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COVER NOTE

From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	23 October 2017
To:	Mr Märt KIVINE, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 28/2017 within Sectin III - Commission - of the general budget for 2017

Delegations will find attached Commission document DEC 28/2017.

Encl.: DEC 28/2017



BRUSSELS, 19/10/2017

GENERAL BUDGET - 2017

SECTION III - COMMISSION TITLES: 02, 06, 12, 14, 26

TRANSFER OF APPROPRIATIONS N° DEC 28/2017

FROM

CHAPTER - 0203 Internal market for goods and services

ARTICLE - 02 03 03 European Chemicals Agency -- Chemicals legislation	Commitments	-5 328 000,00
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CHAPTER - 0602 European transport policy

ARTICLE - 06 02 02 European Aviation Safety Agency	Commitments	-1 218 000,00
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CHAPTER - 2602 Multimedia production

ARTICLE - 26 02 01 Procedures for awarding and advertising public supply, works and service contracts	Commitments	-1 000 000,00
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TO

CHAPTER - 1202 Financial services and capital markets

ARTICLE - 12 02 01 Implementation and development of the single market for financial services	Commitments	240 000,00
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CHAPTER - 1402 Customs

ARTICLE - 14 02 01 Supporting the functioning and modernisation of the customs union	Commitments	7 306 000,00
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Introduction:

The programme Customs 2020 is reinforced by EUR 7 306 000 and internal market actions are reinforced by EUR 240 000 in commitment appropriations. The sources of reinforcement are the contribution to the European Chemicals Agency, the European Aviation Safety Agency, and the Office of Publications OJ/S series budget lines.

I. DECREASE

I.1

a) Heading

02 03 03 - European Chemicals Agency -- Chemicals legislation

b) Figure at 11/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	69 489 500,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	69 489 500,00
4 Utilisation of final appropriation	64 161 060,00
5 Amount not used/available (3-4)	5 328 440,00
6 Requirements up to year-end	440,00
7 Proposed decrease	5 328 000,00
8 Decrease as percentage of appropriation in budget (7/1)	7,67 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 11/10/2017	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

Following a higher fee-income than expected, the European Chemicals Agency (ECHA) does not need to receive the full amount foreseen for the subsidy 2017. Therefore, the amount of EUR 5 328 000 in commitments can be allocated to other priority programmes or initiatives.

I.2

a) Heading

06 02 02 - European Aviation Safety Agency

b) Figure at 11/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	34 184 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	34 184 000,00
4 Utilisation of final appropriation	32 934 905,11
5 Amount not used/available (3-4)	1 249 094,89
6 Requirements up to year-end	31 094,89
7 Proposed decrease	1 218 000,00
8 Decrease as percentage of appropriation in budget (7/1)	3,56 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	1 904 985,74
2 Appropriations available on 11/10/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

d) Detailed grounds for the transfer

The new EASA basic regulation is still under negotiation between the co-legislators, therefore it will not be implemented this year as the new legal base will not yet enter into force in 2017. EUR 1,2 million in commitment appropriations can therefore be released.

I.3

a) Heading

26 02 01 - Procedures for awarding and advertising public supply, works and service contracts

b) Figure at 11/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	9 200 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	9 200 000,00
4 Utilisation of final appropriation	5 898 998,69
5 Amount not used/available (3-4)	3 301 001,31
6 Requirements up to year-end	2 301 001,31
7 Proposed decrease	1 000 000,00
8 Decrease as percentage of appropriation in budget (7/1)	10,87 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	6 600,00
2 Appropriations available on 11/10/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

d) Detailed grounds for the transfer

Notices from Union Institutions are translated in all official languages and their treatment is therefore more costly than ordinary notices. The number of Union Institutions notices is variable; while an increase has been observed in past years and reflected in cost estimates, their number has significantly decreased during 2017, with approximately 1100 notices less than forecasted when the Draft Budget 2017 was prepared. EUR 1 million in commitment appropriations can therefore be released.

II. INCREASE

II.1

a) Heading

12 02 01 - Implementation and development of the single market for financial services

b) Figure at 11/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	3 700 000,00
2 Transfers	494 652,00
3 Final appropriation for the year (1+2)	4 194 652,00
4 Utilisation of final appropriation	700 173,83
5 Amount not used/available (3-4)	3 494 478,17
6 Requirements up to year-end	3 734 478,17
7 Proposed increase	240 000,00
8 Increase as percentage of appropriation in budget (7/1)	6,49 %
9 Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	0,00
2 Appropriations available on 11/10/2017	0,00
3 Rate of utilisation [(1-2)/1]	n/a

d) Detailed grounds for the transfer

This budget line is used for implementing policy priorities in the field of financial services and the Capital Market Union (CMU), mainly through procurement procedures. It covers among others, data supply services, procurement of studies and analyses, conformity assessments and IT systems.

The Capital Market Union is a flagship initiative of the Commission. A Mid-Term Review has been adopted by the Commission on 8 June 2017, leading to further work to complete this initiative. In particular, two studies should be launched: one on Investment savings accounts and another one on European secured notes. In addition, the Consumer Financial Services Action Plan has been adopted in March 2017 and foresees a series of actions for which sufficiently complete and robust data are needed.

Moreover, new and unexpected tasks and actions are required as follow up to the Call for Evidence assessing the impact of all the Financial Service regulations adopted in the wake of the financial crisis. Part of this follow up is a "REFIT fitness check" that should provide a comprehensive overview of the cost and burden of supervisory reporting. This will require assessing efficiency and value added of supervisory reporting requirement enshrined in all 22 pieces of legislation of the EU financial acquis (plus the relevant pieces of implementing rules / level 2 legislations).

Finally, a series of analysis linked to the United Kingdom leaving the European Union need to be launched as well this year.

As a result, a reinforcement in commitment appropriations of EUR 240 000 is required.

II.2

a) Heading

14 02 01 - Supporting the functioning and modernisation of the customs union

b) Figure at 11/10/2017

	Commitments
1 Appropriation in budget (Initial Budget + AB)	81 895 000,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	81 895 000,00
4 Utilisation of final appropriation	67 972 164,60
5 Amount not used/available (3-4)	13 922 835,40
6 Requirements up to year-end	21 228 835,40
7 Proposed increase	7 306 000,00
8 Increase as percentage of appropriation in budget (7/1)	8,92 %
9 Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

c) Receipts arising from recovery (carried over from previous year)

	Commitments
1 Appropriations available at start of the year	550 267,10
2 Appropriations available on 11/10/2017	0,00
3 Rate of utilisation [(1-2)/1]	100,00 %

d) Detailed grounds for the transfer

The Union Customs Code (UCC) is the new framework regulation¹ for the rules and procedures relating to customs. The UCC intends to make European business more competitive, advancing the EU strategy for growth and jobs. It aims to:

- Streamline and simplify customs legislation and procedures across the EU to make customs transactions more efficient and cost-effective;
- Offer greater legal certainty and uniformity to businesses and increase clarity for customs officials;
- Link the Member States' (MS) national systems through a single interface and complete the shift to a paperless and fully electronic and interoperable customs environment.

The UCC includes benefits for Authorised Economic Operators (AEO), such as reduced guarantees and easier access to customs simplifications, which could result in a competitive advantage, especially for Small and Medium-sized Enterprises (SMEs).

¹ Regulation (EU) No 952/2013.

The UCC entered into force on 30 October 2013, although most of its substantive provisions applied only from 1 May 2016. Some of these may take until 31 December 2020 to become fully operational, the date by which all MS must have their information technology (IT) infrastructure ready to support the electronic flow of customs data. Transitional rules apply ad interim.

The casting of the new UCC legislation into the operational reality of the MS needs to tackle the significant complexity of the systems to be deployed (in particular, Trader Portal, Import Control System 2 (ICS2), Automated Export System, and New Computerised Transit System). Recently, it became apparent that there were not enough resources, and not enough time, to implement the complete set of IT systems needed for the implementation of the new UCC by the end of 2020. As a consequence, the Commission had to review, in collaboration with the MS, the IT work programme until 2025.

At the Customer Policy Group (CPG)² meeting of June 2017, MS agreed to the principle of postponing till after 2020 the delivery of some systems like the Automated Export System (AES), the New Computerised Transit System (NCTS), the Central Clearance Import (CCI), and to break down the Imports Control System (ICS2) in 3 phases.

Nevertheless, the Commission was requested to anticipate the delivery of the specifications for all these systems. Moreover, the earliest UCC systems, such as Customs Decisions (which entered in operation on 2 October 2017) have yet to be aligned with the latest and considerable changes introduced by the UCC legislation, which was adopted during their development, thus generating significant additional expense.

The budgetary impact of these new priorities leads to costs increases for the period of 2017-2020 for a total of more than EUR 31,35 million on the budget line of the programme Customs 2020. Savings and internal reprioritisations of IT projects have allowed to limit the financial gap to an amount of around EUR 7 million. The additional appropriations transferred to Customs 2020 budget line will allow to frontload in 2017 the Information Technology Service Management as to extend the duration of the IT operation services until April 2019. As a result, resources freed in 2018 and 2019 will be allocated to priority projects and in particular: □

- AES and NCTS;
- ICS2 and Community Customs Risk Management System version 2 (CRMS2);
- Customs Decisions adjustments.

These new systems will contribute to reinforce swifter customs procedures for compliant and trustworthy economic operators (AEO), and will also protect the flow of goods transiting or moving in and out of the Union and safeguard the financial and economic interests of the Union and of the MS, as well as the safety and security requirements according to the resolution of the Parliament on tackling the challenges of UCC implementation adopted in January 2017³.

² Today, much of the customs union policy coordination is carried out through the Customs Policy Group (CPG). The CPG is an informal expert group set up by the Commission which brings together the heads of customs administrations.

³ 2016/3024(RSP) - Resolution on tackling the challenges of the Union Customs Code implementation.