2008 budget: section III, Commission

2007/2019(BUD) - 26/11/2007 - Amending/supplementary letter on draft budget

On 29 October 2007, the Commission forwarded to the Council Letter of Amendment No. 2 to the 2008 Preliminary Draft Budget.

In accordance with the provisions of the Interinstitutional Agreement of 17 May 2006, the Commission has made a new estimate of agricultural expenditure as compared with the 2008 Preliminary Draft Budget (PDB). The new estimates drawn up by the Commission take account of the situation on the various agricultural markets as well as any legislative decisions adopted in the agricultural sector since the PDB was drawn up. They also take account of the impact of updating the euro/dollar exchange rate recorded during the third quarter, which goes up from 1.31 in the PDB to 1.37 (EUR 1 = USD 1.37) and has the effect of increasing needs by about EUR 17 million compared to the PDB.

The new assessment leads to lower overall needs than estimated in the 2008 PDB (-EUR 970 million in c /a and -EUR 1 331 million in p/a). The savings result mainly from decreased needs in the sectors of interventions in agricultural markets (-EUR 971 million) and direct aids (-EUR 381 million). Favourable prospects for most agricultural markets explain this decrease in appropriations, in particular for fruit and vegetables (-EUR 597 million), cereals (-EUR 288 million) and milk and milk products (-EUR 239 million).

However, these savings have been partly offset by increased needs for other sectors, notably rural development (+EUR 362 million in commitment appropriations only, due to the UK voluntary modulation), sugar (+EUR 135 million), products of the wine-growing sector (+EUR 35 million), settlements of disputes (+EUR 21 million), pig meat, eggs and poultry, bee-keeping and other animal products (+EUR 9 million), POSEI (+EUR 7 million) and beef and veal (+EUR 4 million).

In addition, the Letter of Amendment proposes to reduce the reserve line for International Fisheries Agreements by EUR 700 000 and to increase the corresponding operational line by the same amount. The modification relates to compensation payments for additional catches that have been revised upwards for the Agreement with Greenland (+EUR 1.5 million) and downwards for the Agreement with Guinea-Conakry (-EUR 800 000).

The net overall financial impact of this transaction is zero.

Finally, the Letter of Amendment proposes changes in the nomenclature covering the Sugar Restructuring Fund and the Clearance with regard to the temporary restructuring fund - assigned revenue, as well as the budgetary remarks concerning different items.

On 26 November 2007, the Council established Letter of Amendment No. 2 to the Draft Budget for the financial year 2008 as fully proposed by the Commission and as set out in the technical annex to Council document (*Council doc. 15716/07*).