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COMMISSION OF THE EUROPEAN COMMUNITIES

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**PRELIMINARY DRAFT AMENDING BUDGET N° 6
TO THE GENERAL BUDGET 2008**

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

(presented by the Commission)

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Having regard to:

- the Treaty establishing the European Community, and in particular Article 272 thereof,
- the Treaty establishing the European Atomic Energy Community, and in particular Article 177 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 Communities¹, as amended by Council Regulation (EC) No 1525/2007², and in particular Article 37 thereof,

The European Commission hereby presents to the budgetary authority the Preliminary Draft Amending Budget No 6 to the 2008 budget.

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 343, 27.12.2007, p. 9.

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CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and the statement of revenue and expenditure by section are forwarded separately via the SEI-BUD system. An English version of the changes to the general statement of revenue and statement of revenue and expenditure by section is attached for information as a budgetary annex.

1. INTRODUCTION

Preliminary Draft Amending Budget (PDAB) No 6 for the year 2008 covers the following elements:

- The necessary budgetary adaptations arising from the extension of the mandate of three executive agencies: the Education, Audiovisual and Culture Executive Agency (EACEA), the Executive Agency for the Public Health Programme (PHEA), and the Trans-European Transport Network Executive Agency (TEN-T EA).
- The creation of the necessary budgetary structure to accommodate the Fuel Cells and Hydrogen Joint Undertaking (FCH JU).
- An increase of EUR 2,2 million in commitment appropriations, to cover part of the costs of a new building for EUROJUST.
- An increase of EUR 3,9 million in commitment appropriations for the Competitiveness and Innovation Programme (CIP) – Entrepreneurship and Innovation.

The net effect of the modifications to expenditure is an increase of EUR 6,1 million in commitment appropriations, with no change in payment appropriations.

2. EXECUTIVE AGENCIES

On 15 April 2008, the Committee on Executive Agencies (CREA), established by Article 24 of Council Regulation (EC) No 58/2003³, approved the extension of the mandate of three executive agencies – the Education, Audiovisual and Culture Executive Agency (EACEA), the Executive Agency for the Public Health Programme (PHEA), and the Trans-European Transport Network Executive Agency (TEN-T EA). This was followed on 29 May by the approval of the European Parliament's Committee on Budgets (COBU).

Following the approval of the Committee for Executive Agencies and the European Parliament's Committee on Budgets, the formal Commission decisions extending the mandates of the agencies will be taken.

The modifications necessitated by the extension of the three mandates are set out below.

2.1 Education, Audiovisual and Culture Executive Agency (EACEA)

On 14 January 2005, the Commission adopted Decision 2005/56/EC⁴ setting up the Executive Agency for the management of Community action in the fields of education, audiovisual and culture (EACEA).

The mandate of EACEA was extended by Commission Decision 2007/114/EC⁵ of 8 February 2007 to include management of the new generation of programmes previously delegated to

³ Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes. OJ L11, 16.1.2003, p1.

⁴ OJ L 24, 27.1.2005, p.35.

⁵ OJ L 49, 17.2.2007, p.21.

the Agency (MEDIA 2007, LLL, Culture, Youth in Action, Europe for Citizens); the projects in the fields of education, vocational training and youth, governed by the agreements made in these fields by the European Community and the United States of America and Canada; as well as other programme strands, in particular the Erasmus Mundus External Cooperation Window.

The extension of the Agency's mandate, which has now been approved, relates to the implementation of additional Erasmus Mundus External Cooperation Windows related to Latin America, Asia and Balkans.

The additional tasks given to EACEA related to the proposed extension will not lead to an increase in the subsidy of the Executive Agency, as this will be covered by the existing appropriations under items 19 01 04 30 EACEA – Subsidy for External Relations programmes and 22 01 04 30 EACEA – Subsidy for programmes under heading 4 in the 'Enlargement' policy area. However, an adjustment is required to the establishment plan of the Agency, since the reinforcement for the External Cooperation Window foresees two temporary agents of grade AD 5⁶.

2.2 Executive Agency for the Public Health Programme (PHEA)

On 15 December 2004, the Commission adopted Decision 2004/858/EC⁷ creating the "Executive Agency for the Public Health Programme" and entrusted it with the implementation of the Public Health Programme 2003-2008 until 31 December 2010. At the beginning of year 2008, the Commission proposed to extend the mandate of the Agency in order to cover the implementation of the new programme (2008-2013) of Community action in the field of Public Health, and to entrust it with new tasks related to other Community programmes and measures currently managed by the Commission. Those new tasks concern the management of the Consumer Policy Programme, and of the Community food safety training measures. The lifetime of the Agency should be therefore extended from 1 January 2011 to 31 December 2015, and the official name should be amended to "Executive Agency for Health and Consumers", in order to reflect its additional tasks.

According to Article 12 of Council Regulation (EC) No 58/2003, the financing of executive agencies has to be covered by the envelope of the operational programmes they manage. However, as the 2008 budget does not provide any financing to the Executive Agency for Health and Consumers as concerns the new programmes entrusted to it (Consumers and Food Safety Training), the necessary financial resources have to be made available to the Agency.

Since the Agency will start working on the new programmes only at the beginning of the last quarter of the year 2008, the contribution from the Consumer and Food Safety Training programmes should cover only the last three months of the year. The total amount to be transferred to the Agency by internal transfer corresponds to EUR 340 000 for the two programmes combined. As regards the Consumer Programme this contribution has been established at EUR 226 800, to be made available by an internal transfer from the administrative budget line of the Consumer Programme (17 01 04 03). Concerning the Food Safety Training measures, the contribution is fixed at EUR 113 200, to be transferred from the corresponding administrative budget line (17 01 04 05) within the same chapter. Therefore, all

⁶ The full details are set out in the budgetary annex.

⁷ OJ L369, 16.12.2004, p.73.

operational appropriations of the programmes will remain unchanged and available to cover purely operational actions.

The establishment plan of the Agency entered in the 2008 Budget also needs to be amended, adding three temporary agent posts⁸.

2.3 Trans-European Transport Network Executive Agency (TEN-T EA)

Commission Decision 2007/60/EC of 26 October 2006⁹ established an executive agency to assure the technical and financial management of transport projects co-financed on the basis of the legal base in place at the time, i.e. the TEN-T Programme 2000-2006.

The current modification of the mandate was already foreseen in 2006 and it allows the Agency to take responsibility for the management of transport projects supported by the new TEN-T Programme 2007-2013. In addition, the new programme adds new financial instruments (e.g. the loan guarantee instrument, Public Private Partnerships (PPPs)) and emphasises the importance of promotion and communication, which require significantly more human resources for its implementation.

The initial hypothesis on the repartition of staff is based on 60% of contractual staff and 40% of temporary agents. However, in order to increase the savings, the Commission has increased the percentage of contractual staff to 68%, which leads to fewer temporary posts needed than initially forecasted. Therefore the Commission proposes to reduce the establishment plan from 40 to 32 temporary posts¹⁰.

As indicated in the financial statement accompanying the proposed modification of the mandate, this new staff repartition implies a lower budget amounting to EUR 8 894 600. Since the approved budget for the Agency in 2008 is EUR 10 212 600, the Commission proposes to transfer the difference of EUR 1 318 000 to the budget item 06 01 04 04 "Financial support for projects of common interest in the trans-European transport network — Expenditure on administrative management" by means of an internal transfer. It will be used primarily to finance studies related to the support of the green paper on the future of the TEN-T policy, to the implementation of the TEN-T Guidelines (2006-2007) and to the traffic flows on the South East Europe Core Regional Transport Network - Horizon 2030.

3. FUEL CELLS AND HYDROGEN JOINT UNDERTAKING (FCH JU)

In accordance with Article 166 of the EC Treaty, the European Parliament and the Council adopted Decision 2006/1982/EC of 18 December 2006 concerning the 7th Framework Programme of the European Community for research, technological development and demonstration activities, (2007-2013) - the Framework Programme¹¹. The Council subsequently adopted Decision 2006/971/EC of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community – the Specific Programmes¹².

⁸ The full details are set out in the budgetary annex.

⁹ OJ L32, 6.2.2007, p.88.

¹⁰ The full details are set out in the budgetary annex.

¹¹ OJ L412, 30.12.2006, p. 1.

¹² OJ L400, 30.12.2006, p.86

Across all the themes determined for the Community action, and between the existing different instruments, the Seventh Research Framework Programme can be implemented, in a very limited number of cases, through Joint Technology Initiatives (JTIs).

Amending Budget 3/2008¹³ created the necessary budgetary structure to accommodate the first four of these Joint Undertakings¹⁴. The present Preliminary Draft Amending Budget (PDAB) No 6 includes the creation of the necessary budgetary structure to accommodate the Joint Technology Initiative Fuel Cells and Hydrogen Joint Undertaking (FCH JU), following the adoption by the Council of Regulation (EC) 521/2008¹⁵ on 30 May 2008.

The Council Regulation establishing the corresponding public private partnerships on the basis of Article 171 of the Treaty and Article 185 of the Financial Regulation, has been established in line with the previous JTIs already adopted, including discharge for the implementation of their budgets to be given by the European Parliament, on a recommendation from the Council.

Therefore, this amending budget concerns the creation of the corresponding new items for the subsidies to the FCH Joint Undertaking, as well as the creation of the establishment plan¹⁶.

No additional appropriations are requested in the framework of the creation of these new budget lines; the appropriations will be deducted from the budget lines corresponding to the 7th Framework Programme priorities of the corresponding policy area participating to this Joint Technology Initiative.

Four priorities of the specific "Cooperation" programme implementing the 7th EC Research Framework Programme will contribute to the funding of the FCH JU:

- Energy
- Transport
- Nanosciences, nanotechnologies, materials and new production technologies
- Environment

For 2008 only the Energy priority will contribute to the FCH financing.

This situation differs from the previous Joint Undertakings where only a single thematic priority contributed and consequently a single budget line was concerned.

Taking into account the start up phase of the Joint Undertaking, for 2008 the Commission proposes to allocate EUR 30 000 000 in commitment appropriations and EUR 1 900 000 in payment appropriations on the new items to be created, with corresponding amounts to be deducted from the existing budget line 08 05 01.

¹³ As approved on 5.6.2008.

¹⁴ Six JTIs are foreseen in the specific "Cooperation" programme implementing the 7th EC Research Framework Programme, (Artemis, on embedded computer systems; IMI, the Innovative Medicines Initiative; Clean sky, on aeronautics and air transport; ENIAC, on nano-electronics technologies, FCH on Fuel Cells and Hydrogen). One more is in the pipeline: Global monitoring for Environment and Security, "GMES".

¹⁵ OJ L153, 12.6.2008, p.20.

¹⁶ The Staff Regulation and the rules adopted jointly by the institutions of the Communities for the purpose apply to the staff of Joint Undertakings and their Executive Directors. Full details of the establishment plan of FCH JU are set out in the budgetary annex.

The following table summarises the new items to be created as well as the appropriations to be allocated to the new items:

New Items	Description	Commitments Appropriations (EUR million)	Payments Appropriations (EUR million)
08 05 02	Cooperation — Energy — Fuels Cells and Hydrogen Joint Undertaking (FCH)	28,100	0
08 01 04 41	Support expenditure for Fuel Cells and Hydrogen Joint Undertaking (FCH)	1,900	1,900

Taking into consideration the envisaged contribution to the Joint Undertaking, the total amount on the budget line corresponding to the related Energy priority will be reduced as shown in the following table:

Items	Description	Commitments Appropriations (EUR million)	Payments Appropriations (EUR million)
08 05 01	Cooperation — Energy	99,680	62,598

4. EUROJUST

In recent years the number of EUROJUST personnel has risen considerably. This includes an increase in the staff of the so-called "national members" representing the Member States in the EUROJUST College; as well as the statutory agents, which have increased from 76 temporary agents in 2004 to 175 in 2008. At present staff are accommodated between the "ARC" building in the Hague (194 offices occupied by 229 people), and temporary accommodation in the "Equinox" building (27 offices). It is estimated that by 2014 EUROJUST will require 320-325 offices, which is compatible with the current financial programming. It is foreseen that the host Member State will make suitable accommodation available by 2012. However, in the meantime a temporary solution must be found.

The host Member State has proposed a new building at "Haagse Veste 1" (HV1) for the period 2008-2012, which EUROJUST would share with the International Criminal Court. The 160 offices available here would be able to accommodate the staff of the "Equinox" building, overflow from the "ARC" building, as well as any new staff. The move is foreseen for September 2008.

In this context, EUROJUST has requested an increase in its budget of EUR 7 339 398 to cover the rent and maintenance of the new building HV1, to carry out the necessary adaptations to HV1, and to furnish it, and to recruit the necessary security staff (these costs will be shared with the International Criminal Court).

Following evaluation of the proposal and discussions with EUROJUST, the Commission proposes to accept the request, with the exception of the so-called "Built-in package" (EUR 2,6 million for construction – walls, floors, doors, IT server facilities). This is the subject of negotiations between EUROJUST and the host Member State.

Of the remaining EUR 4,7 million, it is proposed that EUR 2,5 million be covered by assigned revenue (EUR 1,8 million corresponding to the surplus of 2006, and the rest from 2007). Thus, the final request for the amending budget amounts to EUR 2,24 million.

Commitment appropriations of EUR 2,24 million will come from the margin under the ceiling of Heading 3a (EUR 19 million in 2008). The corresponding payment appropriations will be redeployed from 18 06 06 Criminal Justice, for which calls for proposals have resulted in lower results than originally foreseen.

It is proposed to enter the additional appropriations in the budget as follows:

18 06 04 01 EUROJUST — Subsidy under titles 1 and 2, EUR 1 940 000

18 06 04 02 EUROJUST — Subsidy under title 3, EUR 300 000

5. COMPETITIVENESS AND INNOVATION PROGRAMME (CIP)

The financial instruments under the CIP have had a very favourable start. The 2007 budget resources were committed in December 2007, and the first projects were approved before year-end. Subsequent proposals from the European Investment Fund (EIF) arrived at such a speed that it became necessary to start committing the 2008 budget resources several months earlier than expected, i.e., in February 2008.

Regular discussions take place with the EIF to ensure the most effective use of available resources; but it is already clear that the demand for the instrument exceeds the resources available in 2008. The fact that so much demand has occurred so early in the year makes it difficult to postpone approvals into 2009, without the risk of losing some of the available business unless resources can be increased in 2008.

Initial forecasts called for a slight "front-loading" of expenditure over the first two years. It was expected that new demand would need to be stimulated by an "Awareness Programme", launched in 2008 as part of the overall CIP package. In reality, the carry-over has proved bigger than expected, and new demand is already so strong that the Awareness Programme is being scaled-back, to avoid the risk of unfulfilled expectations.

It is therefore proposed to increase commitment appropriations for line 01 04 04 Competitiveness and Innovation Framework Programme – Entrepreneurship and Innovation Programme by EUR 3,9 million. These additional resources will be compensated by a reduction of commitment appropriations in the financial programming of the line 01 04 04 in 2011 and 2012.

SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2008 Financial framework		Budget 2008 (incl. AB 1-4/2008 and PDAB 5/2008)		PDAB 6/2008		Budget 2008 + AB 1-4/2008 and PDAB 5 and 6/2008	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	10 386 000 000		11 082 100 000	9 768 739 600	3 900 000	0	11 086 000 000	9 768 739 600
1b. Cohesion for growth and employment	47 267 000 000		47 255 948 720	40 551 565 026			47 255 948 720	40 551 565 026
Total	57 653 000 000		58 338 048 720	50 320 304 626			58 341 948 720	50 320 304 626
<i>Margin¹⁷</i>			<i>-185 048 720</i>				<i>-188 948 720</i>	
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	46 217 000 000		41 400 082 042	40 889 550 500			41 400 082 042	40 889 550 500
Total	59 193 000 000		55 564 715 538	53 241 270 053			55 564 715 538	53 241 270 053
<i>Margin</i>			<i>3 628 284 462</i>				<i>3 628 284 462</i>	
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	747 000 000		728 034 000	533 196 000	2 240 000	0	7 30 274 000	533 196 000
3b. Citizenship	615 000 000		875 254 197	968 664 203			875 254 197	968 664 203
Total	1 362 000 000		1 603 288 197	1 501 860 203			1 605 528 197	1 501 860 203
<i>Margin¹⁸</i>			<i>19 123 000</i>				<i>16 883 000</i>	
4. EU AS A GLOBAL PLAYER¹⁹	7 002 000 000		7 311 218 000	8 112 728 400			7 311 218 000	8 112 728 400
<i>Margin</i>			<i>-70 000 000</i>				<i>-70 000 000</i>	
5. ADMINISTRATION²⁰	7 380 000 000		7 279 525 455	7 280 085 455			7 279 525 455	7 280 085 455
<i>Margin</i>			<i>177 474 545</i>				<i>177 474 545</i>	
6. COMPENSATION	207 000 000		206 636 292	206 636 292			206 636 292	206 636 292
<i>Margin</i>			<i>363 708</i>				<i>363 708</i>	
TOTAL	132 797 000 000	129 681 000 000	130 303 432 202	120 662 885 029	6 140 000	0	130 309 572 202	120 662 885 029
<i>Margin</i>			<i>3 570 196 995</i>	<i>9 560 670 956</i>			<i>3 564 056 995</i>	<i>9 560 670 956</i>

¹⁷ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a. The Flexibility Instrument has been mobilised for an amount of EUR 200 million.

¹⁸ 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)

¹⁹ The 2008 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve. The Flexibility Instrument has been mobilised for an amount of EUR 70 million.

²⁰ 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 77 million for the staff contributions to the pensions scheme.