2009 budget: Section III, Commission

2008/2026(BUD) - 28/10/2008 - Document attached to the procedure

PURPOSE: presentation of amending letter No 2 to the preliminary draft budget 2009.

CONTENT: this ad hoc amending letter (AL No 2/2009) to the preliminary draft budget 2009, concerns the **update of the estimated needs for agricultural expenditure for 2009**.

To recall, the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management provides that, "if it considers it necessary, the Commission may present to the two arms of the budgetary authority an ad hoc letter of amendment to update the figures underlying the estimate of agricultural expenditure in the preliminary draft budget (PDB) and/or to correct, on the basis of the most recent information available concerning fisheries agreements in force on 1 January of the financial year concerned, the amounts and their breakdown between the appropriations entered in the operational items for international fisheries agreements and those entered in reserve." This letter of amendment must be sent to the budgetary authority by the end of October.

This ad hoc amending letter (AL No 2/2009) to the preliminary draft budget 2009 contains a careful, line by line update of the estimated needs for agricultural expenditure. In addition to changing market factors, the AL also incorporates legislative decisions adopted in the agricultural sector since the PDB was drawn up, revised estimates of needs for some direct payments, as well as any proposals, which are expected to have effect during the coming budget year. The AL is based, in the same way as the PDB itself, on the needs of the Community as a whole.

As far as the market measures are concerned, no breakdown of the appropriations between Member States is available. In addition, it must be stressed that these appropriations are to be understood as a forecast and not as an objective of expenditure. The **actual expenditure will depend**, in particular, **on actual market conditions, on the actual euro-dollar exchange rate, and on the rhythm of the payments by Member States**. Since this is compulsory expenditure, whatever the amount a Member State is obliged to pay in accordance with the regulations – within the limits set by the financial framework - will be reimbursed in full.

For clarification and transparency purposes, some budgetary comments have been updated.

Conclusions: according to the present Amending Letter, overall appropriations for Heading 2 are estimated at EUR 56 495.5 million, leaving a margin of EUR 3 143.5 million in commitment appropriations below the corresponding ceiling of the Financial Framework. The commitment appropriations for agricultural expenditure (including veterinary and fisheries expenditure financed under EAGF) amount to EUR 41 579.9 million, a r**eduction of EUR 1 280.4 million compared to the PDB 2009**.

As far as the international fisheries agreements are concerned, no change is foreseen.

This amending letter also proposes the creation of new budget lines for the "Food Facility" (rapid response to food price increases in developing countries) in 2009, pending the adoption of the legal base.

It also takes into consideration the Commission’s current revision of the 2009 budgetary needs for the eradication of bluetongue disease, at the request of many Member States. After analysis of past execution and assessment of the situation, the Commission will in early 2009 make the necessary proposals for adjusting the 2009 budget with an additional amount of approximately EUR 100 million on top of the

amount of EUR 62 million proposed in the PDB 2009, as part of a multi-annual strategy for dealing with this disease in a sustainable way.

The corrections made in the PDB, in conformity with amending letter 2/2009 can be presented as follows:

- **Commitment appropriations: - EUR 1 030 200 000** under heading 2 of the Financial Framework (Preservation and Management of Natural Resources, of which market related expenditure and direct payments);

- **Payment appropriations: - EUR 377 700 000** under the same heading.