2002 budget: section III, Commission

2000/2324(BUD) - 12/06/2001 - Commission preliminary draft budget

PURPOSE : to present the preliminary draft budget for the financial year 2002, Commission section. CONTENT: the Commission presents its preliminary draft budget. In a policy strategy debate in February 2001, the Commission set the political framework for the European Union's 2002 preliminary draft budget. The European Parliament and the Council of Ministers also discussed their priorities for 2002 in March/April. This document sets out the Commission·s preliminary draft budget (PDB) for 2002, taking account of the priorities of the institutions. As every year, the evolution of the main budgetary items is largely determined by the financial perspective framework, as well as multiannual legal bases and programming. However, the 2002 PDB is marked by the need to deal with the crises in the agricultural sector, BSE and foot-and-mouth disease and to continue the effort to reform the Commission's management procedures and to prepare for enlargement. Commitment appropriations in the 2002 proposal amount to EUR 100 328 billion, or + 3,5 % with respect to the 2001 budget. This figure can be broken down into an increase of 4,6 % for compulsory expenditure, of which 5,0 % for agriculture, and only 2,6 % for non-compulsory expenditure. Agricultural expenditure shows the highest increases (+ 5,0 % 2002 PDB/2001 budget), especially for market-related expenditure (Heading 1a, + 5,3 %) despite the fact that SAB No 1/2001 already substantially increased the budget voted for 2001 to cater for BSE-related costs. As it is not possible at present to identify precisely the needs for the eradication of foot-and-mouth disease and since there are risks in the beef market as well, it is proposed to budget a reserve of EUR 1 billion, set aside as a provision earmarked for potential additional veterinary and market-related expenditure in the context of foot-and-mouth disease and the beef crisis. The resulting margin is EUR 365 million. For rural development (Heading 1b), it is proposed reach to the ceiling in 2002 (EUR 4,595 billion), as was the case in 2001, which results in an increase of + 2,2 % over 2001 As a result, an additional EUR 2,2 billion is available in 2002 compared to 2001 for agricultural expenditure. The ceiling for expenditure on structural measures (Heading 2) would have increased by only 0,1 %, reflecting the stabilisation of aid intensities and the gradual phasing-out of non-eligible regions as foreseen in the financial perspective. The decision to rebudget funds unused in 2000 taken at the beginning of May increases the ceiling by an amount of EUR 870 million for 2002 and thus increases the change over 2001 to 2,8 %. According to the Interinstitutional Agreement, no margin is left under the ceiling. Proposed expenditure for internal policies (Heading 3) increases above the average for the whole budget (+ 4,1 %). The margin below the ceiling is proposed to be EUR67,967 million, significantly lower than the margin proposed last year in the PDB 2001 (EUR 136 million). However, this margin will allow the pilot projects and preparatory actions to be taken into account. For external actions (heading 4), commitment appropriations are down by 2,1 %. This decrease reflects the fact that the 2001 budget had been increased above the ceiling allowed by the financial perspective by the use of the Flexibility Instrument worth EUR 200 million for the western Balkans. The proposed margin amounts to EUR 47,219 million. It is noteworthy that due to the frontloading achieved in 2000 and 2001 for the western Balkans through the Flexibility Instruments and redeployment, the Commission is able to meet its present needs without a revision of the ceiling of this heading. For Heading 5, Administrative expenditure for all institutions increases by 5 %. This figure includes a very marked 11,3 % increase in pension expenditure (A-1 9), and is based on an increase for the other institutions similar to that of the Commission and compatible with the ceiling of Heading 5. The estimated margin is EUR 30,335 million. This heading will have to be subject in the near future to particularly attentive monitoring, given the expected needs from the Commission's reform, the future of the ESDP as concerns the Council's budget and the preparation for enlargement generally. For Heading 6, reserves, the three instruments add up to the ceiling exactly. The decrease is due to halving the monetary reserve for agriculture as decided in Berlin. For Heading 7, pre-accession aid, Sapard, ISPA and the Phare programme strictly respect the subceiling allowed. Heading 8, appropriations available for accession, is foreseen in the Agenda 2000 financial perspective table for the first time in 2002. However, since no accession is foreseen for that year, this has no impact on the budget, but only on the margin available under the 1,27 % of the GNP ceiling for payment appropriations.