

2002 discharge: EC general budget, section III

Commission

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PURPOSE : to present the revenue and expenditure accounts and the balance sheet covering operations from the 2002 budget - Section III - Commission. **CONTENT** : this document presents a detailed synthesis of the use of the Commission's appropriations in 2002. In 2002, the amount of EUR 97 billion was committed out of a total available amount of EUR 99 billion. Payments of EUR 83,4 were made from a total available amount of EUR 96,5 billion. For 2002, the overall implementation rate was 98% for commitment appropriations (97% in 2001) and 86% for payment appropriations (82% in 2001). The structural measures (EUR 8 billion) whose amount budgeted rests upon the forecasts provided by the Member States, agriculture (EUR 1,4 billion) and internal policies (EUR 1,4 billion) are at the origin of the major part of the unused appropriations, which have risen to EUR 13,1 billion. Of these unutilised appropriations of 2002, EUR 145 million in commitment appropriations and EUR 3,9 billion in payment appropriations were deferred to year 2003 under the terms of the provisions of Article 9 of the new Financial Regulation. The definitive closure of the accounts for 2002 showed a surplus of EUR 7,413 billion, which was returned to the Member States in 2003 under the form of reductions on their contributions to the Union's budget. The year 2002 was remembered by several important events which were inevitably reflected in the EU budget and its management by the Commission. 2002 was the year of the negotiations on the financial reform and enlargement. In parallel, the Union was confronted with certain unforeseen events, in particular, the war in Afghanistan and the natural disasters in Central Europe. The Commission reacted by finding innovative solutions and budgetary resources to provide immediate help. The Union's answer to this was to create, in two months only, the European Solidarity Fund intended to cover expenditure resulting from unexpected disasters and is financed by a new flexibility mechanism which allows up to EUR 1 billion to be made available each year above the financial perspective. Concerning the heading by heading analysis of the budget implementation, the financial year 2002 was marked by the following important elements: - Agricultural expenditure represents the most important share of the budget in value terms. For 2002, expenditure amounted to EUR 43,5 billion, which accounts for about 97% of the available payment appropriations, against 94% in 2001. The traditional end of year transfer within the heading amounted to EUR 1,5 billion primarily from the beef and veal sector (EUR 960 million) given the recovery of this market. This transfer made it possible to cover the deficits primarily affecting the arable crop culture (EUR 700 million) following the decisions to transfer advance payments to certain areas of direct aid for the marketing year 2002/2003, as well as the milk and dairy product sector (EUR 470 million) characterised by a deterioration of the market and a rise in the expenditure. For the expenditure relating to the CAP (sub-heading 1a), the under-utilisation of the appropriations is referred mainly to veterinary and plant health measures (EUR 600 million) following the foot-and-mouth disease. With regard to the eradication of animal diseases, although EUR 166 million had been committed in 2002, no expenditure was carried out during the year; - As regards structural measures, the report indicates that the commitments were the subject of integral implementation : only a weak amount remained unutilised for the innovating actions. The total amount of payments of the heading was EUR 23,5 billion, that is 74% of the available appropriations, the under-utilisation of EUR 8 billion being entirely linked to the structural Funds. Paradoxically, this situation is better than in 2001, where the implementation rate was 68% with EUR 10,5 billion of unutilised appropriations. For the new Structural Fund programmes 2000-2006, the payments reached EUR 19 billion, an implementation rate of 91%, which constitutes a notable improvement compared to the EUR 14,6 billion, i.e. 70% in 2001. For the Structural Funds in 2002, the unutilised payment appropriations were brought about by the previous programmes (1994-1999), for which the payments reached EUR 1,2 billion of an available EUR 7,3 billion. The payment appropriations for the Cohesion Funds (EUR 3,2 billion) have been spent in their entirety; - In 2002, internal policies monopolised an amount of EUR 7,6 billion, representing an implementation rate of 96% (94% in 2001) in commitments and 83% (82% in 2001) in payments. The

under-utilised payments of this concern in particular : Research (EUR 305 million), Trans-European Networks (EUR 54 million), Area of freedom, security and justice (EUR 55 million), labour market and technology (EUR 44 million) and the internal market (EUR 36 million); - In the framework of external action (Heading 4), the amount of EUR 5,1 billion was committed (implementation rate of 98%) and EUR 4,4 billion was made in payments (implementation rate of 89% for 2002 against 86% for 2001). The unused appropriations amounted to EUR 520 million. The reasons for the overall under-utilisation of payment appropriations for external action included unforeseen delays in programme and project approvals, resulting in delayed commitments and, consequently, in lower-than-planned advance and other payments. This under-utilisation can be broken down as follows : EUR 128 million for the Balkans, EUR 76 million for Eastern European and Central Asia, EUR 76 million for the other areas of cooperation, EUR 69 million for humanitarian aid and EUR 55 million for Latin America. Of the EUR 52 million in reserve, EUR 47 million has been transferred to the heading to offer assistance to Afghanistan and its neighbours, to Palestine and South Africa. Overall, the outstanding commitments (RAL) have been stable in this heading for the second consecutive year; - On the issue of administrative expenditure, this mostly comprises staff and buildings costs. One should note the agreement concluded with the Belgian State on the Berlaymont site setting the amount that the Commission should pay for rent of this building, the implementation of the frontloading exercise decided by the budgetary authority, the strengthening of security measures following the attacks carried out on the 11 September 2001 as well as the publication expenditure linked to the translation of legislation in 9 additional languages; - Pre-Accession heading (Heading 7) is marked by an implementation rate of 99% for commitments. Payments reached an amount of EUR 1,8 billion (implementation rate of 67% against 61% in 2001). The report states that there is an under-utilisation of EUR 800 million linked to the execution of PHARE programmes (EUR 430 million), SAPARD (EUR 250 million) and ISPA (100 million).