Budgetary discipline: mobilisation of the flexibility instrument for the reconstruction of Iraq, 2003-2004

2003/0225(ACI) - 01/10/2003 - Legislative proposal

PURPOSE : to mobilise the flexibility instrument in favour of the rehabilitation and reconstruction of Iraq after the war. PROPOSED ACT : Decision of the European Parliament and of the Council. CONTENT : this proposal aims at mobilising the flexibility instrument in view of the financing of the reconstruction in Iraq for 2004 proposed in the amending letter No 1/2004 (please refer to the budgetary procedure BUD /2003/2001). The European Council of 19 and 20 June 2003 held in Thessaloniki invited the Commission to submit proposals for an EU contribution to the multilateral effort to assist Iraq's transition. In this context, the Commission is proposing to mobilise the flexibility instrument up to EUR 73 951 000. FINANCIAL IMPLICATIONS AND METHOD OF CALCULATION : The Commission has made a realistic assessment of the availability of resources under Heading 4 (External actions). It is therefore proposed that the Community share of the European contribution amounts to EUR 200 million over the 2003-2004 period, with EUR 40 million mobilised in 2003 and EUR 160 million in 2004. This amount is additional to the EUR 100 million that ECHO is implementing in 2003. Since no appropriations have been included in the preliminary draft budget for 2004 concerning the Iraqi reconstruction, the Commission proposes to enter EUR 160 million in commitment appropriations onto a new line (article 19 08 07 "Aid for rehabilitation and reconstruction of Iraq") through the amending letter No 1 to PDB 2004, by mobilising : - the margin of the PDB under Heading 4 amounting to EUR 86 million and - the flexibility instrument up to EUR 74 million above the ceiling of Heading 4. As for the payments, it is estimated that EUR 128 million will be necessary, corresponding to 80% of the credits to be committed in 2004.