



Council of the
European Union

114801/EU XXVII. GP
Eingelangt am 05/10/22

Brussels, 5 October 2022
(OR. en)

13056/22

**Interinstitutional File:
2022/0318(BUD)**

FIN 1012

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	5 October 2022
To:	General Secretariat of the Council
No. Cion doc.:	COM(2022) 351 final
Subject:	Draft amending budget No 5 to the general budget for 2022: Additional measures to address the consequences of the Russian war in Ukraine, Union Civil Protection Mechanism reinforcement, reduction in payment appropriations and update of revenues, other adjustments and technical updates

Delegations will find attached document COM(2022) 351 final.

Encl.: COM(2022) 351 final



EUROPEAN
COMMISSION

Brussels, 5.10.2022
COM(2022) 351 final

2022/0318 (BUD)

**DRAFT AMENDING BUDGET No 5
TO THE GENERAL BUDGET 2022**

Additional measures to address the consequences of the Russian war in Ukraine
Union Civil Protection Mechanism reinforcement
Reduction in payment appropriations and update of revenues
Other adjustments and technical updates

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,
- Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union¹, entered into force on 1 June 2021,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (...)², and in particular Article 44 thereof,
- the general budget of the European Union for the financial year 2022, as adopted on 24 November 2021³,
- amending budget No°1/2022⁴, adopted on 5 April 2022,
- amending budget No°2/2022⁵, adopted on 23 June 2022,
- amending budget No°3/2022⁶, adopted on 14 September 2022,
- Draft Amending Budget No°4/2022⁷, adopted on 1 July 2022,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No 5 to the 2022 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and to the individual section III are available on EUR-Lex (<https://eur-lex.europa.eu/budget/www/index-en.htm>).

¹ Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom, OJ L 424, 15.12.2020.

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, OJ L 193, 30.7.2018.

³ OJ L 45, 24.2.2022.

⁴ OJ L 142, 20.5.2022.

⁵ OJ L 230, 5.9.2022.

⁶ OJ L xx, xx.x.2022.

⁷ COM(2022) 350, 1.7.2022.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 5 for the year 2022 is to update the expenditure and revenue sides of the budget for the following purposes:

- To include the financing of the new European Defence Industry Reinforcement through common Procurement Act (EDIRPA) to address the most urgent and critical defence gaps through fostering cooperation of Member States on common procurement, for an amount of EUR 83 million from the margin in heading 5.
- To reinforce the emergency measures under the Food Chain strand of the Single Market Programme (SMP), in order to reimburse Member States following a series of outbreaks of Highly Pathogenic Avian Influenza and African Swine Fever, for an amount of EUR 73,8 million.
- To frontload and reinforce the Union Civil Protection Mechanism (UCPM), so as to continue channelling in-kind assistance to Ukraine. Additionally, helicopters and other light planes will be leased to increase Union's preparedness for aerial firefighting in 2023 and accelerate the procurement of permanent aerial capacities. To this end, the Commission proposes to use the full remaining margin in sub-heading 2b (EUR 130,8 million) as well as some unused appropriations of the European Medicines Agency (EMA) and the European Public Prosecutor's Office (EPPO) (EUR 7,8 million in total).
- To reinforce the EU contribution to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) to avoid operational difficulties, for an amount of 0,7 million from the margin in heading 5.
- To reinforce administrative expenditure and pensions in heading 7 for an amount of EUR 163 million as a result of high inflation and rapidly rising energy prices.
- To decrease the level of payment appropriations for the European Agricultural Fund for Rural Development (EAFRD) and EU4Health by respectively EUR 775 million and EUR 129,2 million. These amounts could not be included in the redeployments proposed in the 'Global transfer' (DEC 16/2022) submitted to Parliament and Council on 5 October.
- Taking into account the delay in the approval of a new 'ReFuelEU Aviation' mandate for the European Aviation Safety Agency (EASA), it is proposed to return the corresponding amount from the reserve to the transport line of the Connecting Europe Facility, from which it was offset.
- To update the estimates for Traditional Own Resources (TOR) as well as to incorporate the impact of exchange rate differences.

Overall, the net impact of this DAB on expenditure amounts to an increase of EUR 447,5 million in commitment appropriations and a decrease of EUR 741,1 million in payment appropriations.

The overall impact on the revenue side is a net decrease in the GNI contributions of EUR 3 779 million.

2. EUROPEAN DEFENCE INDUSTRY REINFORCEMENT THROUGH COMMON PROCUREMENT ACT (EDIRPA)

Russia's military aggression against Ukraine has dramatically underlined the need for adjustment of the European Defence Technological and Industrial Base (EDTIB) to structural change and for more

cooperation between the Member States in the area of defence procurement. To address the most urgent and critical defence gaps, the Commission proposed to establish a dedicated short term instrument, the European Defence Industry Reinforcement through Common Procurement Act, with a total financial envelope of EUR 500 million for the period 2022 to 2024⁸. The EU financial support to be made available through the new instrument should stimulate cooperative defence procurement involving several Member States and benefit the EDTIB while ensuring that the armed forces of the Member States are able to act, with security of supply and increased interoperability.

In line with the Legislative Financial Statement accompanying the Commission proposal, this DAB proposes to create a dedicated budget line for operational expenditure and to allocate in reserve EUR 83 million of the remaining unallocated margin in commitment appropriations under the expenditure ceiling of heading 5 (Security and Defence) in 2022. In comparison with the Legislative Financial Statement accompanying the Commission proposal, an amount of around EUR 0,7 million is proposed to be included in 2023, so as to leave room for a necessary reinforcement of the EMCDDA in 2022 from the available margin under heading 5. Taking into account the time necessary to start the operations, payment needs for the short-term defence instrument will follow in 2023 and following years. The related changes to the budget remarks are set out in the budgetary annex.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
13 06 01	Short-term Defence instrument on common procurement	p.m.	p.m.
30 02 02	Differentiated appropriations (<i>Reserve for budget article 13 06 01</i>)	82 972 301	p.m.
Total		82 972 301	p.m.

3. FOOD AND FEED

The Food Chain strand of the Single Market Programme (SMP) finances structural eradication measures as well as emergency measures to fight outbreaks of animal diseases and plant pests, for which it co-finances the eligible costs of the measures taken by Member States. Following a series of severe outbreaks of Highly Pathogenic Avian Influenza and African Swine Fever in the Member States, the Commission has to reimburse the Member States for expenditure already incurred by them in years 2019 and 2020. The total cost amounts to almost EUR 190 million, of which around half has already been paid through prefinancing. Given the scale of the needs, including for recent outbreaks, the 2022 budget for emergency measures of EUR 19 million is largely insufficient.

Against this backdrop, in order to respect the legal obligations towards Member States stemming from grant decisions already signed, it is proposed to reinforce the funds available for emergency measures in the 2022 budget by EUR 73,8 million. Two sources of redeployment have been identified in heading 1 (Single market, innovation and digital) for a total amount of EUR 3,8 million, stemming from higher than expected fee income for the European Chemicals Agency (ECHA) and savings for the European Securities and Market Authority (ESMA). Consequently, the Commission proposes to finance EUR 70 million from the unallocated margin under the expenditure ceiling of heading 1. The payment appropriations already available in the 2022 budget are estimated to be adequate.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			

⁸ COM(2022) 349, 19.7.2022.

03 02 06	Contributing to a high level of health and welfare for humans, animals and plants	73 797 689	0
03 10 01 01	European Chemicals Agency — Chemicals legislation	- 2 500 000	0
03 10 01 02	European Chemicals Agency — Activities in the field of biocides legislation	- 1 000 000	0
03 10 04	European Securities and Markets Authority (ESMA)	- 297 689	0
Total		70 000 000	0

4. UCPM REINFORCEMENT OF REACTION CAPACITY TO FIGHT FOREST FIRES

The Union Civil Protection Mechanism (UCPM) finances crucial civil protection measures, including forest firefighting. In the summer of 2022, forest fires started earlier than in previous years and had greater intensity. The wildfires risk expanded to areas that have not been previously exposed causing casualties among firemen as well as major destruction of properties and large-scale loss of natural protected areas. Depending on the natural environment, forest fires have had different characteristics and magnitude; in addition to large aircrafts, an effective firefighting capacity requires flexible equipment such as light planes, helicopters and ground assets to cope with varying circumstances. The limited availability of these specialised capacities remains a major weakness for the EU crisis response.

In this year's State of the European Union address, President Von der Leyen announced the intention to double the EU's aerial firefighting capacities with an additional ten light amphibious aircrafts and three helicopters. The reinforcement of the aerial fleet will first be ensured through temporary leasing in order to guarantee the availability of these additional capacities for the summers of 2023 and 2024. At the same time, a permanent fleet of aerial means, whose procurement has started, will be accelerated to increase preparedness for future wildfires. This permanent fleet will progressively become available between 2024 and 2030.

In parallel, continued UCPM assistance to people fleeing Ukraine has to be ensured for the last months of this year. Given the scale and duration of the needs, the reinforcement made available this year is insufficient.

The Commission therefore proposes to finance these actions through reinforcement and frontloading of the budgetary needs in the present DAB 5/2022 (EUR 138,6 million) and in the Amending Letter 1/2023 to the Draft Budget 2023 (EUR 41,4 million), both submitted to Parliament and Council on 5 October 2022. The overall amount of EUR 180 million over 2022-2023 consists of EUR 10 million for UCPM activities and hubs (in relation to assistance delivered to Ukraine), EUR 55 million for preparedness against the 2023-2024 wildfires seasons, in particular the lease of helicopters and light planes, EUR 90 million for the purchase of helicopters and EUR 25 million for the purchase of heavy aircrafts. The purchase of helicopters and aircrafts was already foreseen in the initial programming, but it is proposed to accelerate the development of the permanent rescEU fleet, for which the amount of EUR 115 million will be compensated by a corresponding reduction in 2026 and 2027.

The 2022 reinforcement in commitment appropriations covers the following components:

- EUR 10 million to channel in-kind assistance from Member States to Ukraine as well as to ensure medical evacuations;
- EUR 28 million to reinforce the EU preparedness for the 2023 wildfires season notably by starting the lease of light aircrafts and helicopters. This will also bridge the gap until the permanent rescEU aerial fleet is up and running (see point below);
- EUR 100,6 million to accelerate the development of a permanent rescEU fleet through procurement by Member States of UCPM heavy aircrafts and helicopters. Under the current planning, the fleet will progressively become available between 2026 and 2030. Frontloading this amount would help accelerating the procurement so that the first helicopters can already become available in 2024/2025 and the heavy aircrafts ordered and delivered faster. The

amount of EUR 100,6 million will be compensated by a corresponding reduction in 2026 and 2027.

Two sources of redeployment in commitment appropriations have been identified in the 2022 budget under sub-heading 2b, of which EUR 6,2 million stems from the European Medicines Agency (EMA). This reflects lower than initially estimated applications for orphan medicinal products, higher fee revenue on other applications and a slightly deferred implementation of the extended mandate. A further EUR 1,5 million relates to the European Public Prosecutor's Office (EPPO), which results from lower translation costs linked to the maturity of the case files and lower investigation costs. For the remaining amount of EUR 130,8 million, the Commission proposes to use the full unallocated margin under the expenditure ceiling of sub-heading 2b (Resilience and values). No additional payment appropriations are requested for UCPM in 2022, whereas the payment appropriations related to EMA and EPPO are included in the 'Global transfer' (DEC 16/2022).

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
06 05 01	Union Civil Protection Mechanism (rescEU)	138 569 459	0
06 10 03 01	Union contribution to the European Medicines Agency	- 4 754 000	0
06 10 03 02	Special contribution for orphan medicinal products	- 1 476 000	0
07 10 08	European Public Prosecutor's Office (EPPO)	- 1 525 000	0
Total		130 814 459	0

5. EUROPEAN MONITORING CENTRE FOR DRUGS AND DRUG ADDICTION (EMCDDA)

The Commission proposes to reinforce the EU contribution to EMCDDA by an amount of EUR 0,7 million from the remaining unallocated margin under the expenditure ceiling of heading 5 (Security and Defence). This reinforcement is necessary to avoid further downsizing of key activities to cope with increased salary costs. The requested budget reinforcement will also allow the agency to make key ICT investments for cyber security.

A corresponding reinforcement of payment appropriations has been proposed by the Commission in the 'Global transfer' (DEC 16/2022).

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
12 10 03	European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)	700 000	0
Total		700 000	0

6. EUROPEAN AVIATION SAFETY AGENCY (EASA)

The ReFuelEU Aviation proposal⁹ aims to ensure a level playing field for sustainable air transport, which entails additional tasks for EASA, in particular to provide data on the aviation fuel uplift at Union airports to competent national authorities. Awaiting the adoption of the legislative proposal, the 2022 budget includes a specific amount for this purpose on the reserve line of EUR 1,8 million. Given the observed delay in the legislative process, it is proposed to return the corresponding amount to the CEF transport budget article 02 03 01, from which it was initially offset.

EUR

⁹ COM(2021) 561, 14.7.2021.

Budget line	Name	Commitment appropriations	Payment appropriations
02 03 01	Connecting Europe Facility (CEF) — Transport	1 800 000	1 800 000
30 02 02	Differentiated appropriations (<i>Reserve for budget article 02 10 01</i>)	-1 800 000	-1 800 000
Total		0	0

7. EUROPEAN PUBLIC ADMINISTRATION

High inflation and rapidly rising energy prices have a major impact on the administrative expenditure of the institutions, as well as on pensions and European schools. The Commission has tried to contain its administrative expenditure by maintaining an increasingly challenging stable staffing policy and by applying substantial reductions in non-salary related expenditure, such as for meetings and missions, to the fullest extent possible.

Similarly, the other institutions have made all possible efforts to cover additional needs by redeployment of existing resources and by postponing non-obligatory investments. Nonetheless, it is necessary to reinforce the administrative expenditure of the institutions, with the exception of the Council, the European Court of Auditors and the European Ombudsman, for which no reinforcement is required.

This reinforcement is in particular necessary to take account of the expected salary update for 2022. In accordance with articles 64 and 65 of the Staff Regulations, the remuneration of the officials and other servants of the European Union is updated each year, in the light of a report presented by the Commission, based on statistical data prepared by Eurostat in agreement with the national statistical offices of the Member States, reflecting the situation in the Member States at 1 July. The calculation of the update is based on the principle of parallelism between the evolution of real (net of inflation) remuneration of EU officials and national civil servants of the Member States. It reflects the combined effect of two main variables:

- The annual evolution of real salaries of civil servants in the central governments of a sample of ten Member States representing more than 75 % of the Union GDP.
- Annual inflation in Brussels and Luxembourg calculated by weighting national consumer price inflation as measured by the Belgium Harmonised Index of Consumer Prices (HICP) and Luxembourg Consumer Price Index (CPI) according to the distribution of EU staff serving in those Member States.

In the 2022 budget, the forecasted salary update rate to be applied retroactively as from 1 July 2022 was 2,5 % (6 months impact). This rate was calculated by Commission services in November 2021, based on the estimated evolution of the purchasing power and cost of living for the reference period (1 July 2021 – 30 June 2022), according to the method prescribed in the Staff Regulations.

In line with the provisions set out in Annex XI to the Staff Regulations, the Eurostat report for the current exercise will be issued on 31 October, and it will set out the adjustment of the nominal net remuneration of EU officials in Brussels and Luxembourg with effect from July 2022 in order to maintain a parallel development of purchasing power with the national civil servants in the Member States. Whereas the Commission report¹⁰ to the Council and the European Parliament will be adopted

¹⁰ Article 65(1) of the Staff Regulations and the Conditions of Employment of Other Servants of the European Union (SR) obliges the Commission to provide data pertaining to the budgetary impact of remuneration and pensions of Union officials in the light of the 2022 update of the remuneration and pensions of the officials and other servants of the EU and the correction coefficients applied thereto.

only in November, it is appropriate to review the situation already now, and without prejudice to that final report, since the probability of a salary update higher than that used to establish the budget 2022 is very significant. Notably, the published official measure of inflation in Belgium and Luxembourg for the relevant period is significantly higher than originally forecast (8,6 %). At the same time, it is estimated that the purchasing power in the ten sample Member States will decrease by -3,9 %. Furthermore, according to the latest economic projections, it is estimated that the EU GDP will reach in 2022 the 'pre-crisis' level of 2019, thus triggering the unwinding of the 2020 'suspended' update of the purchasing power of 2,5 %, in line with article 11 of Annex XI of the Staff Regulations. In addition, the intermediate update of salaries and pensions of 2,4 % led to additional expenditure for the first six months of 2022, which had not been included in the 2022 budget.

The impact on the financial year 2023 of the revised assumptions will be reflected in the Amending Letter 1/2023 to the Draft Budget for 2023.

Since the timing of the report is clearly set out in Annex XI of the Staff Regulations as end October, it would be too late to formally propose a draft amending budget after the rate is finalised. However, in accordance with the principles of sound financial management and accurate budgeting, a proposal to increase the budgetary appropriations related to salaries and pensions is justified.

In addition to the above elements, the soaring energy prices lead to unexpected additional expenditure until the end of 2022, which requires for most of the Institutions a budgetary reinforcement in order to be able to fulfil all related contractual obligations. For the EEAS in particular, an additional burden is due to its significant exposure to exchange rate fluctuations. As a consequence, its budget implementation is impacted to a large extent by the decreasing value of the euro, leading to additional unforeseen needs.

Overall, the proposal is to increase the non-differentiated expenditure of heading 7 (European Public Administration) by EUR 163 million for 2022, of which EUR 11,7 million for the Commission, EUR 78,2 million for staff and Members' pensions of all institutions, EUR 8,9 million for the European Schools and EUR 64,3 million for all other participating Institutions.

The overall impact on expenditure is as follows:

	<i>Amounts in EUR</i>		
	Budget 2022 (incl. ABs 1-3/2022 & DAB 4/2022)	Draft Amending Budget 5/2022	Budget 2022 (incl. ABs 1-3/2022 & DABs 4-5/2022)
Pensions and European Schools	2 332 178 613	87 067 538	2 419 246 151
Pensions	2 124 614 000	78 214 000	2 202 828 000
European Schools	207 564 613	8 853 538	216 418 151
Administrative expenditure of the institutions	8 287 945 712	75 971 088	8 363 916 800
Commission	3 868 129 450	11 700 000	3 879 829 450
Other institutions	4 419 816 262	64 271 088	4 484 087 350
European Parliament	2 112 164 198	48 747 088	2 160 911 286
European Council and Council	611 473 556	0	611 473 556
Court of Justice of the European Union	464 774 000	3 080 000	467 854 000
Court of Auditors	162 141 175	0	162 141 175
European Economic and Social Committee	150 871 643	1 580 000	152 451 643
Committee of the Regions	108 376 858	1 600 000	109 976 858
European Ombudsman	12 097 411	0	12 097 411
European Data Protection Supervisor	20 202 000	64 000	20 266 000

European External Action Service	777 715 420	9 200 000	786 915 420
Total	10 620 124 325	163 038 626	10 783 162 951

The detailed impact by Sections is as follows:

Section I – European Parliament

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
1 0 2	Transitional allowances	28 464	28 464
1 0 0 0	Salaries	1 907 856	1 907 856
1 0 3 1	Invalidity pensions (PEAM)	4 560	4 560
1 0 3 2	Survivors' pensions (PEAM)	46 656	46 656
1 2 0 0	Remuneration and allowances	17 015 352	17 015 352
1 2 0 2	Paid overtime	2 400	2 400
1 2 2 0	Allowances for staff retired or placed on leave in the interests of the service	65 280	65 280
1 4 0 0	Other staff — Secretariat and political groups	1 639 056	1 639 056
1 4 0 1	Other staff — Security	959 832	959 832
1 4 0 2	Other staff — Drivers in the Secretariat	182 400	182 400
1 4 0 4	Traineeships, seconded national experts, exchanges of officials and study visits	240 288	240 288
1 4 0 5	Expenditure on interpretation: external interpretation	1 153 080	1 153 080
2 0 2 4	Energy consumption	20 320 000	20 320 000
4 2 2	Expenditure relating to parliamentary assistance	5 181 864	5 181 864
Total		48 747 088	48 747 088

Section III – European Commission

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
20 01 02 01	Remuneration and allowances — Headquarters and Representation offices	11 700 000	11 700 000
21 01 01	Pensions and allowances	76 700 000	76 700 000
21 01 02 01	Pensions of former Members of the European Parliament	1 000 000	1 000 000
21 01 02 04	Pensions of former Members of the of the Court of Justice of the European Union	514 000	514 000
21 02 01 01	Office of the Secretary-General of the European Schools (Brussels)	362 059	362 059
21 02 01 02	Bruxelles I	1 249 985	1 249 985
21 02 01 03	Bruxelles II	2 024 297	2 024 297
21 02 01 04	Bruxelles III	1 029 839	1 029 839
21 02 01 05	Bruxelles IV	1 216 555	1 216 555
21 02 01 06	Luxembourg I	882 627	882 627
21 02 01 07	Luxembourg II	707 389	707 389
21 02 01 08	Mol	259 313	259 313
21 02 01 09	Frankfurt	329 414	329 414
21 02 01 10	Karlsruhe	97 376	97 376
21 02 01 11	München	4 759	4 759

21 02 01 12	Alicante	47 647	47 647
21 02 01 13	Varese	550 897	550 897
21 02 01 14	Bergen	91 381	91 381
Total		98 767 538	98 767 538

Section IV – European Court of Justice

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
1 2 0 0	Remunerations and allowances	1 300 000	1 300 000
1 4 0 0	Other staff	250 000	250 000
1 4 0 6	External services in the linguistic field (conference interpreter agents)	280 000	280 000
2 0 2 4	Energy consumption	1 250 000	1 250 000
Total		3 080 000	3 080 000

Section VI - European Economic and Social Committee

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
1 2 0 0	Remuneration and allowances	1 080 000	1 080 000
2 0 2 4	Energy consumption	500 000	500 000
Total		1 580 000	1 580 000

Section VII - European Committee of the Regions

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
1 2 0 0	Remuneration and allowances	1 200 000	1 200 000
2 0 2 4	Energy consumption	400 000	400 000
Total		1 600 000	1 600 000

Section IX – European Data-Protection Supervisor

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
1 0 0 0	Remuneration and allowances	9 000	9 000
1 1 1 0	Contract staff	51 000	51 000
1 1 1 1	Cost of traineeships and staff exchanges	4 000	4 000
Total		64 000	64 000

Section X - European External Action Service

Amounts in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
3 0 0 0	Remuneration and entitlements of statutory staff	6 300 000	6 300 000
3 0 0 3	Buildings and associated costs	2 900 000	2 900 000
Total		9 200 000	9 200 000

8. REDUCED NEEDS IN PAYMENT APPROPRIATIONS

The ‘Global transfer’ is an annual exercise organised at corporate level within the Commission for which all Directorates Generals and Services are requested to review by early September their respective payment implementation of the current budget until the end of the year concerned. This exercise aims to ensure maximum implementation of the budget in payment appropriations at the end of the year by matching additional needs with expected under-implementation. An ad hoc request for

transfer (under Article 31 of the Financial Regulation¹¹) is annually submitted to Parliament and Council in early October as a result.

The ‘Global transfer’ exercise showed under-implementation of some programmes of nearly EUR 2,9 billion, which was partly balanced by requests for reinforcements of about EUR 2 billion. The remaining balance of EUR 0,9 billion cannot be absorbed in 2022 and will need to be reduced to avoid an expenditure surplus at the end of the year. Consequently, the Commission proposes to reduce the level of payment appropriations of the European Agricultural Fund for Rural Development (EAFRD) and EU4Health by respectively EUR 775 million and EUR 129,2 million.

With respect to the EAFRD, the Commission has made an analysis of the declarations of expenditure received so far and the Member States' most recent forecasts submitted by the end of August 2022. The expected under-implementation is due to two factors. First some beneficiaries have postponed or even abandoned their projects because of increased costs due to high inflation. Second, the available data shows that in some Member States, the implementation of NextGenerationEU projects has accelerated, while the implementation of EAFRD-supported projects has slowed down.

With respect to EU4Health, the under-implementation is due to the EUFAB project, which is a network of ever-warm facilities for the production of vaccines and therapeutics with a budget of EUR 160 million, financed by the EU4Health programme. Its objective is to ensure that sufficient and agile manufacturing capacities are kept operational between public health emergencies, so that sufficient manufacturing capacities are available in the initial phase of a public health emergency, before industry has scaled up production. However, due to the large scale and complexity of the project, the tender procedure has taken longer than initially expected, leading to contract signature towards the very end of 2022. Therefore, corresponding payments will be due in the following years. The request for payment appropriations in the Draft Budget 2023 already includes the necessary adjustment.

The reduction in payment appropriations requested in this DAB is set out below.

EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – Commission</i>			
06 06 01	EU4Health Programme	0	-129 184 830
08 03 01 02	Rural development types of interventions — 2014-2022 programmes	0	-775 000 000
Total		0	-904 184 830

9. UPDATE OF REVENUES

DAB 5/2022 proposes to include in the 2022 budget an update of the estimates for Traditional Own Resources (TOR) as well as to incorporate the estimated impact of exchange rate differences. Overall the revenue surplus is estimated at EUR 3,0 billion, which will reduce the Member States' GNI contributions accordingly. The table below presents a breakdown of the updated revenue estimates for 2022, whereas the details are provided in the following two sections.

EUR

Revenue line	Name	Budget 2022 (incl. DAB 4)	Draft Amending Budget No. 5/2022	New amount
1 2 0	Customs duties and other	20 479 800 000	3 285 000 000	23 764 800 000
2 4 0	Adjustment for exchange rate differences for own resources	p.m.	-247 000 000	-247 000 000
	Total	20 479 800 000	3 038 000 000	23 517 800 000

¹¹ OJ L 193, 30.7.2018.

9.1 Traditional Own Resources

DAB 4/2022 includes the revised forecasts for 2022 for the revenue side of the budget, as agreed in the 185th ACOR meeting on 23 May 2022. However, based on a higher collection of customs duties from imports than forecast during the period January-August as well as the collection of amounts notably linked to the undervaluation cases (including the collection of the related UK payment in June 2022), it is appropriate to update the estimates for Traditional Own Resources (TOR) for a total amount of EUR 3 285 million.

9.2 Exchange rate differences in own resources

The budget is established in euro whereas Member States' contributions are determined in national currency. The annual contributions of Member States are paid in 12 monthly instalments ("twelfths"). Each instalment paid in a non-euro currency is recorded in the accounts using the monthly exchange rates of the month in which the payment is made.

For Member States outside the euro area the budget is converted into national currency using the exchange rate of the last quotation day of the calendar year preceding the budget year¹². Thus for 2022, the exchange rate of 31 December 2021 is used to convert the budget from euro into non-euro currencies. Consequently, any differences in the exchange rates used for calculating the monthly "twelfths" in national currency and the accounting rates applicable in the month of payment of the "twelfths", result inevitably in differences between the own resources amounts in euro in the budget and the amounts actually cashed in.

Monthly exchange rate fluctuations may compensate each other during a budget year. However, the exchange rate development in 2022 is so far overall negative. From January to September, a total of minus EUR 150 million of exchange rate differences has been registered for own resources. For the rest of the year an additional amount of minus EUR 97 million is estimated. In order to reduce the risk of a budgetary deficit by the end of 2022 an amount of minus EUR 247 million is therefore proposed to be entered in the budget to offset exchange rate differences until the end of the year.

10. FINANCING

Overall, an increase of EUR 447,5 million in commitment appropriations and a decrease of EUR 741,1 million in payment appropriations are requested under the 2022 budget.

The combined resulting impact of the reduction of payment appropriations and the increase of the Traditional Own Resources on the GNI contributions is a reduction of EUR 3 779,1 million.

¹² Article 10a(1) of Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

11. SUMMARY TABLE BY MFF HEADING

	Budget 2022 (incl. ABs 1-3/2022 & DAB 4/2022)		Draft Amending Budget 5/2022		Budget 2022 (incl. ABs 1-3/2022 & DABs 4-5/2022)	
	CA	PA	CA	PA	CA	PA
1. Single Market, Innovation and Digital	21 775 079 340	21 473 535 651	70 000 000		21 845 079 340	21 473 535 651
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	21 878 000 000				21 878 000 000	
<i>Margin</i>	102 920 660		-70 000 000		32 920 660	
2. Cohesion, Resilience and Values	67 644 377 865	62 052 771 658	130 814 459	-129 184 830	67 775 192 324	61 923 586 828
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	67 806 000 000				67 806 000 000	
<i>Margin</i>	161 622 135		-130 814 459		30 807 676	
2a. Economic, social and territorial cohesion	61 314 192 324	56 350 922 710			61 314 192 324	56 350 922 710
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	61 345 000 000				61 345 000 000	
<i>Margin</i>	30 807 676				30 807 676	
2b. Resilience and values	6 330 185 541	5 701 848 948	130 814 459	-129 184 830	6 461 000 000	5 572 664 118
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	6 461 000 000				6 461 000 000	
<i>Margin</i>	130 814 459		-130 814 459		0	
3. Natural Resources and Environment	56 681 112 059	56 601 766 838		-775 000 000	56 681 112 059	55 826 766 838
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	56 965 000 000				56 965 000 000	
<i>Margin</i>	283 887 941				283 887 941	
Of which: Market related expenditure and direct payments	40 368 859 305	40 393 039 132			40 368 859 305	40 393 039 132
<i>EAGF sub-ceiling</i>	41 257 000 000				41 257 000 000	
<i>Rounding difference excluded for calculating the sub-margin</i>	800 000				800 000	
<i>Net transfers between EAGF and EAFRD</i>	-618 000 000				-618 000 000	
<i>Net balance available for EAGF expenditure (sub-ceiling corrected by transfers between EAGF and EAFRD)</i>	40 639 000 000				40 639 000 000	
<i>EAGF sub-margin</i>	270 140 695				270 140 695	
4. Migration and Border Management	3 360 000 000	3 254 270 962			3 360 000 000	3 254 270 962
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	3 360 000 000				3 360 000 000	
<i>Margin</i>	0				0	
5. Security and Defence	1 812 327 699	1 237 861 185	83 672 301		1 896 000 000	1 237 861 185
<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	1 896 000 000				1 896 000 000	
<i>Margin</i>	83 672 301		-83 672 301		0	
6. Neighbourhood and the World	17 170 442 918	12 916 051 937			17 170 442 918	12 916 051 937
<i>Of which under Flexibility Instrument</i>	368 442 918				368 442 918	
<i>Ceiling</i>	16 802 000 000				16 802 000 000	
<i>Margin</i>	0				0	
7. European Public Administration	10 620 124 324	10 620 224 324	163 038 626	163 038 626	10 783 162 950	10 783 262 950

<i>Of which under Flexibility Instrument</i>						
<i>Ceiling</i>	11 058 000 000				11 058 000 000	
<i>Margin</i>	437 875 676		-163 038 626		274 837 050	
of which: Administrative expenditure of the institutions	8 287 945 711	8 288 045 711	75 971 088	75 971 088	8 363 916 799	8 364 016 799
<i>Sub-ceiling</i>	8 528 000 000				8 528 000 000	
<i>Sub-margin</i>	240 054 289		-75 971 088		164 083 201	
Appropriations for headings	179 063 464 205	168 156 482 555	447 525 386	-741 146 204	179 510 989 591	167 415 336 351
<i>Ceiling</i>	179 765 000 000	170 558 000 000			179 765 000 000	170 558 000 000
<i>Of which under Flexibility Instrument</i>	368 442 918	467 248 692			368 442 918	467 248 692
<i>Margin</i>	1 069 978 713	2 868 766 137	-447 525 386	741 146 204	622 453 327	3 609 912 341
Thematic special instruments	2 799 170 382	2 622 838 000			2 799 170 382	2 622 838 000
Total appropriations	181 862 634 587	170 779 320 555	447 525 386	-741 146 204	182 310 159 973	170 038 174 351