



COMMISSION OF THE EUROPEAN COMMUNITIES

SEC (2004) 1229 FINAL

BRUSSELS, 07.10.2004

GENERAL BUDGET – 2004  
SECTION III - COMMISSION TITLES 01, 19

TRANSFER OF APPROPRIATIONS No  
DEC52/2004

COMPULSORY AND NON-COMPULSORY  
EXPENDITURE

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EUR

**FROM**

**CHAPTER** - 01 03 INTERNATIONAL ECONOMIC AND FINANCIAL QUESTIONS

ARTICLE - 01 03 02 Macroeconomic assistance

ITEM - 01 03 02 01 Macroeconomic assistance for the partner countries of eastern  
Europe and central Asia

Commitments - 5 000 000

**CHAPTER** - 19 06 RELATIONS WITH EASTERN EUROPE, CAUCASUS AND  
CENTRAL ASIAN REPUBLICS

ARTICLE - 19 06 05 Assistance in the nuclear sector

Payments - 5 000 000

**TO**

**CHAPTER** - 19 05 RELATIONS WITH NON-EU OECD COUNTRIES

ARTICLE - 19 05 01 KEDO

Commitments 5 000 000

Payments 5 000 000

## I. INCREASE

### a) Heading

#### 19 05 01 – KEDO

### b) Figures at 22/9/2004

	<b>Commitments</b>	<b>Payments</b>
1A. Appropriation in budget (initial budget + AB)	p.m. 0	p.m. 0
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
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3. Final appropriation for the year (1A+1B+2)	0	0
4. Utilisation of final appropriation	0	0
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<b>5. Amount not used/available (3-4)</b>	<b>0</b>	<b>0</b>
<b>6. Requirements up to year-end</b>	<b>5 000 000</b>	<b>5 000 000</b>
<b>7. Increase requested</b>	<b>5 000 000</b>	<b>5 000 000</b>
8. Increase as percentage of appropriation in budget (7/1A)	N/A	N/A

### c) Detailed grounds for the increase

The transfer of €5 million to the KEDO line “19 05 01”, budgeted as p.m. in 2004, is requested to allow the Community to contribute to the administrative costs of KEDO and to make a voluntary contribution to the costs resulting from the unanimous KEDO Executive Board decision to suspend, as of December 2003 and for one year, the construction of the two nuclear light water reactors in North Korea (LWR project). In spite of the Community’s suspension of its yearly €20 million contribution to KEDO, the participation to the administrative and suspension costs is justified because KEDO has still administrative costs to comply with its responsibilities under the Agreement establishing KEDO and because the suspension of the LWR project is part of a wider strategy to bring back North Korea into compliance with its non proliferation obligations.

The total administrative budget for 2004 amounts to US\$13.4 million. Administrative costs have always been shared between the members of KEDO’s Executive Board. The Community share for 2004 is US \$1.09 million (approximately €1 million). As for the suspension, the total net costs (maintenance of nuclear equipment conservation measures at the site, payment of security guards, etc) for the one year suspension are US\$57 million. They will be covered for 92% by South Korean and Japanese contributions. The Community has taken the position that it has no legal obligation to contribute, but that a symbolic contribution of some €4 million would be a gesture of solidarity to KEDO’s Asian partners and would also help to prevent KEDO developments interacting negatively with wider international efforts to solve the North Korean nuclear proliferation problem. In that sense, the situation is different from 2003 when KEDO did not react visibly with regard to the LWR project on the nuclear problem. The Community contribution would be voluntarily and thus would not create any precedent for next year.

In an informal consultation, three Council working groups (COASI, CONOP and AQG) confirmed on 16 September 2004 their support for the Commission proposal to make, for the above mentioned reasons, the contribution of €5 million to KEDO from the 2004 Community budget.

## II. DECREASE

### II.A

#### a) Heading

**01 03 02 01 - Macroeconomic assistance for the partner countries of eastern Europe and central Asia**

#### b) Figures at 22/9/2004

	<b>Commitments</b>	<b>Payments</b>
1A. Appropriation in budget (initial budget + AB)	25 200 000	31 200 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	0	0
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3. Final appropriation for the year (1A+1B+2)	25 200 000	31 200 000
4. Utilisation of final appropriation	23 800	5 576 466
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<b>5. Amount not used/available (3-4)</b>	<b>25 176 200</b>	<b>25 623 534</b>
<b>6. Requirements up to year-end</b>	<b>20 176 200</b>	
<b>7. Transfer proposed</b>	<b>5 000 000</b>	<b>0</b>
8. Transfer as percentage of appropriation in budget (7/1A)	19.84%	0.00%

#### c) Detail grounds for the transfer

The absence of an IMF programme for Georgia in early 2004 led to a delay in the implementation of macro-financial assistance for which the fifth tranche of €10 million had been budgeted. This delay, due to the conditionality of this form of assistance, means that the commitment appropriations budgeted for this purpose are now available.

## II.B

### a) Heading

#### 19 06 05 - Assistance in the nuclear sector

### b) Figures at 22/9/2004

	<b>Commitments</b>	<b>Payments</b>
1A. Appropriation in budget (initial budget + AB)	85 000 000	87 000 000
1B. Appropriation in budget (EFTA)	0	0
2. Transfers	-5 000 000	0
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3. Final appropriation for the year (1A+1B+2)	80 000 000	87 000 000
4. Utilisation of final appropriation	20 000 000	26 348 516
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<b>5. Amount not used/available (3-4)</b>	<b>60 000 000</b>	<b>60 651 484</b>
<b>6. Requirements up to year-end</b>		<b>55 651 484</b>
<b>7. Transfer proposed</b>	<b>0</b>	<b>5 000 000</b>
8. Transfer as percentage of appropriation in budget (7/1A)	0.00%	5.75%

### c) Detail grounds for the transfer

An under implementation was already anticipated in the TACIS chapter when establishing the first budget implementation plan in the month of March. Following the actual state of implementation, forecast have been further reviewed and they lead to a projected under implementation which allows to levy the amount. In fact, compared to initial expectations, some delays in contracting and tendering has been registered (some 2003 Financing Agreements will only be signed in the coming months). Nevertheless, even considering this transfer, 2004 projected payments at chapter level (€421 million) will still represent an important improvement compared to previous years payments. In 2003, €378 million were paid, and €368 million in 2002, which confirm the improvements over the last few years.