1999 budget: section III, Commission

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OBJECTIVE: To submit the preliminary draft budget of the Communities for the 1999 financial year - Commission section. SUBSTANCE: The preliminary draft budget (PDB) for 1999 is the first to be expressed in euro and the last covered by the Edinburgh Financial Perspective (the 'Delors II package'). It also marks a transition to the political priorities identified in Agenda 2000 (COS0590). The proposed expenditure totals EUR 96.92 bn in commitment appropriations and EUR 86.35 bn in payment appropriations. The Commission considers that it has therefore scrupulously adhered to the budgetary objectives adopted during the exploratory debate of 28 January 1998. Community expenditure is rising at the same rate as the public expenditure of the Member States in order to adhere to the same policy of rigour and budgetary equilibrium observed in the Member States. In comparison with the budget for 1998, the growth rates are 3.38% for payments and 6.47% for commitments. These rates of increase are mainly due to the sustained financing of structural measures. The appropriations for structural measures to pay for the Delors II package are increased by 16.6% for commitments and 9% for payments and are intended to take into account the balance from previous years. In other areas of expenditure, on the other hand (agriculture, internal policy, external measures and administrative expenditure), the rates of increase are limited to +0.56% in commitments and+0.49% in payments. As regards internal policy, funding is concentrated on certain major priorities which could particularly promote growth and employment, such as the 'Employment' initiative, the trans- European networks and research and technological development. In the case of external action, the emphasis is on cooperation with the CEECs and the Mediterranean countries, which entails significant redeployments in other fields. Overall, the PDB remains well below the ceilings authorised by the Financial Perspective. Similarly, own resources for the financing of the budget for 1999 (1.11% of the total GNP of the Member States), fall well short of the figure of 1.27% set as the ceiling for own resources. As regards certain expenditure items more specifically, it may be noted that: -in the last year before the reform of the CAP as part of Agenda 2000, agricultural expenditure is marked by the CAP arrangements operating fully and normally as reformed in 1992 (particularly accompanying measures), a return to normal on the animal product markets and the extension of the CAP regulatory framework, except for the olive oil sector (i.e. agricultural appropriations remain at their 1998 level of EUR 40.44 bn, whereas the Agricultural Guideline had been EUR 45.2 bn); -structural measures were increasing significantly (+16.6% on 1998), in view of the rebudgetisation of EUR 1534 m not used in 1997 and corresponding to accumulated appropriations, in commitment appropriations, for the whole period of the Delors II Financial Perspective (1994-1999); -internal policies were marked by political will on the part of the Member States to promote employment (+3% on 1998): the priorities were those of the 'Employment' initiative (EUR 420 m for 1998-2000), R&D (first year of the Fifth Framework Programme, with EUR 3570 m allocated for 1998) and trans-European networks (+10% on average); -external action was marked by continued efforts to assist the CEECs as part of the pre-accession strategy (EUR 1450 m, the majority to be channelled through Phare) and aid to the Mediterranean partners.?