2003 budget: section III, Commission

2002/2004(BUD) - 15/06/2002 - Commission preliminary draft budget

PURPOSE : to present the preliminary draft budget for 2003 (Section III - Commission). CONTENT : the Commission adopted its proposals for the 2003 budget (Preliminary Draft Budget) characterised by a sound balance between financing new tasks and budgetary discipline. At just over EUR 98 billion in payments, the proposed 2,7 % increase for 2003 over 2002 is lower than the announced average increase of the member states' budgets. The proposed 2003 budget stays well under the financial planning ceiling for the EU budget in the Agenda 2000. Compared to this ceiling the proposed budget saves EUR 4,7 billion and accounts for 1,03% of the EU's gross national income. The budget proposals allocate the financial means to the Commission's policy priorities for 2003, the preparation for enlargement, stability and security, and sustainable and inclusive economic development. The main characteristics of the preliminary draft budget 2003 (Volume O of the budgetary document COM(2002)0300) : the rise in payment appropriations has been kept down to 2,7% (or some EUR 98.218 billion). This amount is the result of a rigorous analysis of the volume of 2003 commitments, which will be paid in 2003, and the volume of commitments outstanding from previous years, which will be settled during 2003. The 2003 PDB in payment appropriations represents 1.03% of Community GNI, less than that in the 2002 Budget (1.05%). Payments leave a margin of EUR4.720 billion, thus well below the ceiling set by the financial perspective 2000-2006, decided in the May 1999 interinstitutional agreement (IIA) following the Berlin opean Council of March 1999 (commonly known as 'Agenda 2000'). The overall increase compares with the increase of 2% for 2002, which was considered a successful outcome of the budget negotiations last year. Commitment appropriations - what is foreseen for the legal obligations assumed by the Union budget in 2003 - amount to some EUR 100.006 billion (+1,4% on 2002). This leaves a margin of some EUR 2.308 billion below the ceiling set for 2003 in the financial perspective. 1) Agriculture (heading 1): the 2003 budget (EUR 45.118 billion, +1,9% on 2002) is the fourth consecutive budget covering the needs of the Agenda 2000 reforms. The gradually increasing needs arise both from the increase for rural development subsidies and, mainly, from the switch from a system of price support to a system of income support for sheep and goats. The overall request for agriculture expenditure in 2003 however leaves a margin of a little less than EUR 2.3 billion under the ceiling of the financial perspective. The Commission intends to use the facility offered by the Interinstitutional Agreement to reassess needs in a Letter of Amendment to be brought forward in October 2002. Changes arising from the mid-term review may also need to be incorporated at that time. 2) Structural measures (heading 2): the proposed commitment appropriations for the structural operations respect the updated financial programming. However, the figure slightly exceeds the ceiling due to the specific measure aiming to promote the conversion of vessels and of fishermen that were, up to 1999, dependent on the fishing agreement with Morocco. EUR 27 million is to be included in the budget for this. The use of theflexibility instrument, as provided for under the IIA, is proposed to cover this. Payment appropriations for heading 2 amount to EUR 33 538 million, i. e. an increase of 4.4 % on 2002. As all payments on account have been paid in between 2000 and 2002, the amount foreseen in 2003 covers only two elements. The main part will be devoted to the new programmes, which will increase by 4 % in comparison to 2002. Payments on outstanding commitments from the former period up to 1999 (the RAL) require a significantly higher increase of 8 % over 2002, as the end of March 2003 is the deadline for sending the last payment requests to the Commission for the previous programming period. 3) Internal policies (heading 3): the current proposal foresees a total of EUR 6 714 million in commitment appropriations and EUR 6 131 million in payment appropriations for expenditure on internal policies in the financial year 2003, an increase of 2.4% and a decrease of 0.4% respectively compared with the 2002 budget. It covers actions under all three political priorities identified by the Annual Policy Strategy (APS) for 2003. Preparations for an enlarged Europe are helped by associating the candidate countries with the community programmes before 2004, as well as by specific actions in the area of Trans-European networks, education and culture. This heading also caters for the preparation for enlargement of small and medium-sized enterprises in the regions bordering on the candidate countries. Internal policies contribute to stability and security through funding actions

concerning the opean area of security. Health and consumer protection measures, food security, transport safety and security, financial transactions, and communication networks are funded, as are actions to create an area of freedom and justice. EUR 16 million is foreseen, for example, for the European Food Safety Agency in 2003, and EUR 30 million for Eurojust. It should also be noted that the priority for a sustainable and inclusive economy aims at combining economic development with respect for the environment and social aspects. Not only does it strengthen the measures targeted at environmental protection (notably implementing the Kyoto agreements), but it also promotes the e-Europe initiatives, and launches of the new programmes Customs 2007 and Fiscalis 2007. A reorientation of the European strategy for employment is foreseen, as is the relaunch of the social dialogue, and of certain other policies, such as the Trans-European networks, to take into account the impact of the next enlargement. The largest increase in this heading goes to a new energy programme for Europe (+45%). Internal policies cover the promotion of a knowledge-based society. They include the launch of the sixth framework programme for research and technological development, and the promotion of the information society. More than EUR 4 billion is foreseen for the 6th research and development framework programme in 2003. Measures to stimulate innovation and the entrepreneurial spirit are funded, and the programmes on education and training, in particular encouraging life-long learning and e-learning, find their place here. 4) Aid to non-EU countries (heading 4): the commitment appropriations proposed in the preliminary draft budget for 2003 for external actions amount to EUR 4 912 million. This is an increase of 2.3% compared to the 2002 budget. Thus the margin left beneath this ceiling amounts to EUR 60 million. The overalllevel of payment appropriations proposed is nearly the same as in 2002, and will allow the Commission to carry on its efforts to absorb the outstanding commitments (RAL). As in earlier years this century, the need to foresee funding for new external aid measures is very strong in 2003. The Commission proposes to allocate in 2003 EUR 685 million for the Balkans, EUR 546 million for Asia and EUR 932 million for the Mediterranean region, as examples. The Commission thus continues with its priorities, set with the economic and political stabilisation in the Balkans and is responding to the decisions for the reinforcement of the Barcelona process. Aid for Afghanistan is assured up to the level of the European Union's commitment made in Tokyo in December 2001. In addition, the Commission commits more than ever before from the budget for fighting major diseases affecting many parts of the world. The PDB 2003 proposes an increase of about EUR 55 million for the external health priority, including EUR 35 million proposed for the continuation of the opean Union's contribution to the Global Health Fund. This could again be topped up by a contribution from the EDF. The proposed increase of commitments for the common foreign and security policy gives another clear signal for the priority concerning stability and security. Part of the costs of the common police undertaking in Bosnia should be financed from the EU budget. The preparation for enlargement is the overriding priority in 2003. Key actions fall under heading 7 (pre-accession aid). These include the strengthening of the future Member States' administrative and judicial capacities through the PHARE programme. The PDB proposes a very important increase in payment appropriations for SAPARD and ISPA, aimed at preparing the candidate countries in the areas of agriculture, environment and infrastructure. 5) Administrative expenditure (heading 5): the budget proposals for the European institutions' administrative expenditure amount to EUR 5 447 million (+5.2 % on 2002). Excluding the additional costs related to enlargement, the growth rate (+3,3%) is in line with the growth of the ceiling excluding pensions (+3.44%). Only the costs for the preparations for enlargement led the Commission to exceed this ceiling, fixed in the Interinstitutional Agreement, which did not however take the cost of these preparations into account. The key priority has been to take account of the administrative repercussions of the enlargement. For many departments, additional human resources are needed early in 2003 to help prepare for enlargement. The Commission thus requests appropriations for outside personnel (including from the candidate countries) equivalent to 500 additional posts. As the acquis has to be published in the new languages, special commitment appropriations of EUR11 million have been foreseen for the Official Journal, in addition to the reinforcement for proof-readers and print production agents in the Publications Office. Administrative expenditure thus exceeds the ceiling of heading 5 in 2003 by EUR 66 million. With the Preliminary Draft Budget 2003 the Commission proposes to use the flexibility instrument to cover the additional administrative costs of enlargement preparations for all institutions. Well-established priorities are maintained, such as the need to continue the deconcentration to delegations, as initially scheduled, of management of external aid programmes, and to

include the means for the continuation of the reform process. The creation of the Interinstitutional Recruitment Office has also been foreseen.