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**DRAFT AMENDING BUDGET N° 2
TO THE GENERAL BUDGET 2010**

STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

Section III - Commission

Section VI – European Economic and Social Committee

Section VII - Committee of the Regions

(presented by the Commission)

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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 Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources¹,
- the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities², and in particular Article 37 thereof,
- the general budget of the European Union for the financial year 2010 adopted on 17 December 2009,
- the draft estimates for a 2010 amending budget adopted by the European Economic and Social Committee on 16 February 2010,
- the draft estimates for a 2010 amending budget adopted by the Committee of the Regions on 22 February 2010,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 2 to the 2010 budget for the reasons set out in the explanatory memorandum.

¹ OJ L 163, 23.6.2007, p.17.

² OJ L 248, 16.9.2002, p. 1.

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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 these statements by section is attached for information as a budgetary annex.

1. INTRODUCTION

Draft Amending Budget (DAB) No 2 for the year 2010 covers the following elements:

- impact related to the entry into force of the Lisbon Treaty for the European Economic and Social Committee (EESC), and the Committee of Regions (CoR), as adopted in their respective draft statement of estimates;
- Modifications to the establishment plan of BEREC (Body of European Regulators for Electronic Communications) Office, without additional financial provisions.

The net financial impact of this amending budget is EUR 10,5 million in additional commitments and payments appropriations under heading 5 of the multiannual financial framework.

2. IMPACT RELATED TO THE ENTRY INTO FORCE OF THE LISBON TREATY

During the 2010 budget procedure, it was agreed that priority for the use of the available margin of heading 5 would be given to financing additional expenditure directly stemming from the entry into force of the Lisbon Treaty amending the Treaty on European Union and the Treaty establishing the European Community. This implied that the corresponding additional expenditure would have to be dealt with, if necessary, through an amending budget after the adoption of the original 2010 budget.

It was emphasised that, in such a case and to the fullest possible extent, reorganisation of existing resources should be fully examined before any call for additional resources was made.

2.1 European Economic and Social Committee

2.1.1 *Amending budget related to the entry into force of the Lisbon Treaty*

The European Economic and Social Committee (hereafter named "EESC" or "the Committee") has undertaken detailed analyses of the implications and consequences of the full implementation of the Lisbon Treaty. At high political level, the Committee's President and Bureau have repeatedly discussed ways and means of giving full effect to the Treaty's provisions. In undertaking these analyses and discussions, the Committee has in particular considered:

- new (energy, European research area, sport³) or extended policy areas in the Treaty which will necessarily result in more formal consultations of the Committee and new possibilities for an increased role in some areas in which the EESC is already regularly consulted on either a mandatory or optional basis (health, social policy, services of general economic interest, freedom, security and justice),

³ Art. 194, par.2 (energy policy), Art. 182, par. 5 (European research area) and Art. 165, par. 4 (sport)

- the Committee's potential role as the platform, at EU level, for structured dialogue between the EU's institutions and organised civil society, working in partnership with those institutions (Article 11 TEU),
- the Committee's possible role with regard to the implementation of the citizens' right of initiative both in its consultative function and as an institutional intermediary between organised civil society and the EU institutions,
- the Committee's potential monitoring role in verifying that the horizontal social clause in the new Treaty is respected and that social requirements are taken into account in the Union's policies (if European law is contrary to the social objectives, it could be declared void by the Court of Justice),
- the need for the Committee to adapt its structures and procedures so as to be able to deliver its opinions to the European Parliament (EP) in a timely way, given the obligation now incumbent upon the EP to consult the Committee where the Treaty so provides.

As a result of its reflections and calculations, the Committee requests following additional resources to fully implement the provisions of the Lisbon Treaty: EUR 4,14 million over a period of 6 months, including 22 new posts (14 AD5, 6 AD9, and 2 AST3).

2.1.2 *Conversion of posts*

In addition, the EESC requests the conversion of 3 AST into 3 AD posts to avoid a parallel procedure under article 47 of the staff regulations. In order to adjust the grade of several posts to the nature of the function, the EESC requests the following conversions: 2 AST7 into 2 AD7 and 1 AST5 into 1 AD5.

The Committee does not request additional appropriations for the requested conversions.

The revised establishment plan is included in the budgetary annex.

2.2 **Committee of the Regions**

The increase in competences attributed by the Lisbon Treaty to the Committee of Regions (hereafter named "the CoR" or "the Committee") implies a substantial increase in its activities and its workload.

- The Treaty strengthens significantly the EU's local and regional dimension through the definition of territorial cohesion as a new objective and the recognition of the new role of Local and Regional Authorities in the pre-legislative phase and in legislative impact assessment. It also highlights these authorities' key role in the organisation of services of general interest. In these areas the Committee must carry out its role as a lever between the local and regional authorities and the EU institutions in its capacity as their representative political body. As a consequence, these areas will become part of the core business of the CoR in its day to day activities.
- The Treaty makes explicit reference to the regional and local dimension of the subsidiarity principle with, "as a corollary" the CoR's right to take an action to the European Court of Justice. The evaluation of the territorial impact of any EU legislation in all policy areas which could potentially impact on territories together with

the impact assessment of EU initiatives implies the need to reinforce the legal analysis of the EU legislative acts during the different phases of their adoption procedure and a permanent follow up of the CoR opinions.

- Up until November 2009, the existing Treaty provided for 10 areas on which the CoR had to be consulted. The Lisbon Treaty adds one new area (Energy) on which the CoR must be consulted and extends/deepens further 5 of the 10 existing ones. This is foreseen to result in an increased number of CoR opinions as well as the need to build up competencies in these fields and a much more systematic follow-up of opinions in all titles for which there is obligatory consultation. Furthermore, given the obligation now incumbent upon the European Parliament to consult the CoR, the CoR must be in a position to deliver quality opinions on a timely basis.

A proper implementation of these new competences and tasks implies a significant increase in the activities of the CoR. To manage this increase using only existing resources would require a significant reallocation of these resources plus the setting of negative priorities. However, the CoR is a young institution which to date has not had the opportunity to build sufficiently robust structures that would allow for the reallocation of resources on such a scale. Therefore, to fulfil properly the extended tasks and responsibilities, additional financial and human resources are required.

It is estimated an additional EUR 6,4 million (an increase of 8 % on the current 2010 budget) and 37 new additional posts including 6 temporary posts for the secretariats of the political groups and the President's Cabinet will be required.

3. MODIFICATION OF THE ESTABLISHMENT PLAN OF THE BEREC OFFICE (AGENCY)

For 2010, the budgetary authority allocated an amount of EUR 3,47 million (EUR 2,57 million for administrative and EUR 0,9 million for operational expenditure) for the Office providing professional and administrative support services to BEREC. Given the uncertainty surrounding the legal basis when presenting the Preliminary Draft Budget 2010, and pending agreement with the European regulators, the establishment plan adopted in the final 2010 budget only included the total number of staff by function groups but no breakdown by grades.

To enable the Commission to set up the BEREC Office and hire the staff necessary to support its work, it is therefore necessary to amend the 2010 establishment plan in order to include the detailed establishment plan by grades, and allow the BEREC Office to fulfil all the conditions to become autonomous and carry out its mission in accordance with the adopted legal basis⁴.

The proposed modification does not require any additional spending, as the corresponding administrative appropriations have already been authorised in the 2010 budget. It does not change the total number of staff for each function group.

The revised establishment plan is included in the budgetary annex.

⁴ Regulation (EC) No 1211/2009 of the European Parliament and of the Council of 25 November 2009 establishing the Body of European Regulators for Electronic Communications (BEREC) and the Office (OJ L 337, 18.12.2009, p. 1).

4. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2010 Financial framework		Budget 2010 (including DAB 1)		DAB 2/2010		Budget 2010 (including DAB 1 to 2)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	14 167 000 000		14 861 853 2563	11 342 270 803			14 861 853 2563	11 342 270 803
1b. Cohesion for growth and employment	49 388 000 000		49 387 592 092	36 384 885 000			49 387 592 092	36 384 885 000
<i>Total Margin⁵</i>	63 555 000 000		64 249 445 345 <i>-194 445 345</i>	47 727 155 803			64 249 445 345 <i>-194 445 345</i>	47 727 155 803
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	47 146 000 000		43 819 801 768	43 701 207 586			43 819 801 768	43 701 207 586
<i>Total Margin</i>	59 955 000 000		59 498 833 302 <i>456 166 698</i>	58 135 640 809			59 498 833 302 <i>456 166 698</i>	58 135 640 809
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	1 025 000 000		1 006 487 370	738 570 370			1 006 487 370	738 570 370
3b. Citizenship	668 000 000		668 000 000	659 387 500			668 000 000	659 387 500
<i>Total Margin⁶</i>	1 693 000 000		1 674 487 370 <i>18 512 630</i>	1 397 957 870			1 674 487 370 <i>18 512 630</i>	1 397 957 870
4. EU AS A GLOBAL PLAYER⁷	7 893 000 000		8 141 006 470 <i>875 530</i>	7 787 695 183			8 141 006 470 <i>875 530</i>	7 787 695 183
5. ADMINISTRATION⁸	7 882 000 000		7 898 452 499 <i>63 547 501</i>	7 897 947 499	10 530 924	10 530 924	7.908.983.423 <i>53.016.577</i>	7.908.478.423
TOTAL Margin	140 978 000 000	134 289 000 000	141 462 224 986 <i>539 657 014</i>	122 946 397 164 <i>11 671 484 836</i>	10 530 924	10 530 924	141.472.755.910 <i>529.126.090</i>	122.956.928.088 <i>11.660.953.912</i>

⁵ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million). EUR 195 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

⁶ 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)

⁷ The 2010 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 248,9 million).

⁸ 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 80 million for the staff contributions to the pension scheme.