2004 Budget: section III, Commission

2003/2001(BUD) - 07/03/2003

The Council has adopted the following conclusions on the guidelines for the 2004 EU budget. Firstly, it underlines the fact that the budgetary procedure for 2004 will be marked by two important challenges. Also, that this budget will be the first one adopted in accordance with the provisions of the new Financial Regulation and its establishment will require dealing with a new presentation on the basis of the "Activity Based Budgeting" method. It will also be the first budget that takes fully into account the forthcoming enlargement in the course of the year 2004. The Council underlines the need to respect the Financial Perspective. The Council stresses once again the importance of keeping a tight grip on payment appropriations for 2004, which should reflect a level of budgetary rigour similar to that being applied at national level. The level of payment appropriations entered in the budget should be based on realistic forecasts while being sufficient for fulfilling the different commitments undertaken by the European Union, in particular as regards the European Council of Berlin of March 1999. It should take into account past uptake and the genuine possibilities for future uptake of appropriations, while endeavouring to maintain a reasonable relationship between commitment appropriations and payment appropriations. Therefore, the Council reiterates its request to the Commission to equip itself with suitable instruments for improving its budget forecasts. In this context, it recalls the joint declaration of the European Parliament, the Council and the Commission of 25 November 2002 on the implementation profile for the budget 2003 and the action plan to put an end to abnormal outstanding commitments. The Council regrets the overbudgetising of payments in the budgetary procedure of the last three years, which resulted in a significant surplus each year. The Commission should carry out as soon as possible a preliminary assessment of the 2002 surplus and explore the necessary measures to prevent a significant surplus from recurring. This should be taken into consideration by the Commission when preparing the preliminary draft budget for 2004. The Council stresses the importance of taking into account in an appropriate way the consequences of enlargement. In this context, it underlines the need to facilitate a smooth transition from an European Union of fifteen Member states to an European Union of twenty five Member States. One of the Council's main priorities is the implementation, through the budget for 2004, of the financial conclusions drawn by the European Council of Copenhagen of December 2002 in order to achieve the accession of the ten new countries under the best circumstances. It recalls the need for a swift completion of the technical adjustment of the Financial Perspective to cater for enlargement in accordance with point 25 of the Interinstitutional Agreement of 6 May 1999. In order to facilitate this approach, the Council invites the Commission to present a preliminary draft budget for 2004 including all the financial elements required for having a comprehensive overview of a budget for 2004 covering the needs for twenty five Member States, while ensuring comparability with the 2003 budget. This should be done without prejudice to thefinal procedure to be used for the adoption of the budget for 2004. The Council considers that the excellent spirit of co-operation prevailing in the work of the preparation of the budget during the previous three years, was a key factor in the smooth working of the budgetary procedure and emphasises the importance of continuing the good collaboration between the two arms of the budgetary authority and the Commission, especially on such a crucial budgetary procedure. The Council welcomes the implementation of the new Financial Regulation; in particular as regards the presentation of the budget for 2004 on the basis of the "Activity Based Budgeting" principles (ABB), which will lay the foundation for all budgetary work from now on. It recalls that this budget should also be established in the light of the principles of sound financial management as defined in the new Financial Regulation which foresees inter alia the strengthening of the principle of individual financial management responsibility, and also the setting of objectives and the obligation to provide to the budgetary authority all information as well as the corresponding evaluation results together with the preliminary draft budget. As regards certain specific Headings of the Financial Perspective, the Council identifies the following elements as crucial in preparing the 2004 budget: - the Commission is invited to take into account, in the autumn letter of amendment if necessary, the financial consequences of a possible agreement on the mid-term review of the CAP. As regards the financing of expenditure related to rural development, particular attention should

be given to an accurate level of payment appropriations in 2004; - while fully respecting the commitments undertaken by the European Council of Berlin of March 1999 and in order to avoid an overbudgetising of payment appropriations in the field of Structural Funds, an appropriate level of payment appropriations should be fixed taking into account in particular the consequences in terms of payment appropriations of the closure of the programmes related to the 1994-1999 period and the state of implementation of the programmes related to the 2000-2006 period. The Council calls on the Commission to communicate as soon as possible its forecast of possible decommitments resulting from the closure procedure for programmes related to the 1994-1999 period. It welcomes the work initiated by the Commission on the simplification of the procedures in the field of Structural Funds aiming at facilitating the implementation of the programmes in respecting of the legislation in force. It recalls that the consequences of the reform of the Common Fisheries Policy on Heading 2, adopted in December 2002, should be budgetarily neutral and based on reallocations of appropriations. - as regards Heading 3 (internal policies), sufficient margins should be maintained under this Heading. It highlights the importance of the measures relating to the conclusions of the Lisbon European Council of March 2000. Particular attention should be given to the financing of actions within available resources concerning immigration and external border co-operation and control. Noting the increasing number ofagencies, it considers that the financial consequences should be carefully examined in the context of the budgetary procedure for 2004 on the basis of appropriate information provided to the budgetary authority. - in determining budget allocations under Heading 4 (external action), it underlines the need for setting priorities linked to the evolution of the international context and leaving sufficient margins under this Heading. Particular account should also be taken of the Community's development policy and information on contributions of international bodies. It recalls the conclusions of the Copenhagen European Council of December 2002 on the enlarged Union and its neighbours. It welcomes the increase of the budget allocations concerning the Common Foreign and Security Policy (CFSP) in 2003. It considers that appropriate funding should be allocated in 2004. It recalls the need for the European Union to be able to finance its priorities and all joint actions and stresses in this respect the importance of adequate figures presented by the Commission in its preliminary draft budget. - due to the constraints of Heading 5 (administrative expenditure), institutions are invited to establish rigorous draft estimates using, as much as possible, the redeployment of existing resources in order to leave sufficient margins under this Heading. In this context, the institutions should also be encouraged to strengthen their arrangements for interinstitutional co-operation. Taken together, these measures should result in budgetary savings and efficiency gains. It underlines the fact that the draft estimates presented by the institutions should clearly identify all costs related to the enlargement, in particular in the field of buildings and staff resources. It attaches great importance to the Commission's reform programme, including its financial implications, which should be guided by the principle of budgetary discipline. It furthermore recalls the principle of budgetary neutrality that was retained for the creation of executive agencies and European offices. - on the eve of the forthcoming enlargement, it considers appropriate that an assessment of the implementation of the pre-accession aid financed under Heading 7 and its effectiveness should be made. To this end, the preliminary draft budget for 2004 should be accompanied by information about past implementation of pre-accession aid in each candidate country.