2002 budget: section III, Commission

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PURPOSE : to present the draft budget for the financial year 2002 (Commission Section) as set out by the Council. CONTENT : the main features of the draft budget are as follows: - appropriations for commitments (c/a): EUR 99.009,10 mio; - appropriations for payments (p/a): EUR 95.598,53 mio. The commitment appropriations increase by 2,1% on the 2001 budget, and payment appropriations increase by 2,0%. Compared with the 2001 budget, there is a 2,0% increase in c/a and a 1,8% increase in p/a for operating appropriations. The rate of increase in non-compulsory expenditure for the 2002 draft budget is 2,3% and 2,1% in p/a. The total payment appropriations provided for in the draft budget correspond to 1,03% of Communtiy GNP. In establishing the draft budget for the financial year 2002, the Council followed a number of guidelines: On a general scale, the draft budget shows due regard for the Interinstitutional Agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure and is in line with the Council conclusion on the budget guidelines for 2002 adopted on 12 March 2001. In this context, particular care was taken to: - comply with the annual expenditure ceilings set by the financial perspective for 2000-2006; - leave, where possible, adequate margins below the ceilings for the various headings, except for headings 2 and 7; - provide adequate funding for the European Union's various priorities. The establishment of the draft budget was, moreover, guided by the following principles: 1) examination of a letter of amendment concerning agricultural expenditure and expenditure arising from international fisheries agreements, in order to take account of the updated estimates of requirements. In this context, it invited the Commission to take due account of the latest developments in the current negotiations on the CMOs in rice and sheepmeat and goatmeet while maintaining an adequate margin below the ceiling of subheading 1a of the financial perspective. Moreover, sufficient margins must be provided in order to deal with the requirements of the BSE and the foot-and mouth disease crisis. To this effect, the Council and the Parliament refused the proposal from the Commission for a reserve of EUR 1 billion and invited it to cover these requirements firstly by using up the appropriations still available in 2001 and secondly by including the appropriations necessary in 2002 in its autumn letter of amendment. With regard to international fisheries agreements, the Council agreed at this stage to keep in reserve the appropriations set aside for the Fisheries Agreement with Morocco and asked the Commission not to use the reserve for purposes other than fisheries agreement. 2) honouring the commitments written into the financial perspective for structural operations; 3) identification of genuine requirements within the budget amounts available for other policies (internal policies and external actions) taking into account the possibilities forutilisation of appropriations and keeping in mind the maintenance of margins below the ceiling for financial perspective headings; 4) controlled growth of administrative expenditure so as to leave an adequate margin under the ceiling of heading 5 of the financial perspective; 5) limited and controlled growth of the volume of payment appropriations, taking into account in particular the capacity for utilisation the likely rate of payments under outstanding commitments and constraints upon national budgets; 6) spending restraint, shared between the compulsory expenditure and non-compulsory expenditure; 7) requests for an estimate of the surplus available for the financial year 2001 to be included in a letter of amendment. More specifically, with regard to the development of operational expenditure of the budget, the Council has decided on the following measures: - in the case of agricultural expenditure (heading 1 of the financial perspective): the Council rejects the reserve proposed by the Commission as a consequence of the BSE and foot and mouth disease crises as well as those relating to the CMOs currently being negotiated (rice and sheepmeat/goatmeat). The Council accepts on the other hand the Commission's preliminary draft budget as regards appropriations for rural develoment (subheading 1b). For structural operations expenditure (heading 2), the Council has accepted a reduction of EUR 375 million in the payment appropriations for Community initiative programmes because of the anticipated delay in their implementation. As for expenditure on internal policies (heading 3 of the financial perspective), the Council accepts the amounts proposed as commitment appropriations for multiannual programmes under the codecision procedure but limits the commitment and payment appropriations for budget headings not based on multiannual programmes and for agencies. In addition,

the Council enters budget appropriations for Eurojust and the SIS II system and sets a new margin of EUR 110 million under the ceiling for heading 3. With regard to external actions (heading 4 of the financial perspective): the Council accepts the appropriations proposed by the Commission for international fisheries agreements. There is also a reduction in payment and commitment appropriations for external action, achieved by small decreases spread over different geographical regions and a limited number of budget headings. The Council also establishes a margin of EUR 100 million, enabling the European Parliament to set its own priorities. Lastly, regarding expenditure on pre-accessioon instruments (heading 7 of the financial perspective): a decrease of EUR 380 million in payment appropriations has been made by the Council.