (Article 68) - Decoupled direct aids

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	458 000 000
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	458 000 000
4. Utilisation of final appropriation	376 338 660
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5. Amount not used/available (3-4)	81 661 340
6. Requirements up to year-end	416 338
7. Proposed decrease	81 000 000
8. Decrease as percentage of appropriation in budget (7/1A)	17.69%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detail grounds for the transfer

Member States incurred expenditure for the specific support decoupled schemes under article 68 of Council Regulation (EC) No 73/2009 which was lower compared to the amount forecasted in the 2012 budget.

Therefore, it is proposed to transfer the amount of EUR 81 million in order to partly cover the funding needs of items 05 07 01 06 and 05 07 01 07 relating to the positive clearance of accounts corrections (EUR 66.2 million) as well as the positive conformity clearance corrections in favour of the Member States (EUR 14.8 million).

II.C

a) Heading

05 03 02 44 - Specific support (Article 68) - Coupled direct aids

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	866 000 000
1B. Appropriation in budget (EFTA)	0
2. Transfers	-17 300 000
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3. Final appropriation for the year (1A+1B+2)	848 700 000
4. Utilisation of final appropriation	780 868 819
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5. Amount not used/available (3-4)	67 831 181
6. Requirements up to year-end	4 645 288
7. Proposed decrease	59 900 000
8. Decrease as percentage of appropriation in budget (7/1A)	6.92%
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detail grounds for the transfer

Member States incurred expenditure for the specific support coupled schemes under article 68 of Council Regulation (EC) No 73/2009 which was lower compared to the amount forecasted in the 2012 budget.

Therefore, it is proposed to transfer the amount of EUR 59.9 million in order to cover the funding needs of article 05 07 02 (EUR 38.4 million) for the settlement of disputes and partly of the item 05 07 01 07 (EUR 21.5 million) relating to the positive clearance of accounts corrections.

II.D

a) Heading

05 04 01 14 - Rural development financed by the EAGGF Guarantee Section - Programming period 2000 to 2006

b) Figures at 13/11/2012

	Non-Diff.
1A. Appropriation in budget (initial budget + AB)	0
1B. Appropriation in budget (EFTA)	0
2. Transfers	0
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3. Final appropriation for the year (1A+1B+2)	0
4. Utilisation of final appropriation	- 2 476 943
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5. Amount not used/available (3-4)	2 476 943
6. Requirements up to year-end	145
7. Proposed decrease	2 400 000
8. Decrease as percentage of appropriation in budget (7/1A)	n/a
9. Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 23(1)(b) and (c) of the Financial Regulation, calculated in accordance with Article 17a of the implementing rules	n/a

c) Receipts arising from recovery (carried over) (C5)

	Non-Diff.
1. Appropriation available at start of year	0
2. Appropriation available on the 13/11/2012	0
3. Rate of utilisation [(1-2)/1]	n/a

d) Detail grounds for the transfer

No commitment appropriations can be made anymore for Rural Development financed by the EAGGF Guarantee section for the programmes of the period 2000-2006. However, Member States are in the process of closing these programmes and they are declaring recoveries of previously paid advances in this item of the 2012 budget. Therefore, it is proposed to transfer a part of the collected appropriations in order to cover the funding needs of item 05 07 01 06 of the 2012 budget.