2003 budget: section III, Commission

2002/2004(BUD) - 30/10/2002 - Document attached to the procedure

PURPOSE : to propose the amending letter No 3 to the preliminary draft budget 2003 (Section III-Commission). CONTENT : in accordance with the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure of 6 May 1999, the Commission presents its amending letter to the draft budget 2003 in order to update the agricultural expenditure. This ad-hoc amending letter of the budget 2003 covers issues such as agricultural expenditures; an update on the international fisheries agreement concluded and a provisional estimation of the budget surplus from the 2002 implementation. For subheading 1a (CAP expenditure except for rural development), the new assessment leads to lower needs than estimated in the PDB (- EUR 337.4 million). This saving, however, is the result of sizeable increases in some sectors, countered by reductions in others. The most substantial increase in needs is in the dairy sector, where needs increase by EUR 560 million. In the sugar sector a combination of lower world market prices and the appreciation of the euro against the dollar has led to increased needs. The need for cotton are also increased by the effect of a stronger euro on world prices. On the other hand savings have been recorded in other sectors, notably in Chapter B1-10 Arable Crops, which can be reduced by EUR 974 million, primarily as a result of advances of direct aids, that have been paid from the 2002 budget. Overall needs for subheading 1a are estimated at around EUR 40 082.45 million, EUR 337.4 million lower than in the preliminary draft, leaving a margin of approximately EUR 2 597.55 million below the ceiling in the Financial Perspectives. Concerning an update on the concluded international fisheries agreements, the report states that the Commission is correcting the breakdown for appropriations for the international fisheries agreements between the amounts in the reserve and on the line. The operational item B7-8000 is increased by around EUR 30.1 million for both commitment appropriations and payment appropriations. Three agreements have been initialled during 2002 (Angola, Senegal, Sao Tomé & Principe) that either have already been proposed or will soon be proposed to the Budget Authority. With regards to a provisional estimation of the budget surplus from the 2002 implementation, the report shows that the Commission considers that a prudent estimate of the balance of EUR 500 million can at this stage be included in the PDB 2003. As last year, this does not result from a surplus in revenues but from savings in the 2002 budget, in heading 1, agriculture, where the budget year is finalised, except for measures directly managed by the Commission. For the structural funds the Commission will aim at paying as much as possible, even if Member States introduce their claims very late. Some amount to be used for the EU solidarity Fund will also have to be subtracted. This is why for the moment no estimate of underspending in heading 2 has been included in the provisional estimate for the surplus.