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**DRAFT AMENDING BUDGET N° 4
TO THE GENERAL BUDGET 2011**

GENERAL STATEMENT OF REVENUE

**STATEMENT OF EXPENDITURE BY SECTION
Section III - 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 Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, and in particular Article 37 thereof,
- the general budget of the European Union for the financial year 2011 adopted on 15 December 2010²,
- the amending budget No 1/2011 adopted on 6 April 2011,
- the draft amending budget No 2/2011³, adopted on 25 March 2011,
- the draft amending budget No 3/2011⁴, adopted on 15 April 2011,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 4 to the 2011 budget.

¹ OJ L 248, 16.9.2002, p. 1.
² OJ L 68, 15.3.2011, p. 1.
³ COM(2011) 154 final.
⁴ COM(2011) 219 final.

CHANGES TO THE GENERAL STATEMENT OF REVENUE, AND STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and 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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1. INTRODUCTION

Draft Amending Budget (DAB) No 4 for the year 2011 covers the following:

- A revision of the forecast of Traditional Own Resources (TOR, i.e. customs duties and sugar sector levies), VAT and GNI bases, the budgeting of the relevant UK corrections as well as their financing and revision of financing of GNI reductions in favour of the Netherlands and Sweden in 2011, resulting in a change in the distribution between Member States of their own resources contributions to the EU budget.
- A reinforcement of the Union's resources to manage migration and refugee flows, further to the recent developments in the Southern Mediterranean, in particular through additional appropriations for the Frontex agency, the External Borders Fund, the European Return Fund and the European Refugee Fund. The total net increase of appropriations requested for these purposes amounts to EUR 41,1 million in commitment appropriations and EUR 43,9 million in payment appropriations;
- A reduction of the level of payment appropriations for the Energy projects under the European Economic Recovery Plan (EERP), amounting to EUR 43,9 million. This concerns in particular the Energy networks, and is due to a revision of the payment schedules for some beneficiaries of infrastructure projects.

The combined net financial impact of this amending budget is EUR 41,1 million in commitment appropriations and zero in payment appropriations.

2. MIGRATION AND REFUGEE FLOWS

2.1. Introduction

The recent developments in the Southern Mediterranean have led to high migratory pressure in the region. In line with the European Council conclusions of March 2011, the proposed reinforcement of EU actions under the External Borders Fund, the European Return Fund and the European Refugee Fund will allow supporting the efforts of the Member States most directly concerned, as well as to strengthen the capacities of the Frontex agency to carry out maritime surveillance activities in the Mediterranean. The corresponding additional needs in commitment appropriations will be partially met by redeployment of commitment appropriations within Title 18 (Home Affairs), whereas the additional needs in payment appropriations will be fully met by redeployment of payment appropriations from Title 32 (Energy), as set out in more detail in section 2.4 below.

2.2. Frontex

The 2011 work programme of Frontex currently allocates an amount of EUR 24 million in commitment appropriations to maritime operations. However, the reinforcements and/or extensions in terms of duration and operational areas of ongoing or planned maritime operations which are required to cover the additional needs arising from the exceptional and unforeseen increase of migratory flows from Northern Africa effectively means that the agency's budget for maritime joint operations as it stands will be fully used by end of June 2011.

Therefore, a reinforcement of EUR 30 million is requested in commitment appropriations for the operational expenditure of Frontex (budget item 18 02 03 02). At this stage, a corresponding amount of EUR 24 million is requested in payment appropriations (i.e. equivalent to 80 % of the additional commitments). The remaining EUR 6 million in payment appropriations will only be needed towards the end of 2011, as payment appropriations are disbursed by Frontex on the basis of requests for payments made by Member States.

2.3. Solidarity and Management of Migration Flows

2.3.1 *Community actions*

The basic acts of the External Borders Fund, the European Return Fund and the European Refugee Fund all foresee a certain percentage of their overall financial envelopes for so-called 'Community actions', in order to finance transnational actions or actions of interest to the Community as a whole, in particular with a view to facing emergency situations which require urgent action.

The extraordinary scale of the current events in the Southern Mediterranean entails a significant burden for the Member States concerned, which is the reason why the Commission proposes to raise the allocations for Community actions to the maximum foreseen in the respective basic acts, over and above the appropriations pre-allocated to Member States under shared management. This topping-up requires a reinforcement of appropriations for all three funds mentioned above, to be made available in particular to Italy, Greece, Malta and Cyprus.

The basic act of the fourth Fund under Solidarity and Management of Migration Flows, the Integration of Third Country Nationals Fund, does not foresee support for emergency actions, and is therefore not concerned.

2.3.2 *External Borders Fund*

The basic act of the External Borders Fund (EBF, budget article 18 02 06) allows allocating up to 6 % of the total available appropriations to Community actions, to finance inter-alia emergency measures. Thus far, this possibility has not been used for the Fund. The currently foreseen amount of EUR 10 million for Community actions represents 3,7 % of the overall level of appropriations for the Fund. An additional amount of EUR 6,5 million in commitment appropriations will bring the allocation for emergency measures to the maximum percentage allowed. These additional appropriations will be used to finance expenditure such as screening centres and detention facilities, transportation of migrants to other reception facilities, as well as equipment for ID checks and screening. The corresponding pre-financing of 75 % requires a reinforcement of EUR 4,9 million in payment appropriations.

2.3.3 *European Return Fund*

The basic act of the European Return Fund (budget article 18 02 09) allows allocating up to 7 % of the total available appropriations to Community actions, to finance inter-alia emergency measures. The currently foreseen amount of EUR 4,5 million for Community actions represents 4 % of the overall level of appropriations for the Fund. An additional amount of EUR 3,7 million in commitment appropriations would bring the allocation for emergency measures to the maximum percentage allowed. These additional appropriations will be used to finance expenditure such as return operations, translation and interpretation, as well as procurement of travel expenses. The corresponding pre-financing of 75 % requires a reinforcement of EUR 2,8 million in payment appropriations.

2.3.4 *European Refugee Fund*

The basic act of the European Refugee Fund (ERF, budget article 18 03 03) includes a yearly envelope of EUR 9,85 million for emergency measures (budget article 18 03 04), in order to provide assistance to Member States facing a sudden massive influx of refugees. Of the total amount of EUR 9,85 million available for 2011, an amount of EUR 3 million has already been earmarked to support Belgian reception facilities. However, a request recently received from Italy would require the funding which remains available, whereas new requests are expected to

be received from Malta and Cyprus. In addition, Greece is likely to request by July 2011 a continuation of emergency funding received in the years 2008 to 2010.

Given these likely requirements, at this stage an additional amount of EUR 12 million is requested in commitment appropriations, in order to finance refugees' reception, basic needs and facilities. The corresponding advance payment of 80 % requires a reinforcement of EUR 9,6 million in payment appropriations. Furthermore, an amount of EUR 2,65 million in payment appropriations is needed to cover the pre-financing needs of the funding that is currently already foreseen for 2011. This brings the total additional payment needs for the ERF to EUR 12,25 million.

The combined reinforcements requested for the External Borders Fund, the European Return Fund and the European Refugee Fund, as specified in sections 2.3.2, 2.3.3 and 2.3.4 above, amount to EUR 22,2 million in commitment appropriations and EUR 19,9 million in payment appropriations.

2.4. Financing

The additional financing needs identified above will be partially met by redeployment within Title 18, for a total amount of EUR 11,1 million in commitment appropriations. This internal redeployment mostly stems from the delayed launching of the 2011 call for framework partners for Prevention of and fight against crime (budget article 18 05 09, EUR 10 million). Furthermore, an amount of EUR 1,1 million in assigned revenue appropriations, resulting from the recovery of amounts wrongly paid, could not be taken into account in the 2011 allocation of the European Refugee Fund (budget article 18 03 03). This amount of EUR 1,1 million is proposed to be made available for the emergency measures under the European Refugee Fund (budget article 18 03 04).

The Commission proposes to cover the remaining financing needs of EUR 41,1 million in commitment appropriations from the margin under the expenditure ceiling of heading 3a (Freedom, Security and Justice), which currently stands at EUR 67,0 million.

The Commission proposes to cover the corresponding financing needs in payment appropriations of EUR 43,9 million through redeployment from the Energy projects under the European Economic Recovery Plan (EERP), and more in particular from Energy networks, budget item 32 04 14 01. The state of play of the implementation of payment appropriations for the Energy projects to aid economic recovery (budget article 32 04 14) is currently as follows:

- For *Energy networks* (budget item 32 04 14 01), some delays in requests for pre-financing and intermediate payments have led to a revision of the payment schedules for the beneficiaries concerned. Payments for these large-scale infrastructure projects are typically made on a limited number of occasions over the lifetime of the project, reflecting the various steps of project implementation (e.g. procurement contract concluded, works achieved). The corresponding under-implementation in payment appropriations in 2011 is estimated to amount to some EUR 357,1 million, due to operational delays in the implementation of seven projects and to a revised timing of payments for some other projects;
- For *Carbon Capture and Storage* (CCS, budget item 32 04 14 02), it is estimated that some delays in payment requests would postpone payments planned for the end of this year to 2012, for some EUR 36 million;
- For *European offshore wind grid system* (budget item 32 04 14 03), on the other hand, implementation is slightly ahead of schedule. Hence, a reinforcement of some EUR 5 million would be required;
- For *Energy efficiency and renewable initiatives* (budget item 32 04 14 04), payment needs in 2011 are estimated at EUR 36 million, whereas this new fund currently has a token entry (p.m.) only.

Thus, the expected under-implementation for Energy projects under the EERP at year-end is estimated at some EUR 352 million in payment appropriations, which are available for redeployment.

In parallel with this amending budget, the Commission will propose to use the remaining amount of under-implementation of payment appropriations for Energy projects under the EERP for broader redeployment purposes. The most significant reinforcement requirements in payment appropriations as currently identified are:

- The funding for the outstanding mobilisation of the EU Solidarity Fund relating to the effects of heavy rainfalls in Slovenia, Croatia and the Czech Republic, amounting to EUR 19,5 million in payment appropriations⁵.
- Replenishing by transfer, to the extent possible, the so-called 'negative reserve' recently created by the Budgetary Authority as part of the financing of the mobilisation of the EU Solidarity Fund relating to the effects of heavy rainfalls in Poland, Slovakia, the Czech Republic, Hungary, Croatia and Romania, amounting to EUR 182,4 million in payment appropriations⁶;
- The additional payment needs for the European Globalisation Adjustment Fund (EGF), for which the Commission will present shortly a series of transfer requests;

Finally, an amount of some EUR 26 million is expected to be transferred within chapter 32 04 (Conventional and renewable energies), to cover additional needs for other programmes, notably for the Intelligent Energy – Europe programme (budget article 32 04 06).

3. OWN RESOURCES

3.1. Introduction

The following summary table shows the distribution of total own resources payments between Member States as budgeted in:

- the 2011 Budget,
- The Amending Budget 1/2011 covering the mobilisation of the EU Solidarity Fund for an amount of EUR 182 388 893 in commitment and payment appropriations relating to the effects of heavy rainfalls in Poland, Slovakia, the Czech Republic, Hungary, Croatia and Romania. No effect for the overall amount of payment appropriations.
- DAB 2/2011 is intended to cover the mobilisation of the EU Solidarity Fund for an amount of EUR 19 546 647 in commitment and payment appropriations relating to the effects of heavy rainfalls in Slovenia, Croatia and the Czech Republic. No effect for the overall amount of payment appropriations.⁷
- DAB 3/2011 is intended to budget the surplus resulting from the implementation of the budget year 2010 of EUR 4 539 394 283, which is therefore entered as revenue in the 2011 budget.
- The present DAB 4/2011.

⁵ Draft Amending Budget No 2 of 2011, COM(2011) 154 final, 25.3.2011.

⁶ Amending Budget No 1 of 2011 as adopted on 6 April 2011.

⁷ This is based on a scenario in which the additional payment needs for the mobilisation of the EU Solidarity Fund are fully met by redeployment from the Energy projects under the European Economic Recovery Plan, as proposed by the Commission.

amounts in million euro

	Budget 2011	DAB 3/2011	DAB 4/2011		DAB 4/2011 vs. DAB 3/2011
	(1)	(3)	(4)	in %	(5) = (4) – (3)
BE	4 861.9	4 731.0	4 896.0	4.06%	+ 165.0
BG	384.5	371.9	378.9	0.31%	+ 7.0
CZ	1 514.8	1 464.2	1 458.7	1.21%	- 5.5
DK	2 569.5	2 480.9	2 458.4	2.04%	- 22.5
DE	24 620.0	23 697.1	23 876.6	19.80%	+ 179.5
EE	147.2	142.2	152.2	0.13%	+ 10.0
IE	1 442.2	1 394.0	1 324.5	1.10%	- 69.5
EL	2 339.5	2 255.3	2 140.6	1.78%	- 114.7
ES	10 687.0	10 305.8	10 767.9	8.93%	+ 462.1
FR	20 464.0	19 723.1	19 678.3	16.32%	- 44.8
IT	16 317.6	15 745.6	15 583.8	12.93%	- 161.9
CY	198.5	192.2	189.9	0.16%	- 2.3
LV	178.3	172.1	178.6	0.15%	+ 6.4
LT	307.7	297.8	296.3	0.25%	- 1.5
LU	289.9	279.4	300.2	0.25%	+ 20.9
HU	1 037.1	1 001.3	970.2	0.80%	- 31.1
MT	65.0	62.9	66.4	0.06%	+ 3.5
NL	6 310.1	6 091.7	5 892.4	4.89%	- 199.3
AT	2 676.6	2 572.3	2 558.1	2.12%	- 14.2
PL	3 893.8	3 760.5	3 704.9	3.07%	- 55.6
PT	1 684.3	1 625.2	1 625.9	1.35%	+ 0.8
RO	1 313.6	1 267.3	1 196.5	0.99%	- 70.7
SI	417.3	404.4	398.6	0.33%	- 5.8
SK	725.5	700.6	700.5	0.58%	- 0.1
FI	1 846.0	1 779.7	1 851.9	1.54%	+ 72.2
SE	3 132.7	3 005.8	3 299.7	2.74%	+ 293.9
UK	15 681.1	15 041.9	14 620.3	12.13%	- 421.6
EU	125 105.8	120 566.4	120 566.4	100.00%	+ 0

3.2. Revision of the forecast of TOR, VAT and GNI bases

According to established practice the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts, adopted at a meeting of the Advisory Committee on Own Resources (ACOR).

The revision concerns the forecast of Traditional Own Resources (TOR) to be paid to the budget in 2011 as well as the forecast of the 2011 Value Added Tax (VAT) and Gross National Income (GNI) bases. The forecast in the 2011 Budget (and in AB 1/2011 to DAB 3/2011) was established at the 148th ACOR meeting on 18 May 2010. The revised forecast taken into account in the present DAB 4/2011 was adopted at the 151st ACOR meeting on 17 May 2011. The use of an updated forecast of own resources improves the accuracy of the payments that Member States are asked to make during the budgetary year and reduces the unavoidable forecasting errors from the previous year.

As compared to the forecast agreed in May 2010, the forecast agreed in May 2011 has been revised as follows:

- The total forecast of 2011 net sugar sector levies has not changed and remains EUR 123,4 million (after deduction of 25 % in collection costs).
- Total 2011 net customs duties (including duties on agricultural products) are now forecast at EUR 17 743,6 million (after deduction of 25 % in collection costs), which represents an increase by + 6,5 % relative to the May 2010 forecast of EUR 16 653,7 million. The main reason for this increase is higher forecast of 2011 extra-EU imports of goods. The forecast was made on a

Member State basis, using forecast growth rates of extra-EU imports as published in the spring 2011 economic forecasts on 13 May 2011.

- The total 2011 EU uncapped VAT base is now forecast at EUR 5 607 441,1 million, which represents an increase of + 1,5 % as compared to the May 2010 forecast of EUR 5 526 424,7 million. The total 2011 EU capped VAT base⁸ is forecast at EUR 5 589 006,65 million, which represents an increase of + 2,2 % as compared to the May 2010 forecast of EUR 5 468 082,0 million.
- The total 2011 EU GNI base is forecast at EUR 12 685 612,2 million, which represents an increase of + 1,1 % as compared to the May 2010 forecast of EUR 12 541 643,0 million.

The exchange rates of 31 December 2010 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the ten Member States that are not members of the euro zone). This avoids distortions since it is this rate which is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10(3) of Council Regulation No 1150/2000).

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2011, as adopted at the 151st ACOR meeting on 17 May 2011, are set out in the following table (rounded figures):

Revised forecasts of TOR, VAT and GNI bases for 2011 (in million EUR)

	Sugar levies (75%)	Customs duties (75%)	Uncapped VAT bases	GNI bases	Capped VAT bases⁹
BE	6.6	1 617.0	162 758.7	369 864.3	162 758.70
BG	0.4	48.7	16 901.3	37 000.7	16 901.30
CZ	3.4	205.0	65 287.7	139 185.4	65 287.70
DK	3.4	321.5	96 376.9	245 802.6	96 376.90
DE	26.3	3 570.0	1 102 615.5	2 611 964.0	1 102 615.50
EE	0.0	21.2	7 199.3	14 674.2	7 199.30
IE	0.0	188.8	64 908.9	126 696.9	63 348.45
EL	1.4	206.8	101 946.0	217 589.0	101 946.00
ES	4.7	1 268.0	525 823.5	1 054 267.2	525 823.50
FR	30.9	1 555.2	932 442.7	2 033 164.9	932 442.70
IT	4.7	2 030.7	575 906.1	1 575 388.4	575 906.10
CY	0.0	28.1	14 706.3	17 932.0	8 966.00
LV	0.0	19.6	6 156.3	18 660.4	6 156.30
LT	0.8	41.5	11 814.8	29 031.4	11 814.80
LU	0.0	14.7	21 793.5	31 651.8	15 825.90
HU	2.0	104.6	42 192.0	97 845.4	42 192.00
MT	0.0	11.3	4 413.6	6 099.3	3 049.65
NL	7.3	1 908.3	276 721.0	612 179.4	276 721.00
AT	3.2	172.0	131 572.6	292 712.0	131 572.60
PL	12.8	357.1	181 001.6	368 999.5	181 001.60
PT	0.2	138.2	86 011.3	164 480.5	82 240.25
RO	1.0	110.6	46 041.0	124 809.5	46 041.00
SI	0.0	71.4	18 124.1	36 186.0	18 093.00
SK	1.4	113.5	21 459.6	68 711.9	21 459.60
FI	0.8	152.0	83 995.2	192 974.4	83 995.20
SE	2.6	489.5	167 499.1	393 286.8	167 499.10
UK	9.5	2 978.3	841 772.5	1 804 454.3	841 772.50
EU	123.4	17 743.6	5 607 441.1	12 685 612.2	5 589 006.65

⁸ In accordance with Council Decision No 2007/436, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at these 50 %. For DAB 4/2011, six Member States will have their VAT base capped at 50 % of GNI: Ireland, Cyprus, Luxembourg, Malta, Portugal and Slovenia.

⁹ The amounts highlighted in grey result from the capped VAT bases, as explained in footnote 8 above.

3.3. 2006, 2007 and 2010 UK correction

3.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns three years: 2006, 2007 and 2010. As the UK correction of a certain year is to be financed in the following year, all 27 Member States participate in the financing of all three UK corrections, including the 2006 UK correction.

The 2006 UK correction is subject to the rules of Council Decision (EC, Euratom) No 2000/597 and its accompanying working document, the 2000 Calculation method¹⁰. The re-budgeting of the 2006 UK correction definitive amount in DAB 4/2011 follows the detection of the error by the European Court of Auditors and serves exclusively to the purpose of the correction of the error.

The 2007 and 2010 UK corrections are subject to the rules of Council Decision (EC, Euratom) No 2007/436 and its accompanying working document, the 2007 Calculation Method¹¹. Pursuant to the rules of this Decision, the net TOR “windfall gains” of the UK resulting from the increase as from 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by:

- pre-accession expenditure (PAE) paid under appropriations for payments relating to the year preceding the enlargement. The same adjustment for PAE will be followed at the occasion of each future enlargement of the Union but it will cease to apply as from the correction to be budgeted for the first time in 2014;
- for the 2010 UK correction, 100 % of total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as that part of the rural development expenditure originating from the EAGGF, Guarantee section. This reduction is to be phased-in progressively (20 % for 2008 correction budgeted in 2009, 70 % for 2009 correction budgeted in 2010 and 100 % as from 2010 correction budgeted in 2011).

Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK.

The difference between the amount of the 2006 UK correction (*corrected definitive amount*) and the amount previously budgeted (in 2010) is entered under chapter 35 of DAB 4/2011.

The difference between the *definitive amount* of the 2007 UK correction and the amount previously budgeted (*1st update* in AB 3/2009) is entered under chapter 35 of DAB 4/2011.

¹⁰ Council Decision n° 2000/597 of 29 September 2000 on the system of the EU own resources, available on: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:253:0042:0046:EN:PDF>. Commission working document of 21 September 2000 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in accordance with Articles 4 and 5 of Council Decision [2000/597] on the system of the EU own resources" referred as the 2000 Calculation Method and available on: http://ec.europa.eu/budget/biblio/documents/financing/financing_en.cfm#dec_rp.

¹¹ Council Decision n° 2007/436 of 7 June 2007 on the system of the EU own resources, available on: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:163:0017:0021:EN:PDF> and Commission working document of 23 May 2007 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in accordance with Articles 4 and 5 of Council Decision [2007/436] on the system of the EU own resources" referred as the 2007 Calculation Method and available on: http://ec.europa.eu/budget/library/biblio/documents/financing/calc_own_res_2007_en.pdf.

The amount of the *1st update* of the 2010 UK correction is entered under chapter 15 of the DAB 4/2011, as a replacement of the *provisional amount* of the 2010 UK correction entered under chapter 15 of the Budget 2011.

3.3.2 Calculation of the corrections

In the present DAB, the calculation and financing of the *1st update* of the 2010 UK correction, the *definitive amount* of the 2007 UK correction as well as of the *corrected definitive amount* of the 2006 UK correction are entered.

As far as the 2008 and 2009 UK corrections are concerned, the Commission shall (according to the *2007 Calculation Method*) propose to budget an update if they differ significantly from the corresponding previously budgeted calculation. According to the Commission's current calculations, neither the amount of the 2008 UK correction nor the amount of the 2009 correction differ significantly from the *2nd update* of the 2008 UK correction entered in AB 4/2010 or the *1st update* of the 2009 correction entered in AB 4/2010. Consequently, the updates are not proposed for budgeting in the present DAB 4/2011.

3.3.2.1 2010 UK correction

The following table summarises the changes between the *provisional amount* of the 2010 UK correction entered in Budget 2011 and the *1st update* of the 2010 UK correction to be entered in DAB 4/2011.

2010 UK correction		2010 UK correction PROVISIONAL Budget 2011	2010 UK correction 1st UPDATE DAB 4/2011	Difference
(1)	UK share of uncapped VAT base	15.3816%	15.0995%	- 0.2820%
(2)	UK share of enlargement-adjusted total allocated expenditure	8.1222%	7.7390%	- 0.3832%
(3)	= (1) - (2)	7.2593%	7.3605%	+ 0.1012%
(4)	Total allocated expenditure	112 118 871 234	111 581 136 089	- 537 735 145
(5)	Enlargement-related expenditure = (5a) + (5b)	25 444 654 082	23 885 731 392	- 1 558 922 690
(5a)	Pre-accession expenditure	2 981 845 806	2 978 639 088	- 3 206 718
(5b)	Expenditure related to Art 4(1)(g)	22 462 808 276	20 907 092 304	- 1 555 715 973
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	86 674 217 152	87 695 404 697	+ 1 021 187 545
(7)	UK correction original amount = (3) x (6) x 0.66	4 152 698 471	4 260 193 166	+ 107 494 695
(8)	UK advantage	1 046 923 607	388 810 830	- 658 112 777
(9)	Core UK correction = (7) - (8)	3 105 774 864	3 871 382 336	+ 765 607 472
(10)	TOR windfall gains	26 548 215	29 810 676	+ 3 262 461
(11)	UK correction = (9) - (10)	3 079 226 649	3 841 571 660	+ 762 345 011

The *1st update* of the 2010 UK correction is EUR 762,3 million higher as compared to the *provisional amount* of the 2010 UK correction entered in Budget 2011.

For the 2010 UK correction the difference in the original amount of the UK correction between Own Resources Decision (ORD) 2000 and ORD 2007 is EUR 1 918,1 million in 2004 prices and EUR 2 083,5 million in current prices.

3.3.2.2 2007 UK correction

The following table summarises the changes between the *1st update* of the 2007 UK correction entered in AB 3/2009 and the *definitive amount* of the 2007 UK correction to be entered in DAB 4/2011.

2007 UK correction		2007 UK correction 1 st update AB 3/2009	2007 UK correction Definitive amount DAB 4/2011	Difference
(1)	UK share of uncapped VAT base	17.3696%	17.4496%	+ 0.0800%
(2)	UK share of enlargement-adjusted total allocated expenditure	7.2340%	7.2384%	+ 0.0044%
(3)	= (1) - (2)	10.1356%	10.2111%	- 0.0756%
(4)	Total allocated expenditure	105 334 416 783	105 275 791 730	- 58 625 053
(5)	Enlargement-related expenditure = (5a) + (5b)	2 930 184 072	2 930 808 042	+ 623 970
(5a)	Pre-accession expenditure	2 930 184 072	2 930 808 042	+ 623 970
(5b)	Expenditure related to Art 4(1)(g)	0	0	+ 0
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	102 404 232 710	102 344 983 688	- 59 249 022
(7)	UK correction original amount = (3) x (6) x 0.66	6 850 293 993	6 897 392 491	+ 47 098 498
(8)	UK advantage	- 25 569 599	67 188 488	+ 92 758 086
(9)	Core UK correction = (7) - (8)	6 875 863 592	6 830 204 004	- 45 659 588
(10)	TOR windfall gains	- 44 329 991	- 46 980 802	- 2 650 811
(11)	UK correction = (9) - (10)	6 920 193 583	6 877 184 806	- 43 008 777

The *definitive amount* of the 2007 UK correction is EUR 43,0 million lower as compared to the *1st update* of the 2007 UK correction entered in AB 3/2009.

For the 2007 UK correction there is no difference in original amount of the UK correction between ORD 2000 and ORD 2007.

3.3.2.3 2006 UK correction

The table hereafter summarises the changes between the *definitive amount* of the 2006 UK correction entered in AB 4/2010 and the *corrected definitive amount* of the 2006 UK correction to be entered in DAB 4/2011.

2006 UK correction		ORIGINAL DEFINITIVE AMOUNT AB 4/2010	CORRECTED DEFINITIVE AMOUNT DAB 4/2011	Difference
(1)	UK share of uncapped VAT base	17.2771%	17.2771%	0.0%
(2)	UK share of PAE-adjusted total allocated expenditure	8.6928%	8.6928%	0.0%
(3)	= (1) - (2)	8.5843%	8.5843%	0.0%
(4)	Total allocated expenditure	97 195 051 529	97 195 051 529	0.0%
(5)	Pre-accession expenditure (PAE)	1 837 296 087	1 837 296 087	0.0%
(6)	PAE-adjusted total allocated expenditure = (4) - (5)	95 357 755 442	95 357 755 442	0.0%
(7)	UK correction original amount = (3) x (6) x 0.66	5 402 613 496	5 402 613 496	0.0%
(8)	UK advantage	26 640 660	215 286 076	+ 188 645 416
(9)	Core UK correction = (7) - (8)	5 375 972 836	5 187 327 420	- 188 645 416
(10)	TOR windfall gains	- 9 196 589	- 9 196 589	+ 0
(11)	UK correction = (9) - (10)	5 385 169 425	5 196 524 008	- 188 645 417

The *corrected definitive amount* of the 2006 UK correction is EUR 188,6 million lower as compared to the *original definitive amount* of the 2006 UK correction entered in the AB 4/2010. The difference is due to the increase in the so-called “UK advantage” which decreases the 2006 UK correction by EUR 188,6 million.

3.3.2.4 EUR 10,5 billion ceiling

According to article 4(2) of Decision 2007/436, during the period 2007-2013 the additional contribution of the United Kingdom resulting from the reduction of allocated expenditure by the expenditure related to enlargement as referred to in paragraph (1)(g) of ORD 2007 shall not exceed EUR 10,5 billion, measured in 2004 prices. The cumulative effect of 2007 to 2010 is EUR 3 469,6 million in 2004 prices and EUR 3 735,2 million in current prices.

2007-2012 UK corrections Difference in original amount in reference to EUR 10,5 billion threshold (ORD 2007 vs. ORD 2000), in EUR		Difference in current prices	Difference in constant 2004 prices
(A)	2007 UK correction	0	0
(B)	2008 UK correction	- 301 636 064	- 279 914 923
(C)	2009 UK correction	- 1 350 053 160	- 1 271 666 250
(D)	2010 UK correction	- 2 083 537 505	-1 918 060 737
(E)	2011 UK correction	n/a	n/a
(F)	2012 UK correction	n/a	n/a
(G)	Sum of differences = (A) + (B) + (C) + (D) + (E) + (F)	-3 735 226 728	-3 469 641 910

3.3.3 *Entry in the DAB 4/2011 of the 1st update of the 2010 UK correction, definitive amount of the 2007 UK correction and of the corrected definitive amount of the 2006 UK correction*

3.3.3.1 2010 UK correction (chapter 15)

The amount of the UK correction to be budgeted in chapter 15 of the present DAB 4/2011 is the amount of the 1st update of the 2010 UK correction (i.e. EUR 3 841 571 660, replacing the EUR 3 079 226 649 entered in Budget 2011).

This amount is to be financed along the revised 2011 GNI bases of the present DAB 4/2011. The budgeting of this amount in chapter 15 is summarised below:

2010 UK correction — Chapter 15			
BE	185 512 958	LU	15 875 604
BG	18 558 453	HU	49 076 349
CZ	69 811 267	MT	3 059 228
DK	123 287 291	NL	54 032 187
DE	230 537 205	AT	25 835 351
EE	7 360 143	PL	185 079 200
IE	63 547 406	PT	82 498 538
EL	109 136 186	RO	62 600 742
ES	528 789 146	SI	18 149 824
FR	1 019 775 186	SK	34 463 850
IT	790 168 077	FI	96 790 233
CY	8 994 159	SE	34 712 285
LV	9 359 503	UK	-3 841 571 660
LT	14 561 289	Total	0

3.3.3.2 2007 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB 4/2011 is the difference between the *definitive amount* of the 2007 UK correction (i.e. EUR 6 877 184 806) and the 1st update of the 2007 UK correction (i.e. EUR 6 920 193 583 entered in AB 3/2009), amounting to EUR 43 008 777.

This amount is to be financed along the revised 2008 GNI bases as known at the end of 2010. The budgeting of this amount in chapter 35 is summarised below:

2007 UK correction — Chapter 35			
BE	706 907	LU	- 114 511
BG	535 312	HU	757 788
CZ	6 744 356	MT	11 085
DK	- 5 289 141	NL	- 683 089
DE	- 870 891	AT	- 640 297
EE	- 989 889	PL	14 123 243
IE	- 6 610 915	PT	3 156 918
EL	- 10 394 252	RO	7 742 255
ES	- 14 463 921	SI	657 143
FR	- 4 098 541	SK	3 867 642
IT	- 32 446 645	FI	- 4 997 969
CY	- 71 604	SE	98 758
LV	153 180	UK	43 008 777
LT	108 301	Total	0

3.3.3.3 2006 UK correction (chapter 35)

The financing of the *definitive amount* of the 2006 UK correction is entered in chapter 35 of the present DAB 4/2011 along the 2007 GNI (and VAT) bases as known at the end of 2009. The amount budgeted in chapter 35 is the adjustment as regards the **direct effect**, i.e. the difference between what each Member State should pay for the *corrected definitive amount* of the 2006 UK correction (along the 2007 GNI bases as known at the end of 2009) and the corresponding amounts previously budgeted (i.e. the payments for the financing of the *original definitive amount* of the 2006 UK correction budgeted in AB 4/2010).

The financing of the *definitive amount* of the 2006 UK correction in chapter 35 of the present DAB 4/2011 is summarised below:

	Definitive amount original (AB 4/2010)	Definitive amount corrected (DAB 4/2011)	Adjustment
	(1)	(2)	(3) = (1) - (2)
BE	241 184 882	249 940 431	- 8 755 549
BG	20 426 369	21 167 891	- 741 523
CZ	84 654 955	87 728 118	- 3 073 164
DK	163 314 875	169 243 569	- 5 928 694
DE	313 411 406	324 788 939	- 11 377 531
EE	10 339 370	10 714 712	- 375 342
IE	115 782 218	119 985 370	- 4 203 153
EL	156 742 102	162 432 190	- 5 690 088
ES	733 624 955	760 257 178	- 26 632 223
FR	1 370 758 150	1 420 519 729	- 49 761 580
IT	1 096 805 597	1 136 622 087	- 39 816 491
CY	10 852 664	11 246 640	- 393 976
LV	14 663 035	15 195 336	- 532 301
LT	19 717 989	20 433 796	- 715 807
LU	21 248 161	22 019 517	- 771 356
HU	66 833 175	69 259 368	- 2 426 193
MT	3 781 371	3 918 643	- 137 272
NL	72 641 676	75 278 731	- 2 637 055
AT	33 562 428	34 780 819	- 1 218 391
PL	213 950 477	221 717 357	- 7 766 880
PT	111 724 689	115 780 545	- 4 055 856
RO	86 436 633	89 574 476	- 3 137 843

	Definitive amount original (AB 4/2010)	Definitive amount corrected (DAB 4/2011)	Adjustment
	(1)	(2)	(3) = (1) - (2)
SI	24 182 613	25 060 496	- 877 883
SK	38 099 327	39 482 418	- 1 383 091
FI	128 728 988	133 402 138	- 4 673 150
SE	43 055 905	44 618 930	- 1 563 025
UK	- 5 196 524 008	- 5 385 169 425	+ 188 645 417
Total	0	0	0

3.4 Revision of the financing of the gross reductions in GNI payments of Sweden and the Netherlands in 2011

The gross reductions in the GNI payments of the Netherlands and Sweden for 2011 were established in Budget 2011. The amounts were adjusted to current prices by applying the GDP deflator for the EU expressed in Euro, as provided by the Commission in the 2010 Spring Economic Forecast, i.e. which was available when the draft budget 2011 was drawn up. The gross amounts are EUR 665,0 million for the Netherlands and EUR 164,9 million for Sweden and they do not and will not change.¹²

The reductions are to be financed by all Member States according to the shares in GNI. The financing is therefore modified according to the update of the GNI bases for 2011 as agreed during the 151st ACOR Forecast meeting on 17 May 2011.

The following table provides an overview of the financing of the gross reductions for 2011:

Reductions in 2011 GNI payments of the Netherlands and Sweden			
BE	24 197 489	LU	2 070 743
BG	2 420 682	HU	6 401 302
CZ	9 105 873	MT	399 032
DK	16 081 048	NL	- 624 989 585
DE	170 881 511	AT	19 149 984
EE	960 025	PL	24 140 912
IE	8 288 842	PT	10 760 744
EL	14 235 241	RO	8 165 364
ES	68 972 916	SI	2 367 383
FR	133 014 961	SK	4 495 312
IT	103 066 026	FI	12 624 890
CY	1 173 158	SE	- 139 156 091
LV	1 220 812	UK	118 052 116
LT	1 899 310	Total	0

¹² According to Article 2(5) of Council Decision 2007/436/EC, Euratom the amounts are adjusted to the current prices by applying the most recent GDP deflator for the EU expressed in euro, as provided by the Commission, which is available when the preliminary draft budget is drawn up.

4. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	2011 Financial framework		Budget 2011 (incl. AB 1 and DAB 2 to 3/2011)		DAB 4/2011		Budget 2011 (incl. AB 1 and DAB 2 to 4/2011)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	12 987 000 000		13 520 566 270	11 608 256 151		-43 922 500	13 520 566 270	11 564 333 651
1b. Cohesion for growth and employment	50 987 000 000		50 980 593 784	41 652 094 626			50 980 593 784	41 652 094 626
Total Margin¹³	63 974 000 000		64 501 160 054 -27 160 054	53 260 350 777		-43 922 500	64 501 160 054 -27 160 054	53 216 428 277
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	47 617 000 000		42 891 201 900	42 788 499 841			42 891 201 900	42 788 499 841
Total Margin	59 688 000 000		58 659 248 389 1 028 751 611	56 378 918 184			58 659 248 389 1 028 751 611	56 378 918 184
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	1 206 000 000		1 138 954 740	813 277 345	41 075 523	43 922 500	1 180 030 263	857 199 845
3b. Citizenship	683 000 000		879 831 486	664 340 576			879 831 486	664 340 576
Total Margin¹⁴	1 889 000 000		2 018 786 226 67 148 260	1 477 617 921	41 075 523	43 922 500	2 059 861 749 26 072 737	1 521 540 421
4. EU AS A GLOBAL PLAYER¹⁵	8 430 000 000		8 759 300 431 -70 439 377	7 238 702 591			8 759 300 431 -70 439 377	7 238 702 591
5. ADMINISTRATION¹⁶	8 144 000 000		8 172 839 289 53 160 711	8 171 544 289			8 172 839 289 53 160 711	8 171 544 289
TOTAL Margin	142 125 000 000	133 440 000 000	142 111 334 389 1 156 461 151	126 527 133 762 7 934 866 238	41 075 523		142 152 409 912 1 115 385 628	126 527 133 762 7 934 866 238

¹³ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million). EUR 34 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

¹⁴ 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)

¹⁵ The 2011 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 253,9 million). EUR 71 million above the ceiling is financed by the mobilisation of the Flexibility Instrument.

¹⁶ 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 82 million for the staff contributions to the pension scheme.