



**COUNCIL OF
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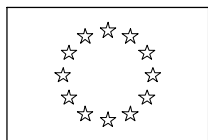
COVER NOTE

from:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	13 July 2010
to:	Mr Pierre de BOISSIEU, Secretary-General of the Council of the European Union

Subject:	Draft amending budget No. 7 to the general budget 2010 - Statement of expenditure by Section - Section IIII - Commission
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Delegations will find attached Commission document COM(2010) 383 final.

Encl.: COM(2010) 383 final



EUROPEAN COMMISSION

Brussels, 12.7.2010
COM(2010)383 final

**DRAFT AMENDING BUDGET N° 7
TO THE GENERAL BUDGET 2010**

**STATEMENT OF EXPENDITURE BY SECTION
Section III - Commission**

DRAFT AMENDING BUDGET N° 7 TO THE GENERAL BUDGET 2010

STATEMENT OF EXPENDITURE BY SECTION Section III - Commission

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 2010 adopted on 17 December 2009²,
- the amending budget 1/2010 adopted on 19 May 2010,
- the amending budget 2/2010 adopted on 16 June 2010,
- the draft amending budgets No 2/2010³, 3/2010⁴, 5/2010⁵, and 6/2010⁶.

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 7 to the 2010 budget.

¹ OJ L 248, 16.9.2002, p. 1.
² OJ L 64, 12.3.2010.
³ COM(2010) 108
⁴ COM(2010) 149
⁵ COM(2010) 169
⁶ COM(2010) 315

CHANGES TO THE GENERAL STATEMENT OF REVENUE

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.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

Draft Amending Budget (DAB) No 7 for the year 2010 covers the creation of a new budget item 01 04 01 03 for the guarantee provided by the European Union in accordance with the provisions of Article 122(2) of the Treaty on the Functioning of the European Union (TFEU) and, correspondingly, a new article 802 on the revenue side. A token entry (p.m.) is proposed for commitment and payment appropriations as well as revenue at this time. If necessary, the Commission will propose to make available the appropriations needed by means of a transfer or an amending budget.

DAB 7/2010 has no financial consequences.

2. FINANCIAL STABILITY

On 9th May 2010, the Council decided on a comprehensive package of measures to preserve financial stability in Europe, including a European Financial Stabilisation mechanism based on Article 122(2) of the TFEU. This Article foresees financial support for Member States in difficulties caused by exceptional circumstances beyond Member States' control.

The mechanism will operate without prejudice to the existing facility providing medium term financial assistance for non euro area Member States' balance of payments.

To grant this financial assistance the Commission will borrow on the capital markets or with financial institutions on behalf of the European Union. In order to honour its obligations should the debtors default, the Commission may draw on its cash resources to service the debt provisionally. Article 12 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 implementing Decision 2000/597/EC, Euratom on the system of the Communities' own resources shall apply. Subsequently, it may be necessary to budget the operation.

Reimbursements after an initial default or any other revenue arising from the exercise of rights in connection with the guarantee may also need to be budgeted as revenue.

It is therefore proposed to create a new budget item on the expenditure side and a corresponding new budget article on the revenue side as the budget structure for the guarantee provided by the European Union.

As it is of use for budgetary items linked to lending operations without a specific guarantee fund, the new item 01 04 01 03 and new article 8 0 2 will receive a token entry (p.m.). If necessary, the Commission will propose to make available the appropriations needed by means of a transfer or an amending budget.