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**AMENDING LETTER No 1 TO THE DRAFT GENERAL BUDGET 2019**

**Updated estimated needs for agricultural expenditure  
Impact of agreements on Commission proposals and of new initiatives  
Adjustments based on recent developments  
Technical corrections**

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,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (...)<sup>1</sup>, and in particular Article 42 thereof,
- the draft general budget of the European Union for the financial year 2019, as adopted by the Commission on 21 June 2018<sup>2</sup>,

The European Commission hereby presents to the European Parliament and to the Council the Amending Letter No 1 to the draft general budget of the European Union for the financial year 2019 for the reasons set out in the explanatory memorandum.

## **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 this statement is attached for information as a budgetary annex.

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<sup>1</sup> OJ L 193, 30.7.2018, p. 1.

<sup>2</sup> COM(2018) 600, 21.6.2018.

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## **1. INTRODUCTION**

This Amending Letter No 1 to the draft budget for the year 2019 (AL 1/2019) covers the following:

- The updating of the estimated needs, assigned revenue and appropriations for agricultural expenditure. In addition to changing market factors, AL 1/2019 also incorporates the impact of decisions in the agricultural sector since the DB 2019 was adopted in June 2018, as well as other proposals expected to have a significant effect during 2019.
- The updating of the commitment and payment appropriations as a result of recent political agreements reached between the European Parliament and the Council on the following proposals of the Commission:
  - The creation of the European Defence Industrial Development Programme;
  - The creation of the European Solidarity Corps;
  - The adaptation of the general objective and the increase of the financial envelope of the Structural Reform Support Programme.
- The impact of new initiatives recently tabled by the Commission concerning:
  - The European Border and Coast Guard Agency;
  - The European Union Agency for Asylum;
  - The Authority for European Political Parties and European Political Foundations.
- Other adjustments based on the latest developments concerning Europol, eu-LISA, the European Public Prosecutor's Office, the European External Action Service and the sustainable fisheries partnership agreements;
- Technical corrections as regards the establishment plan of the European Medicines Agency and the budget remark of the support expenditure line of the ISA<sup>2</sup> programme.

Overall, the net impact of AL 1/2019 on expenditure in the draft budget 2019 is a decrease of EUR 45,0 million in commitment appropriations and EUR 85,0 million in payment appropriations.

## **2. EUROPEAN AGRICULTURE GUARANTEE FUND**

### **2.1 Overview**

The purpose of AL 1/2019 is to update estimates for agricultural expenditure based on the most up-to-date economic data and legislative framework. By late September 2018, the Commission has at its disposal a first indication of the level of production for 2018 and outlook for the agricultural markets, which are the basis for the updated estimates of the budgetary needs for 2019.

Apart from taking into account market factors, this AL 1/2019 also incorporates the impact of legislative decisions in the agricultural sector since the draft budget 2019 was drawn up in May 2018, as well as for some that are still under preparation, but to be adopted soon.

Overall, 2019 EAGF needs (after taking into account EAGF provisions related to 'financial discipline') are currently estimated at EUR 44 254,4 million, which is an increase by EUR 91,9 million compared to the draft budget 2019. This increase is mostly due to some additional needs (+EUR 52,0 million) for chapter 05 03 *Direct payments aimed at contributing to farm incomes, limiting farm incomes variability and meeting environment and climate objectives*. Furthermore, there are limited modifications for chapter 05 02 *Improving competitiveness of the agricultural sector through interventions in agricultural markets* as well as for chapter 05 07 *Audit of agricultural expenditure financed by the European Agricultural Guarantee Fund (EAGF)*, for respectively +EUR 10,0 million and +EUR 29,9 million.

The amount of assigned revenue expected to be available in 2019 increases from EUR 549,1 million in the draft budget 2019 to EUR 825,0 million (+EUR 275,9 million), more than compensating the additional needs. The update of estimates concerns the amounts originating from clearance of accounts decisions (+EUR 88,9 million) and irregularities (-EUR 4 million). Furthermore, AL 1/2019 incorporates an expected carry-over of assigned revenue from 2018 to 2019 for an amount of EUR 191,0 million (expected EAGF 'surplus')<sup>3</sup>. The estimated surplus does not include unused appropriations (EUR 459,5 million) of the 2018 agricultural crisis reserve, which will not be called on. These unused appropriations will be carried over for reimbursement to farmers subject to the financial discipline in 2019.

As a result of these updates, the Commission proposes to reduce the expenditure estimates for agriculture by -EUR 184,0 million compared to the draft budget 2019. Commitment appropriations of EUR 43 429,4 million, which include EUR 468,7 million for the *Reserve for crises in the agricultural sector*, are required to cover EAGF needs for 2019. This overall amount remains below the EAGF net sub-ceiling of EUR 43 880,3 million. This means that the financial discipline mechanism will only be applied to establish the agricultural crisis reserve for budget year 2019<sup>4</sup>.

## 2.2 Detailed comments

### 05 02 — Improving competitiveness of the agricultural sector through interventions in agricultural markets (*appropriations -EUR 30,0 million*)

(in million EUR, rounded figures at current prices)

Interventions in agricultural markets	Draft Budget 2019	Amending Letter No 1/2019	Draft Budget 2019 (incl. AL 1/2019)
Needs	2 613,2	+10,0	2 623,2
-Estimated assigned revenue available in 2018	100,0	+40,0	140,0
<b>Appropriations requested</b>	<b>2 513,2</b>	<b>-30,0</b>	<b>2 483,2</b>

Overall, the needs for intervention measures on agricultural markets slightly increase by EUR 10,0 million compared to the draft budget 2019. The appropriations requested in AL 1/2019 can be decreased by EUR 30,0 million, because the assigned revenue expected to be available for chapter 05 02 (amounting to EUR 140,0 million) is by EUR 40,0 million higher compared to the DB 2019.

<sup>3</sup> This estimate is based on the declarations of actual expenditure received from Member States up to the month of August 2018, complemented by forecasts for the period 01.09.2018 to 15.10.2018. Full information on the actual expenditure for this remaining period will become available at the end of October/beginning of November 2018.

<sup>4</sup> The adjustment rate for direct payments related to the financial discipline mechanism in respect of the calendar year 2018 is set in Commission Implementing Regulation (EU) 2018/866. The Commission will update this rate accordingly taking into account the modifications proposed in this AL 1/2019.

For fruit and vegetables, the Commission is proposing a reduction of the appropriations for budget item 05 02 08 03 (Operational funds for producer organisations) by EUR 40 million compared to draft budget 2019. Additional assigned revenue will need to be collected in 2019 to cover all the needs. The appropriations resulting from this reduction will be used for redeployment to budget article 13 08 02 (SRSP – Operational technical assistance transferred from Heading 2), reflecting the political agreement reached between the European Parliament and the Council on the Commission proposal to increase the financial envelope of the Structural Reform Support Programme (section 3.3 below). Appropriations for the dairy sector (budget article 05 02 12) decrease by EUR 3,0 million reflecting the steady pace of sales of skimmed milk powder (SMP) out of intervention, which are reducing the storage costs for the remaining quantities in stock.

Another modification proposed in AL 1/2019 for market measures concerns the poultry sector (budget item 05 02 15 99) with an increase of EUR 13,0 million, relating to specific exceptional measures to farmers following outbreaks of avian influenza.

### 05 03 — Direct payments aimed at contributing to farm incomes, limiting farm income variability and meeting environment and climate objectives (*appropriations - EUR 183,9 million*)

(in million EUR, rounded figures at current prices)

Direct payments	Draft Budget 2019	Amending Letter No 1/2019	Draft Budget 2019 (incl. AL 1/2019)
<i>After financial discipline (including credits for the 'Reserve for crises in the agricultural sector')</i>			
Needs	41 430,7	+52,0	41 482,7
- Estimated assigned revenue available in 2018	449,1	+235,9	685,0
<b>Appropriations requested</b>	<b>40 981,6</b>	<b>-183,9</b>	<b>40 797,7</b>

Compared to the draft budget 2019, appropriations requested for chapter 05 03 are revised downwards by EUR 183,9 million. This change is mostly due to the higher amount of revenue assigned (+EUR 235,9 million) to item 05 03 01 10 *Basic payment scheme (BPS)*. There are also some variations between budget items for direct payments, reflecting updated needs assessment.

### Other agricultural expenditure financed by the European Agricultural Guarantee Fund (EAGF) (*appropriations +EUR 29,9 million*)

Appropriations for budget article 05 07 02 *Settlement of disputes* need to be increased by EUR 29,0 million as a consequence of a Court of Justice ruling on the former sugar production levies. Some payments initially expected to be declared in 2018 are delayed to 2019. Furthermore, there are some small updates for budget items 05 07 01 06 *Financial corrections in favour of Member States following accounting clearance decisions* and 05 07 01 07 *Financial corrections in favour of Member States following conformity clearance decisions*.

## 2.3 Detailed figures by budget line

in EUR

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
05 02 08 03	Operational funds for producer organisations	-40 000 000	-40 000 000
05 02 12 02	Storage measures for skimmed-milk powder	-3 000 000	-3 000 000
05 02 15 99	Other measures for pigmeat, poultry, eggs, bee-keeping, other animal products	13 000 000	13 000 000
<b>Sub-total 05 02</b>		<b>-30 000 000</b>	<b>-30 000 000</b>
05 03 01 02	Single area payment scheme (SAPS)	71 000 000	71 000 000
05 03 01 07	Redistributive payment	-5 000 000	-5 000 000
05 03 01 10	Basic payment scheme (BPS)	-242 900 000	-242 900 000
05 03 01 11	Payment for agricultural practices beneficial for the climate and the environment	102 000 000	102 000 000

Budget line	Name	Commitment appropriations	Payment appropriations
05 03 01 13	Payment for young farmers	34 000 000	34 000 000
05 03 01 99	Other (decoupled direct payments)	11 000 000	11 000 000
05 03 02 40	Crop-specific payment for cotton	4 000 000	4 000 000
05 03 02 50	POSEI – European Union support programmes	1 000 000	1 000 000
05 03 02 60	Voluntary coupled support scheme	73 000 000	73 000 000
05 03 02 61	Small farmers scheme	-231 000 000	-231 000 000
05 03 02 99	Other (direct payments)	-1 000 000	-1 000 000
<b>Sub-total 05 03</b>		<b>-183 900 000</b>	<b>-183 900 000</b>
05 07 01 06	Expenditure for financial corrections in favour of Member States following decisions on accounting clearance of previous years' accounts with regard to shared management declared under the EAGGF-Guarantee Section (previous measures) and under the EAGF	-1 700 000	-1 700 000
05 07 01 07	Expenditure for financial corrections in favour of Member States following decisions on conformity clearance of previous years' accounts with regard to shared management declared under the EAGGF-Guarantee Section (previous measures) and under the EAGF	2 600 000	2 600 000
05 07 02	Settlement of disputes	29 000 000	29 000 000
<b>Sub-total 05 07</b>		<b>+29 900 000</b>	<b>+29 900 000</b>
<b>Total EAGF</b>		<b>-184 000 000</b>	<b>-184 000 000</b>

The budget remarks of chapters 05 02 and 05 03 as well as for revenue articles 6701 and 6702 are adjusted in the budget annex.

### 3. IMPACT OF AGREEMENTS ON COMMISSION PROPOSALS

#### 3.1 European Defence Industrial Development Programme

The Commission proposes to update the commitment appropriations foreseen for the European Defence Industrial Development Programme (EDIDP) in order to reflect the political agreement<sup>5</sup> reached between the European Parliament and the Council in May 2018 on the proposal tabled by the Commission in May 2017<sup>6</sup>.

The agreement includes the establishment, as requested by Member States, of a secured network for exchange of EU Classified Information, with an encryption system, between them and the Commission. The financing of this requirement, which was not foreseen in the Commission's proposal, is proposed to be covered by the administrative support expenditure line of the programme.

The details by budget line are presented in the table below:

Budget line	Name	Commitment appropriations	Payment appropriations
<i>(in EUR)</i>			
<i>Section III – European Commission</i>			
02 01 04 05	Support expenditure of the European Defence Industrial Development Programme (EDIDP)	1 750 000	1 750 000
02 05 01	Developing and providing global satellite-based radio navigation infrastructures and services (Galileo) by 2020	15 950 000	-

<sup>5</sup> Joint Statements by the European Parliament, the Council and the Commission, annexed to the legislative resolution adopted by the European Parliament on 3 July 2018 (TA/2018/0275).

<sup>6</sup> COM(2017) 294, 7.6.2017.

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
02 06 01	Delivering operational services relying on space-borne observations and in-situ data (Copernicus)	2 000 000	-
02 07 01	European Defence Industrial Development Programme (EDIDP)	243 250 000	145 250 000
09 03 03	Promoting interoperability, sustainable deployment, operation and upgrading of trans-European digital service infrastructures, as well as coordination at European level	1 992 858	-
32 02 01 01	Further integration of the internal energy market and the interoperability of electricity and gas networks across borders	3 985 714	-
32 02 01 02	Enhancing Union security of energy supply	3 985 714	-
32 02 01 03	Contributing to sustainable development and protection of the environment	3 985 714	-
32 05 01 02	Construction, operation and exploitation of the ITER facilities – European Joint Undertaking for ITER — Fusion for Energy (F4E)	6 050 000	-
40 01 40	Administrative reserve	-300 000	-300 000
40 02 41	Differentiated appropriations	-244 700 000	-146 700 000
<b>Total</b>		<b>37 950 000</b>	<b>-</b>

The budget remarks of articles 40 01 40 and 40 02 41 are adjusted in the budget annex.

### 3.2 European Solidarity Corps

The Commission proposes to update the commitment and payment appropriations foreseen for the European Solidarity Corps (ESC) in order to reflect the political agreement<sup>7</sup> reached between the European Parliament and the Council in June 2018 on the proposal tabled by the Commission in June 2017<sup>8</sup>.

The agreement requires the following changes to the draft budget 2019:

- The extension of the geographical scope of ESC from EU-28 to the Erasmus+ level implies a redeployment of EUR 28,1 million from Erasmus+ to ESC in commitment appropriations, with the corresponding adjustments in payment appropriations.
- The cancellation of the contribution from the European Social Fund (ESF) technical assistance to ESC in 2019 (EUR 12,1 million), which will be reassigned to the main ESF technical assistance line, with the corresponding adjustments in payment appropriations.

This cancellation is offset by EUR 6,1 million from the unallocated margin and by EUR 6 million from the following redeployments identified within heading 1a:

- In the draft budget 2019, the Commission's request for the EU balancing contribution to the European Chemicals Agency (ECHA, EUR 61,4 million) was based on a conservative estimate of fee income. Taking into account the level of fee income actually received in the course of 2018, an amount of EUR 3,0 million can be made available.
- The European Maritime Safety Agency (EMSA) has experienced some delays in the phasing in of a drone service for public tasks at sea. While the Agency is catching up on these delays, an amount of EUR 2,0 million is proposed to be made available.

<sup>7</sup> Joint Statements by the European Parliament, the Council and the Commission, annexed to the legislative resolution adopted by the European Parliament on 11 September 2018 (TA/2018/0328).

<sup>8</sup> COM(2017) 262, 30.5.2017.



— The Commission proposes to reduce the appropriations requested for the Nuclear Safeguards prerogative line by EUR 1,0 million (-5 %). Taking into account past execution the reduced amount should be sufficient to carry out the activities planned for 2019.

Furthermore, in line with the Cost-Benefit-Analysis (CBA) on the delegation of part of the implementation of ESC to the Education, Audiovisual and Culture Executive Agency (EACEA), the Commission proposes to transfer an amount of EUR 0,9 million, both in commitment and payment appropriations, from the administrative support expenditure line of the ESC to the contribution line of EACEA.

The details by budget line are presented in the table below:

*(in EUR)*

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
02 03 03	European Chemicals Agency — Chemicals legislation	-3 000 000	-3 000 000
04 02 63 01	European Social Fund — Operational technical assistance	12 078 000	8 454 600
04 02 65	European Solidarity Corps – Contribution from the European Social Fund	-	3 330 600
05 04 60 04	European Solidarity Corps – Contribution from the European Agricultural Fund for Rural Development (EAFRD)	-	540 000
06 02 03 01	European Maritime Safety Agency	-2 000 000	-2 000 000
07 02 07	European Solidarity Corps – Contribution from the LIFE sub-programme for Environment	1 000 000	1 000 000
15 01 04 03	Support expenditure for the European Solidarity Corps	3 612 500	3 612 500
15 01 06 03	Education, Audiovisual and Culture Executive Agency — Contribution from European Solidarity Corps	937 500	937 500
15 02 01 01	Promoting excellence and cooperation in the European education and training area and its relevance to the labour market	-1 900 000	-1 900 000
15 02 01 02	Promoting excellence and cooperation in the European youth area and the participation of young people in European democratic life	-26 200 000	-19 650 000
15 05 01	European Solidarity Corps	138 774 568	115 000 000
23 03 01 03	European Solidarity Corps – Contribution from Union Civil Protection Mechanism (UCPM)	2 000 000	2 000 000
32 03 01	Nuclear Safeguards	-1 000 000	-1 000 000
34 02 05	European Solidarity Corps – Contribution from the LIFE sub-programme for Climate Action	500 000	500 000
40 01 40	Administrative reserve	-4 550 000	-4 550 000
40 02 41	Differentiated appropriations	- 114 174 568	-99 341 200
<b>Total</b>		<b>6 078 000</b>	<b>3 934 000</b>

The budget remarks of articles 40 01 40 and 40 02 41 are adjusted in the budget annex.

### 3.3 Structural Reform Support Programme

The Commission proposes to update the commitment and payment appropriations foreseen for the Structural Reform Support Programme (SRSP) in order to reflect the political agreement<sup>9</sup> reached between the European Parliament and the Council in July 2018 on the proposal tabled by the Commission in December 2017<sup>10</sup>.

<sup>9</sup> Joint Statements by the European Parliament, the Council and the Commission, annexed to the legislative resolution adopted by the European Parliament on 11 September 2018 (TA/2018/0329).

<sup>10</sup> COM(2017) 825, 6.12.2017.

In the Commission's proposal, the increase of the programme's financial envelope of EUR 40 million in commitment appropriations was proposed to be financed under heading 1b by using the Flexibility Instrument<sup>11</sup>. Given the limited availability of margin under this heading (EUR 1,9 million), the Flexibility Instrument was proposed to be mobilised for an amount of EUR 38,1 million)<sup>12</sup>.

According to the political agreement reached, the financing of the 2019 increase will be secured through redeployments from heading 2 (section 2.2 above) and the proposed mobilisation of the Flexibility Instrument is withdrawn.

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
13 08 01	Structural Reform Support Programme (SRSP) – Operational technical assistance transferred from H1b (ESF, ERDF and CF)	-40 000 000	-17 200 000
13 08 02	Structural Reform Support Programme (SRSP) – Operational technical assistance transferred from H2 (EAFRD)	40 000 000	17 200 000
<b>Total</b>		-	-

#### 4. IMPACT OF NEW COMMISSION INITIATIVES

##### 4.1 Reinforcement of the European Border and Coast Guard Agency

As part of its contribution to the Leaders' meeting in Salzburg on 19-20 September 2018, the Commission proposed to extend the mandate of the European Border and Coast Guard Agency, notably with a view to creating a standing corps of 10 000 border guards by the end of 2020<sup>13</sup>. The standing corps is proposed to be composed of a mix of three categories of staff: agency own staff, long-term secondment from Member States and short-term deployments from Member States, with a gradual shift towards agency own staff and the long term secondments.

The Commission proposes to include in the 2019 budget the 375 establishment plan posts which are planned as agency own staff as part of the build-up of the European Border and Coast Guard standing corps, and to increase the EU contribution by EUR 19 million in commitment and payment appropriations to ensure their financing. This should enable the Agency to start recruitment immediately upon political agreement on its extended mandate. Together with a reinforcement of 375 contract agents, that would allow the Agency to recruit 750 additional staff members in the course of 2019.

Given the absence of margin and no room for redeployment under heading 3, the Commission proposes to modify the mobilisation of the Flexibility Instrument accordingly.

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
18 02 03	European Border and Coast Guard Agency (Frontex)	19 321 000	19 321 000
<b>Total</b>		<b>19 321 000</b>	<b>19 321 000</b>

The updated establishment plan is set out in the budgetary annex.

<sup>11</sup> OJ L 347, 20.12.2013, p. 884–891, Article 11.

<sup>12</sup> COM(2018) 280, 23.5.2018.

<sup>13</sup> COM(2018) 631, 12.9.2018.

## 4.2 Reinforcement of the EU contribution to the European Union Agency for Asylum

As part of its contribution to the Leaders' meeting in Salzburg on 19-20 September 2018, the Commission proposed to extend the mandate of the European Union Agency for Asylum, notably with a view to reinforcing its capacity to provide operational support to Member States where needed<sup>14</sup>. To enable the Agency to provide enhanced technical and operational assistance, the Commission proposes to reinforce the EU contribution to the Agency by EUR 55 million in commitment and payment appropriations.

Given the absence of margin and no room for redeployment under heading 3, the Commission proposes to modify the mobilisation of the Flexibility Instrument accordingly.

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
18 03 02	European Asylum Support Office (EASO)	55 000 000	55 000 000
<b>Total</b>		<b>55 000 000</b>	<b>55 000 000</b>

## 4.3 Amendment of the Authority for European Political Parties and European Political Foundations' Regulation

Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations<sup>15</sup> was introduced to increase the visibility, recognition, effectiveness, transparency and accountability of European political parties and their affiliated political foundations. An independent Authority for European political parties and European political foundations ("the Authority") was created, for the purpose of registering, monitoring and, if necessary, imposing sanctions on European political parties and European political foundations, including to consider cases where such entities allegedly fail to respect these fundamental European values.

As part of its contribution to the Leaders' meeting in Salzburg on 19-20 September 2018, the Commission adopted a proposal<sup>16</sup> amending this regulation as regards a verification procedure related to infringements of rules on the protection of personal data in the context of elections to the European Parliament.

To enable the Authority to operate in a smooth and effective manner, it is proposed to add 9 posts to the establishment plan of the European Parliament<sup>17</sup>, on top of the temporary post of the Director of the Authority, which is already included in the draft budget 2019<sup>18</sup>. As a result, a total of 10 posts will be allocated to the Authority.

In the Parliament's section of the draft budget 2019, given the time needed to recruit the permanent staff, it is proposed to add a level of appropriations corresponding to six months of average effective activity for 2019.

<sup>14</sup> COM(2018) 633, 12.9.2018.

<sup>15</sup> OJ L 317, 4.11.2014, p. 1.

<sup>16</sup> COM(2018) 636, 12.9.2018.

<sup>17</sup> 4 temporary posts- 1 AD9, 1 AD5, 2 AST3 and 5 permanent posts- 2 AD5, 1 AST3 and 2 AST-SC1.

<sup>18</sup> 1 AD12.

For the immediate support to the Authority, it is also proposed to add appropriations corresponding to 6 contract agents for six months of effective activity for 2019 in the European Parliament's section of the draft budget 2019. This addition is compensated by an equivalent reduction in the Commission's section.

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section I – European Parliament</i>			
1 2 0 0	Remuneration and allowances	535 500	535 500
1 4 0 0	Other staff — Secretariat and political groups	150 000	150 000
<b>Sub-total Section I</b>		<b>685 500</b>	<b>685 500</b>
<i>Section III – European Commission</i>			
27 01 02 09	External personnel – non-decentralised management	-150 000	-150 000
<b>Sub-total Section III</b>		<b>-150 000</b>	<b>-150 000</b>
<b>Total</b>		<b>535 500</b>	<b>535 500</b>

The updated establishment plan is set out in the budgetary annex.

## 5. OTHER ADJUSTMENTS BASED ON RECENT DEVELOPMENTS

### 5.1 Reinforcement of the EU contribution to the European Union Agency for Law Enforcement Cooperation

Under the European Agenda for Security, the European Union Agency for Law Enforcement Cooperation (Europol) plays a key role as the central hub in the fight against terrorism in the EU, contributing to a coordinated reaction against the ongoing and anticipated terrorist threat and attacks. Further to the recent terrorist attacks in Europe, the amount of data exchanged with Europol and the number of users have increased steeply, which creates a need for upgrading the Agency's core IT systems. For this reason the Commission proposes a reinforcement of the EU contribution to Europol by EUR 5,0 million.

In addition, the Commission requests an additional EUR 3,0 million to extend Europol's scheme for deployment of guest officers for secondary security checks, as a key instrument to support Member States in stemming illegal migration on all existing and emerging routes.

The Commission's assessment of total additional needs for Europol therefore amounts to EUR 8,0 million in commitment and payment appropriations. Given the absence of margin under heading 3 and no room for redeployment, the Commission proposes to modify the mobilisation of the Flexibility Instrument accordingly.

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
18 02 04	European Union Agency for Law Enforcement Cooperation (Europol)	8 000 000	8 000 000
<b>Total</b>		<b>8 000 000</b>	<b>8 000 000</b>

## **5.2 Reinforcement of the European Public Prosecutor's Office**

The European Public Prosecutor's Office (EPPO) was created in October 2017 under enhanced cooperation<sup>19</sup>, at that time with 20 participating countries. Since then, the participation of Malta and The Netherlands in the EPPO has been confirmed. Based on the College model of the Office, this requires the recruitment of two additional European Prosecutors. In light of the relatively low caseload expected to arise from the participation of these new countries, however, no further increases of EPPO staff numbers are expected to be required as compared to the revised legislative financial statement of September 2017.

Furthermore, in view of the importance to attract highly qualified candidates on account of the prosecutorial functions to be exercised and the standing and responsibility of the positions, the Commission proposes to recruit the European Chief Prosecutor and the 22 European Prosecutors in grades AD15 and AD13, respectively.

Given the planned timing of the recruitment of the EPPO staff over 2019, no additional funding is requested as compared to the EU contribution included in the Draft Budget 2019 (EUR 4,9 million).

The updated establishment plan is set out in the budgetary annex.

## **5.3 Modification of the establishment plan of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice**

The agreement reached between the European Parliament and the Council on the revised founding Regulation of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)<sup>20</sup> includes the creation of the position of the Deputy Executive Director, to assist and replace the Executive Director. Since the Commission proposal did not include such a position, it is proposed to upgrade an AD5 post in the establishment plan to AD13, to allow the Agency to proceed with the recruitment of the Deputy Executive Director. This has no impact on the EU contribution requested for the Agency.

The updated establishment plan is set out in the budgetary annex.

## **5.4 Reinforcement of the European External Action Service**

In the draft budget 2019, a number of items were not included in the section of the European External Action Service (EEAS) as the related decision processes were not sufficiently advanced. Four of these items have now progressed to a stage which justifies their inclusion, namely:

- The opening of delegations in Turkmenistan and Kuwait and establishing a permanent presence in The Hague;
- Maintaining the Union's presence in Belfast;
- Military advisors in delegations;
- Reinforcement of the EU Military Staff (EUMS) Intelligence Directorate.

It concerns in all cases new responsibilities that were endorsed either by the Council or received strong political support from Member States and for which no resources are foreseen in the current or future budgets of the EEAS.

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<sup>19</sup> Council Regulation (EU) 2017/1939 of 17 October 2017.

<sup>20</sup> COM(2017) 352, 29.6.2017.

#### 5.4.1 *Opening of delegations in Turkmenistan and Kuwait and establishing a permanent presence in The Hague*

The EEAS 2018 Annual Review of the delegation network identified the need to open delegations in Kuwait and Turkmenistan and to have a permanent presence in The Hague.

- Kuwait is a country which is consistently playing a constructive role in the growing regional tensions and which has offered its mediation not only in the Gulf crisis but also in the search for a possible dialogue between the two shores of the Gulf. It has also shown genuine interest in a substantial upgrading of the bilateral relations with the EU. Currently, the EU Delegation to Saudi Arabia is accredited to five Gulf countries including Kuwait. Presence in Kuwait would facilitate better sharing of representation tasks and presence in the region and would also cover Qatar more efficiently.
- Key players like Russia and China are intensifying their presence in Central Asia. Turkmenistan, which possesses the world's fourth largest gas reserve and has a strategic geographical location with importance also in the field of security, is increasingly looking to the EU as an alternative partner to complete their reform and modernisation process. Turkmenistan remains the only country of Central Asia in which the EU has no fully-fledged Delegation. Opening an EU Delegation in Ashgabat would allow a full engagement in areas of strategic interest, such as energy and security.
- The Hague is one of the global centres of multilateral diplomacy and its political importance increases from the work that takes place at the organisation for the Prohibition of Chemical Weapons (OPCW). As the EEAS so far has maintained only a temporary presence, it is considered essential to render this presence permanent.

The Foreign Affairs Council agreed formally to the opening of these two delegations on 16 July 2018. Following the conclusions of the Annual Review, several Member States have also expressed strong support for enhancing the EEAS presence in The Hague, in a letter to the High Representative of the Union for Foreign Affairs and Security Policy (HRVP) of 28 May.

Therefore, the necessary appropriations and staff are proposed to be added to the EEAS' section of the draft budget 2019 in order to enable EEAS to establish the presence (EUR 3,2 million of appropriations and 19 staff, of which 9 establishment plan posts and 10 local staff). As neither Kuwait nor Turkmenistan can be expected to be up and running on 1 January 2019, a financing for 8 months only in 2019 is proposed, plus the necessary one-off opening costs. Given that there is already a temporary presence in The Hague, financing for the permanent presence is proposed for the whole year 2019.

The updated establishment plan is set out in the budgetary annex.

#### 5.4.2 *Maintain the Union's point of presence in Belfast*

Given the uncertainty regarding the existing three regional representation offices in the UK, only the appropriations and staff necessary to open the delegation in London were included in the draft budget 2019.

The Commission and the EEAS have since agreed to maintain the Belfast Office and close the Offices in Edinburgh and Cardiff. The formal request to the Council and the Commission to establish the delegation in London with an EU Office in Belfast is currently being prepared by the EEAS.

Given the political importance and based on an assessment of the most probable resource requirements in 2019, the appropriations (EUR 0,9 million) and staff (5, including 2 establishment plan posts, 1 contract agent and 2 local staff) necessary to maintain this Office are proposed to be added to the EEAS' section of the draft budget 2019.

The updated establishment plan is set out in the budgetary annex.

#### 5.4.3 Military advisors in delegations

A Concept Paper on Military Advisors in EU Delegations was presented to Political and Security Committee (PSC) on 13 March 2018 and to the EU Military Committee (EUMC)<sup>21</sup> on 14 March 2018. Based on the strong support and input provided by the two bodies, a revised Concept Paper was approved by the HRVP and endorsed by the PSC in the first half of October.

The Concept Paper notably proposes to post 5 military advisors (seconded national experts) per year in priority Delegations, up to a total of 10 during the first two years and likely more in the following years. This initiative requires an increase to the EEAS administrative budget as from 2019.

It is therefore proposed that the EEAS' section of the draft budget 2019 be increased with the necessary appropriations (EUR 0,8 million) to recruit up to seven experts in the first phase, thereby accelerating the implementation.

Due to the nature of the required expertise, some postings will be in EU Delegations where the security cost is high and non-standard.

#### 5.4.4 Reinforcement of the EUMS Intelligence Directorate

The EU Military Staff (EUMS) Intelligence Directorate provides intelligence support for the EU, notably through Situation Assessments, Special Reports and Risk Assessments. It thus contributes to policy development, early warning, advance and crisis response planning and to planning and conduct of Common Security and Defence Policy (CSDP) missions/operations and exercises. Demand for its input is high and increasing and its available resources are insufficient compared to needs.

The number of customers has doubled since 2009. Apart from the EUMS leadership, the clients range from HR and EEAS services, the European Parliament and the European Commission, including its President, and Council bodies, notably the PSC and the EUMC. Furthermore, each customer, both existing and new, increasingly requests more and more tailored and labour-intensive products. In addition, the ongoing transformation of the entire information landscape (e.g. effects of social media) has sped up the information flow and therefore results in demands with even shorter deadlines from nearly all customers, putting more strain on available resources.

The analysis of the resource requirements, carried out at the request of the Council, identified the need for an additional 5 co-financed national expert posts to be created; the results of the analysis were presented to the EUMC and PSC on 26 September 2017 and 9 January 2018 respectively. On 2 March, the EUMC provided its Military Advice recommending the establishment of the 5 posts (co-financed national experts) with effect from January 1<sup>st</sup> 2019.

Given the endorsement received from the PSC, it is proposed that the necessary appropriations be added to the EEAS' section of the draft budget 2019 (EUR 0,3 million).

#### 5.4.5 Combined effect on the EEAS ' section of the draft budget 2019

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section X – European External Action Service</i>			
1 2 0 5	Military seconded national experts	280 000	280 000
3 0 0 0	Remuneration and entitlements of statutory staff	1 208 000	1 208 000
3 0 0 1	External staff and outside services	437 000	437 000
3 0 0 2	Other expenditure related to staff	954 000	954 000

<sup>21</sup> The EUMC is the highest military body set up within the Council. It notably gives military advice to the Political and Security Committee (PSC) and makes recommendations on military matters.

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
3 0 0 3	Buildings and associated costs	1 351 000	1 351 000
3 0 0 4	Other administrative expenditure	934 000	934 000
<b>Total</b>		<b>5 164 000</b>	<b>5 164 000</b>

## 5.5 Update of the Sustainable Fisheries Partnership Agreements

As foreseen in point C of Part II of the Interinstitutional Agreement (IIA)<sup>22</sup>, the Commission has examined the most recent information available concerning Sustainable Fisheries Partnership Agreements (SFPAs) and reviewed the expected needs for 2019 on the basis of the developments in the negotiation processes with the third countries involved. On the basis of this review, the Commission proposes to increase commitment and payment appropriations for an amount of EUR 7,0 million, split on operational line (11 03 01) and reserve (40 02 41) as outlined in the table below.

The requested amount will be used to reinforce the financial contribution for the new agreement with Morocco as the negotiations are now completed. It is expected that the agreement and its related protocol will enter into force in the first half of 2019<sup>23</sup> and an additional amount is proposed to be added on the reserve line. Furthermore, as the agreement with the Republic of Côte d'Ivoire entered into provisional application on 1 August 2018<sup>24</sup>, the Commission proposes to move the related commitment appropriations of EUR 0,7 million from the reserve (40 02 41) to the operational line (11 03 01).

The details by budget line are presented in the table below:

(in EUR)

Budget line	Name	Commitment appropriations	Payment appropriations
<i>Section III – European Commission</i>			
11 03 01	Establishing a governance framework for fishing activities carried out by Union fishing vessels in third country waters	682 000	-
40 02 41	Differentiated appropriations	6 318 000	7 000 000
<b>Total</b>		<b>7 000 000</b>	<b>7 000 000</b>

## 6. TECHNICAL CORRECTIONS

### 6.1 Modifying the establishment plan of the European Medicines Agency

In the draft budget 2019, the Commission proposed to keep the total number of establishment plan posts of the European Medicines Agency (EMA) stable at the level authorised for 2018 (591 posts). However, the breakdown of these posts between the function groups for Administrators (AD) and Assistants (AST) and across the grades in the establishment plan in the draft budget 2019 was erroneously modified. The Commission hereby proposes a technical correction, which has no impact on appropriations.

The corrected establishment plan is set out in the budgetary annex.

<sup>22</sup> OJ C 373, 20.12.2013, p. 1.

<sup>23</sup> The negotiations are finished and the Commission will adopt as soon as possible the related proposals for Council Decisions on the signing and conclusion of the Sustainable Fisheries Partnership Agreement between the EU and the Kingdom of Morocco accompanied by a Protocol and an exchange of letters between both parties.

<sup>24</sup> Council Decision (EU) 2018/1069 of 26 July 2018 (OJ L 194, 31.07.2018, p. 1).



## **6.2 Modifying the budget remark of Interoperability Solutions and common frameworks for European public administrations, businesses and citizens (ISA<sup>2</sup>) support expenditure**

In the draft budget 2019, the budget remark of the support expenditure of ISA<sup>2</sup> programme 26 01 04 01 was erroneously modified to include measures not allowed on this item. The Commission proposes a technical correction to revert to the text of the voted budget 2018. This correction has no impact on appropriations.

The corrected budget remark is set out in the budgetary annex.

## 7. SUMMARY TABLE BY MFF HEADING

Heading	Draft Budget 2019		Amending Letter 1/2019		Draft Budget 2019 (incl. AL1/2019)	
	CA	PA	CA	PA	CA	PA
<b>1. Smart and inclusive growth</b>	<b>79 973 396 584</b>	<b>67 517 943 173</b>	<b>4 028 000</b>	<b>- 13 266 000</b>	<b>79 977 424 584</b>	<b>67 504 677 173</b>
<i>Of which under Flexibility Instrument</i>	38 069 903		- 38 069 903			
<i>Of which under global margin for commitments</i>	233 333 333				233 333 333	
<i>Ceiling</i>	79 924 000 000				79 924 000 000	
<i>Margin</i>	222 006 652				179 908 749	
1a Competitiveness for growth and jobs	22 859 993 348	20 467 170 955	44 028 000	3 934 000	22 904 021 348	20 471 104 955
<i>Of which under global margin for commitments</i>						
<i>Ceiling</i>	23 082 000 000				23 082 000 000	
<i>Margin</i>	222 006 652				177 978 652	
1b Economic social and territorial cohesion	57 113 403 236	47 050 772 218	- 40 000 000	- 17 200 000	57 073 403 236	47 033 572 218
<i>Of which under Flexibility Instrument</i>	38 069 903		- 38 069 903			
<i>Of which under global margin for commitments</i>	233 333 333				233 333 333	
<i>Ceiling</i>	56 842 000 000				56 842 000 000	
<i>Margin</i>					1 930 097	
<b>2. Sustainable growth: natural resources</b>	<b>59 999 077 986</b>	<b>57 790 407 331</b>	<b>- 137 000 000</b>	<b>- 159 800 000</b>	<b>59 862 077 986</b>	<b>57 630 607 331</b>
<i>Ceiling</i>	60 344 000 000				60 344 000 000	
<i>Margin</i>	344 922 014				481 922 014	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43 613 447 000	43 537 899 417	- 184 000 000	- 184 000 000	43 429 447 000	43 353 899 417
<i>Sub-ceiling</i>	43 881 000 000				43 881 000 000	
<i>Rounding difference excluded from margin calculation</i>	659 000				659 000	
<i>EAGF Margin</i>	266 894 000				450 894 000	
<b>3. Security and citizenship</b>	<b>3 728 518 138</b>	<b>3 486 361 394</b>	<b>82 321 000</b>	<b>82 321 000</b>	<b>3 810 839 138</b>	<b>3 568 682 394</b>
<i>Of which under Flexibility Instrument</i>	927 518 138		82 321 000		1 009 839 138	
<i>Ceiling</i>	2 801 000 000				2 801 000 000	
<i>Margin</i>						
<b>4. Global Europe</b>	<b>11 384 188 562</b>	<b>9 508 356 038</b>			<b>11 384 188 562</b>	<b>9 508 356 038</b>
<i>Of which under global margin for commitments</i>	1 116 188 562				1 116 188 562	
<i>Ceiling</i>	10 268 000 000				10 268 000 000	
<i>Margin</i>						
<b>5. Administration</b>	<b>9 956 925 632</b>	<b>9 960 905 652</b>	<b>5 699 500</b>	<b>5 699 500</b>	<b>9 962 625 132</b>	<b>9 966 605 152</b>
<i>Ceiling</i>	10 786 000 000				10 786 000 000	
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	575 192 212				569 492 712	
Of which: Administrative expenditure of the institutions	7 755 321 712	7 759 301 732	5 699 500	5 699 500	7 761 021 212	7 765 001 232
<i>Sub-ceiling</i>	8 700 000 000				8 700 000 000	
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	690 796 132				685 096 632	
<b>Total</b>	<b>165 042 106 902</b>	<b>148 263 973 588</b>	<b>- 44 951 500</b>	<b>- 85 045 500</b>	<b>164 997 155 402</b>	<b>148 178 928 088</b>
<i>Of which under Flexibility Instrument</i>	965 588 041	899 719 628	44 251 097	22 299 869	1 009 839 138	922 019 497
<i>Of which under global margin for commitments</i>	1 349 521 895				1 349 521 895	
<i>Ceiling</i>	164 123 000 000	166 709 000 000			164 123 000 000	166 709 000 000
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	1 142 120 878	19 344 746 040			1 231 323 475	19 452 091 409
<b>Other special Instruments</b>	<b>577 248 000</b>	<b>411 500 000</b>			<b>577 248 000</b>	<b>411 500 000</b>
<b>Grand Total</b>	<b>165 619 354 902</b>	<b>148 675 473 588</b>	<b>- 44 951 500</b>	<b>- 85 045 500</b>	<b>165 574 403 402</b>	<b>148 590 428 088</b>