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COMMISSION OF THE EUROPEAN COMMUNITIES

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**PRELIMINARY DRAFT AMENDING BUDGET N° 8
TO THE GENERAL BUDGET 2009**

**STATEMENT OF EXPENDITURE BY SECTION
Section III - 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 last 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 8 to the 2009 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 EXPENDITURE BY SECTION

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

1. INTRODUCTION

Preliminary Draft Amending Budget (PDAB) No 8 for the year 2009 covers the following elements:

- An increase of EUR 49 340 000 in commitment appropriations for budget item 17 04 01 01 Animal disease eradication and monitoring programmes and monitoring of the physical conditions of animals that could pose a public health risk linked to an external factor – New measures. This increase is intended to strengthen the budget for the eradication of bluetongue disease.
- The creation of budget item 10 04 04 02 Operation of the high-flux reactor (HFR) — Supplementary HFR programmes (2009 to 2011), with a "p.m."
- The creation of budget item 18 05 02 03 European Police Office – transition costs, to be endowed with an amount of EUR 1 250 000 in commitment and payment appropriations. These appropriations will be redeployed from budget article 18 05 09 Prevention of and fight against crime.
- A reinforcement of the Community subsidy to EUROJUST by EUR 3 900 000, of which it is proposed that EUR 1 600 000 be covered by assigned revenue stemming from the recovery of the EUROJUST surplus for the financial year 2008. Thus, the request for fresh commitment appropriations in this amending budget amounts to EUR 2 300 000. The corresponding payment appropriations will come from article 18 06 07 Civil Justice programme.
- Modifications to the establishment plan of OLAF, without additional financial provisions.

The net financial impact of this amending budget is EUR 51 640 000 in fresh commitments, with no new request for payment appropriations.

2. BLUETONGUE

Since the second half of 2006 outbreaks of bluetongue serotype 8 and later of serotype 1 have occurred in several Member States. Bluetongue is a vector-borne disease, for which slaughter of animals of susceptible species is not in general an appropriate measure except in the case of animals clinically affected with bluetongue. The spread of this disease represents a serious risk to the Community's livestock population.

Vaccination is the most efficient veterinary measure that may be used to fight bluetongue, and a mass emergency vaccination campaign is the best option to achieve the objectives of reducing clinical disease and losses, containing the spread of the disease, protecting free territories in the Member States and facilitating safe trade in live animals.

In order to prevent the spread of the disease as rapidly as possible, the Community has contributed financially to costs incurred by the Member States for the emergency measures taken to combat the disease, as provided for in Decision 90/424/EEC³. The total cost of the

³ OJ L 224, 18.8.1990, p.19.

above mentioned vaccination action was estimated, for 2008, at EUR 130 million. This amount was made available via Amending Budget 3/2008⁴.

In the context of the Amending Letter no 2 to the Preliminary Draft Budget (PDB) 2009⁵, the Commission indicated that it would be necessary to revise the 2009 budgetary needs for the eradication of bluetongue disease, after analysis of past execution and assessment of the ongoing situation. At that time it was expected that an additional amount of EUR 100 million on top of the amount of EUR 62 million proposed in the PDB 2009 would be required.

On the basis of the updated requests from Member States and the amounts still unallocated, the Commission is seeking additional commitments of EUR 49,340 000. No additional payment appropriations are needed in 2009.

3. HIGH FLUX REACTOR

On 19 February 2004 the Council adopted a three-year supplementary research programme to be implemented by the Joint Research Centre for the European Atomic Energy Community (2004-2006) concerning the operation of the Community's High Flux Reactor (HFR) in Petten (The Netherlands). On 26 November 2007 the Council adopted an extension of one year (2007) to this supplementary programme. This programme therefore expired on 31 December 2007. The operation of the HFR continued throughout 2008 without a supplementary research programme while efforts were made to base its operation and exploitation on an independent and more durable legal regime. Since these efforts failed, it was necessary to provide for continued financial support under a new supplementary research programme.

The new supplementary research programme on the operation of the high flux reactor at Petten (HFR) has been adopted for a period of three years, starting on 1 January 2009.⁶

It was not possible at the time of the 2009 budget procedure to foresee the timing of this decision and no budgetary item was included for it in 2009. With the evolution of the negotiation, it was possible to plan for this programme in the 2010 PDB. Nevertheless, it has now to be taken into account for 2009.

The main scientific and technical objectives of the programme are the following:

- To ensure the safe and reliable operation of the HFR at Petten, in order to guarantee the availability of the neutron flux for experimental purposes.
- To allow an efficient use of the HFR by research institutes in a broad range of disciplines: improvement of safety of existing nuclear reactors, health including the development of medical isotopes to answer questions of medical research, nuclear fusion, fundamental research and training and waste management including the possibility to study the safety behaviour of nuclear fuels for the new generation of reactor systems.

The reactor is also used for the commercial production of radio-isotopes for more than 60% of the 10 million medical diagnoses executed each year in Europe. Its performance makes it an important device for European pharmaceutical companies in this field. Moreover, through its

⁴ OJ L 208, 5.5.2008, p.1.

⁵ SEC(2008)2707 of 28.10.2008.

⁶ Council Decision 2009/410/Euratom, OJ L 132, 29.5.2009, p.15.

location in Europe, the production of the reactor is rapidly directed to the European medical centres. This is essential for the most currently used short-life isotopes.

The HFR is also a training facility hosting doctoral and post-doctoral fellows performing their research activities through national or European programmes.

In this supplementary programme it is indicated that the contribution will come from three participating Member States, namely The Netherlands, France and Belgium, as the financial contributions made to the general budget of the European Union by way of assigned revenue.

The Commission will not contribute to the operational cost of the HFR with funds from its budget. However, the Commission needs to create an "entry point" for this programme with a token entry "p.m." on the new budget item 10 04 04 02 Operation of the high-flux reactor (HFR) — Supplementary HFR programmes (2009 to 2011).

4. EUROPOL

Council Decision 2009/371/JAI⁷ establishing EUROPOL was formally adopted on 6 April 2009. According to the Decision, EUROPOL – up to now funded by contributions from the Member States - shall operate as an EU agency, under Community funding as from 1 January 2010.

The Council Decision contains a provision for the funding by the general budget of the European Union of part of the costs incurred by EUROPOL in 2009 which stem from the transition to the new financial framework.

Europol provided a detailed breakdown of 2009 transitional costs, totalling EUR 1 337 000. The expenditure to be covered includes, *inter alia*:

- the employment of temporary staff to deal with peak workload (to prepare, in parallel to the normal workload, the implementation of the new administrative provisions),
- translation costs of a number of EUROPOL Management Board Decisions into all EU official languages,
- Information Technology and travel costs.

The Commission proposes, as stipulated in the basic act, to cover part of these transitional costs amounting to EUR 1 250 000, which will be entered on a new budget item 18 05 02 03 European Police Office – transition costs.

The financing of these costs will have no impact on the margin of heading 3a, since both commitment and payment appropriations will be redeployed from article 18 05 09 Prevention of and fight against crime.

⁷ OJ L 121, 15.5.2009, p.37.

5. EUROJUST

The College of EUROJUST on 22 January 2009 approved a decision amending its 2009 budget with an amount of EUR 5,6 million.

The increase requested by EUROJUST is intended to reinforce both the administrative and operational expenditures of the agency. EUROJUST needs a reinforcement of its running costs for the second half of 2009, mainly for staffing needs (to avoid delays in recruitment dates) and security issues (for the new building HV1). In addition, the core business of EUROJUST needs to be reinforced to continue to support coordination and facilitation of cross-border cooperation on EUROJUST cases. Finally, EUROJUST needs to pay the remaining costs of the so-called "built-in" package for the new premises, as explained in more detail below.

With this amending budget and after a detailed analysis, the Commission is proposing to reinforce the Community subsidy to EUROJUST by EUR 3,9 million.

The detailed analysis made by the Commission has led to split the amount asked for in two parts: priority and non priority. The Commission is proposing to accept those costs mentioned as a priority by the agency.

This will bring the Community subsidy for 2009 from EUR 22,5 million to EUR 26,4 million. The proposed reinforcement is broken down by Title as follows:

Title 1: EUR 1,24 million

The current credits under Title 1 are sufficient to cover the salaries until the end of the year for all the 130 Temporary Agents (TA) and 12 Contractual Agents (CA) that are currently in house. By the end of the year, Eurojust intends to have recruited 14 additional TAs (leading to a total of 144), within the limits of its establishment plan as currently authorised, as well as 30 additional CAs (42 in total), which were already foreseen in the Agency's PDB 2009 request. The additional appropriations for staff are intended to cover the salaries of these new staff members (EUR 940 000), as well as for supplementary clerical and interim services used to ensure the business continuity (EUR 300 000).

Title 2: EUR 1,75 million, of which EUR 1,1 million for the built-in package that still has to be paid and EUR 0,65 million for security costs.

As proposed by the host Member State, it has been decided that EUROJUST will move for the period 2008-2012 (part of the agency has moved on 1/12/2008) to a new building at "Haagse Veste 1" (HV1), which EUROJUST shares with the International Criminal Court. In October 2008, an agreement was reached with the host Member State on this move, especially in relation to the so-called "built-in" package to cover the costs of the new building set-up (walls, floors, doors, Information Technology server facilities) for a total cost of EUR 3,5 million (revised estimate). While EUROJUST has already been able to finance part of this cost in its 2008 budget, an amount of EUR 1,1 million remains to be financed in 2009, which was not foreseen in the 2009 budget.

As the agreement also foresees that EUROJUST is taking over the full security costs for the HV1 building, reinforcement is necessary to recruit the necessary security staff (these costs will be shared with the International Criminal Court). The current allocation only covers the requirements for 4,5 months, and therefore a reinforcement of EUR 0,65 million is requested.

Title 3: EUR 0,91 million

This represents the following items:

- the reinforcement for coordination meetings due to the increase of the number of EUROJUST cases by 30 % (EUR 400 000);
- the need to have a seconded national expert (SNE) for each of the 27 national desks, requiring 14 additional SNEs (EUR 250 000); and
- an additional amount of EUR 260 000 for IT projects, of which EUR 164 000 for the preparation works on the Secure Communication Infrastructure (SCI) in light of the new EUROJUST Decision of 16 December 2008⁸ (Member States connection) and an amount of EUR 96 000 for security audits.

As explained above, the Commission proposes to reinforce the Community subsidy to EUROJUST by EUR 3,9 million. It is proposed that EUR 1,6 million of this amount be covered by assigned revenue stemming from the recovery of EUROJUST's surplus for the financial year 2008. Thus, the request for fresh appropriations in this amending budget amounts to EUR 2,3 million.

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 1 390 000

18 06 04 02 EUROJUST — Subsidy under title 3, EUR 910 000

Commitment appropriations will come from the available 2009 margin under the ceiling of heading 3a.

The corresponding payment appropriations will come from article 18 06 07 Civil Justice programme.

6. OLAF

After OLAF was established, there was a need to recruit rapidly a large number of operational fraud specialists, who were not available in the Commission services, thus the budget authority transformed a large number of permanent posts in temporary ones in 2003 so that the Office could become operational as soon as possible.

A large intake of temporary agents took place. As these staff approached the end of their contracts OLAF needed to take measures to avoid massive departures and the loss of know-how developed over time.

A first temporary measure was the renewal of temporary contracts that became indefinite contracts. However, only the increase of the proportion of officials to temporary agents over time would provide a long-term stable solution.

⁸ OJ L 138, 4.6.2009, p.14.

With this perspective in 2007, an agreement was reached between the Commission, and the Staff Associations, to launch external and internal competitions to facilitate the recruitment of OLAF temporary agents as officials. External competitions will also provide laureates that are not currently OLAF temporary agents and thus constitute an additional source for qualified specialists in view of future recruitment.

The results of the external competitions (AD11, AD8, AST4) are now available, whilst internal competitions (AD10, AD8) have been launched and are still ongoing.

OLAF's establishment plan now needs to be adapted in order to allow the recruitment of laureates of these competitions as permanent officials. Since permanent officials cannot be recruited on temporary posts, it is necessary to dispose of both the permanent posts and the temporary ones for a limited period of time so that temporary agents can be recruited on permanent posts.

The Commission therefore proposes the integration of the first necessary changes to OLAF's establishment plan in order to facilitate progress with the recruitment of laureates of the external competitions that have already been completed. However no additional appropriations will be necessary since only one salary will be paid at any given time and this preliminary draft amending budget is therefore budgetary neutral.

The proposed establishment plan implies the allocation of 12 additional AD11 permanent posts without financial provision.

The PDB 2010 already integrates the reduction of the equivalent number of AD11 temporary posts from OLAF's establishment plan i.e. the establishment plan 2010 shows no increases in the number of posts compared to 2009.

Once all the competitions will be completed and, depending on the proportion of OLAF temporary agents in the relevant laureate lists, the number of temporary posts that need to be converted into permanent posts known, the Commission will propose the necessary budgetary measures.

The revised establishment plan is included in the budgetary annex.

SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2009 Financial framework		Budget 2009 (including AB 1-5 and PDAB 6-7)		PDAB 8/2009		Budget 2009 (including AB 1-5 and PDAB 6-8)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	13 272 000 000		13 768 997 000	11 100 585 513			13 768 997 000	11 100 585 513
1b. Cohesion for growth and employment	48 428 000 000		48 426 884 669	34 963 348 789			48 426 884 669	34 963 348 789
Total Margin⁹	61 700 000 000		62 195 881 669 <i>4 118 331</i>	46 063 934 302			62 195 881 669 <i>4 118 331</i>	46 063 934 302
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	46 679 000 000		41 131 356 325	41 083 823 325	49 340 000		41 180 696 325	41 083 823 325
Total Margin	57 639 000 000		56 721 437 011 <i>917 562 989</i>	52 566 129 680	49 340 000		56 770 777 011 <i>868 222 989</i>	52 566 129 680
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	872 000 000		863 925 000	617 440 000	2 300 000		866 225 000	617 440 000
3b. Citizenship	651 000 000		772 125 542	800 122 542			772 125 542	800 122 542
Total Margin¹⁰	1 523 000 000		1 636 050 542 <i>8 112 000</i>	1 417 562 542	2 300 000		1 638 350 542 <i>5 812 000</i>	1 417 562 542
4. EU AS A GLOBAL PLAYER¹¹	7 440 000 000		8 103 930 360 <i>-419 930 360</i>	8 324 169 158			8 103 930 360 <i>-419 930 360</i>	8 324 169 158
5. ADMINISTRATION¹²	7 699 000 000		7 700 730 900 <i>76 269 100</i>	7 700 730 900			7 700 730 900 <i>76 269 100</i>	7 700 730 900
6. COMPENSATION	210 000 000		209 112 912 <i>887 088</i>	209 112 912			209 112 912 <i>887 088</i>	209 112 912
TOTAL Margin	136 211 000 000	121 901 000 000	136 567 143 394 <i>587 019 148</i>	116 281 639 494 <i>8 019 523 048</i>	51 640 000		136 618 783 394 <i>535 379 148</i>	116 281 639 494 <i>8 019 523 048</i>

⁹ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a.

¹⁰ 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)

¹¹ The 2009 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve, or the mobilisation of the Flexibility Instrument.

¹² 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 78 million for the staff contributions to the pension scheme.