Supplementary and amending budget 1/2001: BSE crisis

2001/2025(BUD) - 31/01/2001 - Commission preliminary draft budget

PURPOSE : to present the draft supplementary and amending budget 1/2001 of the European Communities for the 2001 financial year - section III (Commission). CONTENT : in December 2000, the Commission announced that it would present a SAB in early 2001 to cater for the additional costs of the BSE crisis. The Nice European Council noticed that the measures to be proposed by the Commission should be " in strict compliance with the financial perspective". The present is a very urgent and targeted SAB, which cannot therefore include an updating of the agro-economical assumptions for the common agricultural policy. The BSE crisis erupted too late last year to be incorporated into the then ongoing budget procedure. The budget 2001 as adopted leaves a margin of EUR 1 232,3 million below the ceiling provided for heading 1a, which it is now proposed to use. The main items covered by the present proposal include: the additional costs decided in December by the Agriculture Council and related to the destruction scheme for animals older than 30 months (EUR 700 million), market intervention in the beef market (EUR 238 million) and the co-financing of BSE tests (EUR 33 million). This BSE related costs total EUR 971 million. The present SAB also proposes to update the EUR/USD exchange rate with a subsequent reduction of EUR 245 million of the appropriations provided to take into account the smaller gap between EU and world market prices. With these assumption for the year 2001 the biggest reductions are occurring for arable crops (EUR 178 million), followed by much smaller decreases for sugar, textile plants and other plant sectors and products (EUR 22, 24 and 16 million respectively). Some minor adjustments can be operated for Food aid and POSEI. An additional technical element of the present preliminary draft SAB is the proposed modification of a budgetary remark in heading 4: external relations. The remark for B7-541 for the Western Balkans, would be completed in order to allow the reconstruction Agency, currently operating in Kosovo and Serbia to extend its activity to Montenegro and to cover its administrative costs with a maximum of 8% of the overall multiannual amount fixed for the programme. The Commission believes that additional appropriations can be financed by an increase of the surplus available from the 2000 financal year, stemming both from surplus in the revenues and under-implementation of the expenditures, in particular in the area of Structural Funds. The call for own resources will therefore not change.