2002 budget: section III, Commission

2000/2324(BUD) - 30/10/2001 - Amending/supplementary letter on draft budget

This document sets out the amending letter No 2 to the preliminary draft budget 2002 (Section III - Commission). Under the Interinstitutional Agreement on budgetary discipline and the improvement of the budgetary procedure signed on 6 May 1999, the Commission presents this letter of amendment in order to update the figures underlying the estimate of agriculture expenditure in the preliminary draft budget and /or to correct, on the basis of the most recent information available. This ad-hoc amending letter for the 2002 budget covers issues such as agriculture expenditure, structural Funds (creation of the necessary structure for the restructuring programme), external actions (update on the international fisheries agreements concluded), a provisional estimation of the budget surplus from the 2001 implementation: 1) agricultural expenditures: the update of the figures proposed in the PDB shows a markedly improved situation Global needs are expected to reduce considerably compared to the PDB. In fact, the agriculture budget benefits from an improving situation in most market, which, sustained by a strong dollar vis-à-vis the euro, leads to significant savings (notably in the arable crops sector, dairy products and sheep meat). The needs to cope with the beef crisis and BSE/FMD eradication are more "modest" than expected. The EUR 1 billion reserve foreseen in the PDB for beef sector and veterinary expenditure is no longer deemed necessary, and this is proposed to be annulled for two reasons: firstly, because the amount of EUR 400 million for FMD is charged to the 2001 budget; secondly, because the situation on the beef market appears to be less dramatic than initially expected; 2) structural funds: this non-renewal of the international fisheries agreement with Morocco affected the European fisheries fleet. It is for this reason that the Commission proposed, at the request of the Council, a specific action programme for restructuring the Community fleet under the structural funds heading of the Financial Perspective. The programme should complement available funding from FIFG and be managed as structural programmes. Unfortunately there was no margin left under the ceiling therefore the present letter of amendment is presented simultaneously with a proposal to mobilise the flexibility instrument foreseen in point 24 of the Interinstitutional Agreement for this amount in order to adapt the ceiling of the Financial Perspectives. It is proposed to create a new title in the 2002 budget. The required funding according to the Commission's proposal currently in discussion would be, for 2002, EUR 197 million in commitment appropriations and EUR 39.4 million in payment appropriations; 3) external actions: as provided in the interinstitutional agreement, the Commission is correcting the breakdown for appropriations for the international fisheries agreements. The reserve for the item B7-8000, international fisheries agreement amounted to EUR 148 367 500 in commitments in the PDB and it is proposed to reduce it by EUR 104 543 500 to EUR 43 824 000. This reduction corresponds to the amounts initially foreseen for agreements with Morocco, Comores, Madagascar, Cape Verde, Guinea Bissau and Mauritania that havebeen initialled during 2001 and either have already been proposed to the Budget Authority. The agreement with Mauritania has been increased by EUR 33 million compared to initial estimates due to, amongst others, the non-renewal with Morocco. The reserve now contains funding for Gabon, Seychelles, Senegal, Republic of Guinea and Angola, which are still under negotiation. Budget line B7-8000 itself amounts to EUR 120 671 000 in the PDB. It is now proposed to increase it to EUR 144 969 000 in commitment appropriations for the new agreements as mentioned above. As a result, around EUR 80 million are made available and are no longer considered necessary for international fisheries agreements. The resulting margin amounts to around EUR 128 million which the Commission proposes to keep at this order of magnitude to cater for future needs already dawning in the area of external aid; 4) a provisional estimation of the budget surplus from the 2001 implementation: besides the familiar components of the traditional letter of amendment and as has been done already last year, the Commission wishes to add one further item relating to the the balance for 2001. The Commission considers that a prudent estimation of the balance of EUR 1 000 million can at this stage be included in the PDB 2002. Contrary to the situation last year, this does not result from a surplus in revenues but form under-implementation in the 2001 budget, expenditure side. This stems mainly from heading 1, agriculture and heading 2, structural funds.