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REPORT

on Draft amending budget No 3/2008 of the European Union for the financial year 2008
(9903/2008 – C6-0206/2008 – 2008/2095(BUD))

Section III – Commission

Committee on Budgets

Rapporteur: Kyösti Virrankoski & Ville Itälä

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	5
PROCEDURE.....	7

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on Draft amending budget No 3/2008 of the European Union for the financial year 2008,
Section III – Commission
(9903/2008 – C6-0206/2008 – 2008/2095(BUD))**

The European Parliament,

- having regard to Article 272 of the EC Treaty and Article 177 of the Euratom Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, and particularly Articles 37 and 38 thereof,
 - having regard to the general budget of the European Union for the financial year 2008, as finally adopted on 13 December 2007²,
 - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management³,
 - having regard to Preliminary draft amending budget No 3/2008 of the European Union for the financial year 2008, which the Commission presented on 14 April 2008 (COM(2008)0201),
 - having regard to Draft amending budget No 3/2008, which the Council established on 26 May 2008 (9903/2008 - C6-0206/2008),
 - having regard to Rule 69 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A6-0204/2008),
- A. whereas Draft amending budget No 3 to the general budget 2008 covers the following items:
- the budgeting of the revenue accruing from the Microsoft case (fine and interest totalling EUR 849 200 000),
 - the budgeting of savings arising from the smaller than estimated increase for salaries and pensions of officials in 2007,
 - reinforcement of the emergency fund for veterinary measures due to the bluetongue crisis by EUR 130 000 000 in commitment appropriations, and EUR 63 950 000 in payment appropriations,

¹ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

² OJ L 71, 14.3.2008, p. 1.

³ OJ C 139, 14.6.2006, p. 1. Agreement as last amended by Decision 2008/371/EC of the European Parliament and of the Council (OJ L 128, 16.5.2008, p. 8).

- the creation of budgetary items to accommodate subsidies for four Joint Undertakings: Innovative Medicines Initiative (IMI), Clean Sky, ARTEMIS (Joint Technology Initiative in Embedded Computing Systems) and ENIAC (European Technology Platform on Nanoelectronics),
- mobilisation of the EU Solidarity Fund for an amount of EUR 98 000 000 in commitment and payment appropriations relating to forest fires in Greece in August 2007 and floods in Slovenia in September 2007,
- modifications to the establishment plan of the European Institute for Gender Equality, this means an upgrading of an AD 13 to AD 14,
- modifications to the establishment plan of the European Economic and Social Committee,

B. whereas the purpose of Draft amending budget No 3/2008 is to formally enter these budgetary adjustments into the 2008 budget,

C. whereas the Council included in the Draft amending budget No 3/2008 the savings made on salaries and pensions and the funding of the so called Microsoft monitoring mechanism,

1. Recalls that the appropriations for Joint Undertakings are paid from the operational budget of the programme concerned;
2. Points out that the so called Microsoft monitoring mechanism is exclusively financed by the savings in salaries and pensions in Heading 5;
3. Regrets that the Council unexpectedly reduced budget line 26 02 01, thus introducing a new element, without any discussion with the Parliament; is awaiting the use of these savings in Heading 1a for funding of the priorities of the Parliament;
4. Asks the Commission to avoid including the funding linked to instruments such the EUSF or the EGAF in draft amending budgets together with other issues in future to avoid any delay in the decision and delivery;
5. Adopts Draft amending budget No 3/2008 unamended;
6. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

According to Article 37(1) of the Financial Regulation, the Commission may present preliminary draft amending budgets, if there are "unavoidable, exceptional or unforeseen circumstances".

Concerning the different points of Draft Amending Budget No 3/2008:

1. Microsoft case

In this context, Transfer request 07/2008 has been submitted reducing appropriations in 54 administrative lines of the Commissions Budget for salaries and pensions of staff and re-enforcing two operational lines, 03 01 Administrative expenditure of 'Competition, policy area' and 03 03 02 'Damage requests resulting from legal procedures against the Commission's decisions in the field of competition policy', making available EUR 14 200 000 in order to support financially a Monitoring Trustee supervising the implementation of the complex Court ruling against Microsoft. The Council has rejected this transfer and asked for its insertion into this amending budget 3/2008.

2. Savings on salaries and pensions

This has the effect of a reduction of EUR 2 300 000 in commitment and payment appropriations under heading 5 (1,4 % salary increase in 2007 instead of 2,2 % -savings of EUR 18 900 000).

3. Bluetongue

Your rapporteur can agree on this part, as vaccinations in the concerned countries should be carried out as soon as possible.

4. Joint Undertakings

According to the explanations of the Commission the creation would be budgetary neutral, as the appropriations will be deducted from the operational budget lines corresponding to the Seventh Framework Programme priorities. This is in principle a regrettable side-effect of the creation of this kind of supplementary structures. ENIAC concerns Nanoelectronics, i.e. the natural progressing of microelectronics into the smaller dimensions.

Nanoelectronics is a key enabler for economical progress in a lot of different industrial sectors and for implementing many societal policies including environmental, energy saving, sustainability, elderly, mobility, security, and many more and can therefore boost the Lisbon goals.

The ENIAC Joint Technology Initiative is an industrially guided and industrially driven strategic initiative and is therefore budgeted under the Information Society policy line.

5. EU Solidarity Fund

The linkage with the establishment plan of Gender Institute has been questioned by the committee, because it puts the mobilisation of the Fund in question.

6. Upgrading Director of Gender Institute

The justification for the proposed upgrading seems weak ("no suitable candidate with the required competencies -", "if upgraded could attract high quality candidates for the post of Director"). Also, a small agency of 20 staff should be comparable with a unit in the Commission, which are headed by AD 11, 12 or 13.

The discussion in the committee on Budgets has shown that the proposed upgrading from AD 13 to AD 14 of the Directors post of the Gender Institute was not appreciated by many. Budget neutrality has been put in doubt during the discussion, comparing the salaries table of grade AD 13 and AD 14. A clear signal to Council has been given during the COBU meeting of 6 May in order to adopt the DAB 3/2008 as soon as possible, but taking on board an amendment by your rapporteur on the non-upgrading of the director post for the Gender Institute. The European Parliament would then not have to amend the DAB 3/2008, which would save time for the mobilisation of the Solidarity Fund.

7. ECOSOC establishment plan

A number of adjustments are proposed to the establishment plan of the European Economic and Social Committee (EESC). This are detailed below.

Summary of the requests

Operation	Number
AD16-HC to AD16-HC T	1
AST5 to AST5-T	2
AD5-T to AST5-T	2
AST10-T to AD10-T	1
AST8-T to AD8-T	1
AD5-T to AD6-T	1
AD10-T to AD9-T	1
AST10 to AD10	1

In budget terms, the operation is neutral, since the only request for upgrading is offset by the downgrading of a higher grade.

The total number of authorised posts will remain unchanged.

PROCEDURE

Title	Draft amending budget No 3/2008 of the European Union for the financial year 2008.	
References	9903/2008 – C6-0206/2008 – 2008/2095(BUD)	
Committee responsible Date announced in plenary	BUDG 17.4.2008	
Committee(s) asked for opinion(s) Date announced in plenary		
Rapporteur(s) Date appointed	Kyösti Virrankoski - Ville Itälä 13.12.2006	
Previous rapporteur(s)		
Date draft amending budget established by the Council	26.5.2008	
Date draft amending budget forwarded by the Council	28.5.2008	
Discussed in committee	6.5.2008	29.5.2008
Date adopted	29.5.2008	
Result of final vote	+: -: 0:	27
Members present for the final vote	Simon Busuttil, Daniel Dăianu, Brigitte Douay, Szabolcs Fazakas, Markus Ferber, Vicente Miguel Garcés Ramón, Salvador Garriga Polledo, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Jutta Haug, Ville Itälä, Anne E. Jensen, Silvana Koch-Mehrin, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, László Surján, Gary Titley, Helga Trüpel, Kyösti Virrankoski	
Substitute(s) present for the final vote	Thijs Berman, Marusya Ivanova Lyubcheva, Margarita Starkevičiūtė, Gianluca Susta	
Substitute(s) under Rule 178(2) present for the final vote		
Date tabled	29.5.2008	
Comments (available in one language only)	...	