# 2001 Budget: section III

1999/2190(BUD) - 11/09/2000

After the meeting with the European Parliament, the Council, having confirmed the results of the preparatory work done by the Permanent Representatives Committee, established the draft budget for the financial year 2001 by a very large majority. The draft budget for 2001 established by the Council provides for: - EUR 95 860 million in commitment appropriations, an increase of 2,7% over the 2000 budget; - EUR 92 499 million in payment appropriations, an increase of 3,5% over the 2000 budget. With a 3,5% growth in p/a in 2001, the draft budget of the Communities is increasing at a much greater rate than those of the Member States, and at a greater rate than predicted for inflation in 2001 (1,8%). That increase reflects the Council's commitment to the financing of the Union's policies. This draft budget constitutes a balanced compromise, in that considered overall, it allows all the Union's policies and priorities to be financed without imposing an excessive burden on the Member States involved in the process of bringing their public expenditure under control; by leaving room for manoeuvre, in particular under the ceilings for heading 3 (Internal policies) and heading 4 (External action), the Council intends to allow the Parliament, which has ultimate competence in regard to non-compulsory expenditure, to make its priorities known without calling those of the Council into question. The salient points of the draft budget established by the Council are : 1. The draft budget makes a priority action on the Balkans possible, with an increase in appropriations of 30% over 2000. The EUR 614 million voted by the Council will make it possible to finance all foreseeable needs, insofar as Serbia is not yet eligible for Community aid (apart from aid for democracy, which represents a smaller sum). The granting of very considerably increased amounts to the Balkans was possible without revision of the financial perspective, which the Council did not accept. It regarded revision as neither desirable nor necessary at the present stage, since the draft budget allows adequate margins in relation to the existing ceilings and at the same time allows significant aid to the Balkans. Moreover, the Council shared the European Parliament's view that the revision as proposed by the Commission in connection with the reduction of agricultural expenditure, could not be contemplated. 2. The financing of the Union's other policy priorities is covered: - appropriations for the common agricultural policy are increased by 6,5%, in order to finance reform of the CAP; - structural actions are stabilised at a high level; - all the programmes adopted jointly by the European Parliament and the Council comply with the jointly-decided programming. 3. The Employment Initiative (COD/2000/0195) is a priority for the Council and for the European Parliament, in the extension of the conclusions of the Feira European Council. The Council awaits the Commission's assessment this autumn so as to be able to seek agreement with the Parliament on financing the Initiative on second reading. 4. Analysis of expenditure by category: - In regard to the CAP (heading 1): the significant growth in agricultural appropriations (+ 6,5%) is a consequence of the Berlin agreements reforming the CAP. However, the Council has reduced the amount of the appropriations for 2001 set in the Commission proposal, because of of the habitual under-utilisation of agricultural expenditure each year. - In regard to Structural operations (heading 2): The draft budget provides for a 2,1% increase in commitment appropriations resulting from the full budgeting of heading 2 of the financial perspective. Payment appropriations have been reduced overall in relation to the 2000 budget. The Council has also effected some rebalancing to the advantage of the Cohesion Fund (+ EUR 360 million to the Cohesion Fund in relation to the PDB, taken from the Structural Funds following the estimated outturns announced by the Member States). - On the matter of internal policies (heading 3): the Council has set a precautionary margin for heading 3 (EUR 208 million) larger than that proposed by the Commission (EUR 137 million). The Council has thus provided for an adequate margin of appropriations with a view to the adoption, by letter of amendment, between now and the second reading of the budget, of thE sums for the priorities shared by the Council and the Parliament, such as the Employment Initiative. Regarding the major multiannual programmes such as the Research and Development Framework Programme (EUR 3.920 million), and Trans-European Networks (EUR 665 million), the Council has kept to the schedules for appropriations agreed with the European Parliament by endorsing the sum in the PDB. - With regard to external action (heading 4): the Council has endorsed all the priorities in respect of third countries and the

Balkans. That aid reflects the need for effective and credible intervention based on an analysis of requirements, the adjustment of aid levels and arrangements to fit those requirements and the spreading of effort between all the bilateral and multilateral donors. The form of aid will move from emergency aid, which is by definition rapidly utilised, to more structural aid, which is generally more complex to commit. Regarding MEDA, the reduction of EUR 150 million in the figure for commitment appropriations in the Commission's requests does not call into question the importance that the Council attaches to this programme, as it still has an accumulation of commitments outstanding representing several implementing years. Improved management of this programme is therefore the Council's main concern. An increase in effective payments under the MEDA programme and the implementation of projects on the ground will depend on such an improvement; - On pre-accession (heading 7) : The pre-accession appropriations under heading 7 of the draft budget have been boosted primarily by the + 10,9% in payment appropriations, reflecting the priority accorded by the Council, and shared by the Parliament and the Commission, to this category of expenditure. However, the Council has readjusted the amount of payment appropriations proposed by the Commission for certain pre-accession instruments (- EUR 300 million under the Commission's preliminarydraft) in order to take account of the significant under-utilisation of these appropriations in 2000.