Supplementary and amending budget 4/1999: section III Commission

1999/2128(BUD) - 10/09/1999 - Commission preliminary draft budget

PURPOSE: preliminary draft supplementary and amending budget no. 4/99. CONTENT: At the conciliation meeting on 16 July 1999 when the Budget Council was meeting, the two arms of the budgetary authority called on the Commission to present proposals as soon as possible to provide the additional funding still needed for the reconstruction of Kosovo in 1999 and to enable OLAF to become operational on 1 November 1999. This preliminary draft supplementary and amending budget No. 4/99 is mainly intended as a response to this call, but it also includes other more important items: firstly, 30 million euros as emergency aid to help Turkey meet the requirements of those affected by the recent earthquake; secondly, in connection with the Kosovo conflict, payment of an initial tranch of 15 million for macrofinancial aid to the former Yugoslav Republic of Macedonia, which the Commission proposed to the Council on 28 July, and, lastly, a substantial increase in payment appropriations for three programmes covered by heading 4: Phare (75 million euros), Tacis (75 million euros) and Obnova (20 million euros), which already have no funds available to make payments or will shortly be in that position. The most recent forecasts for the utilisation of the appropriations for agricultural expenditure point, on the eve of the closure of the EAGGF Guarantee accounts, to an underspend of at least 200 million euros. This amount is used here to cover requirements for both commitments and payments. The last point is the dismantling of nuclear installation and management of waste for which it is proposed that the item entered in the preliminary draft budget for 2000 (and retained in the draft) be created in 1999 with a token (PM) entry. It is proposed that the new article in the budget relating to aid for the reconstruction of Kosovo be allocated 92 million euros for commitments and 50 million euros for payments. The FYROM economy took the full impact of the Kosovo conflict and the country made exceptional efforts to accept a large number of refugees. In order to help it keep its balance of payments viable and implement structural reforms and alleviate the social effects of the economic upheaval caused by the conflict, the Commission proposed in July that the Council adopt a regulation providing macrofinancial assistance with the following two components: a loan of up to 50 million euros with a maximum maturity of 15 years and a grace period of 10 years, and a grant of a maximum of 30 million euros for 1999-2000. A first 15 million euros tranche would be committed before the end of 1999 provided tha appropriate structure is created in the budget. For this reason, the Commission is proposing that the structure for macroeconomic assistance for countries in the Western Balkans be amended by creating the same Article B7-532 as in the 2000 PDB. The 15 million euros in commitment appropriations would, however, have to be entered in Chapter B0-40 until the legal basis has been adopted. It could be raised by redeployment. The payment appropriations required can be found later by redeployment either as part of the omnibus transfer or in a specific transfer. In summary, this preliminary draft supplementary and amendingbudget 4/99 provides for: - a reduction by 200 million euros of commitment and payment appropriations with respect to agricultural expenditure; - 92 million euros in commitment appropriations and 50 million euros in payment appropriations for the establishment of the European Agency for the Reconstruction of Kosovo (this preliminary draft supplementary and amending budget 4/99 only takes account of the first 30 million euros in commitment and payment appropriations; 20 million euros of further funding will have to be provided for in a subsequent preliminary draft supplementary and amending budget 5/99 in late October 1999); - 15 million euros in commitment appropriations for macro-financial assistance to the FYROM; - 30 million euros of commitment appropriations for humanitarian aid in Turkey; - 75 million euros in payment appropriations for the Phare programme; - 75 million euros in payment appropriations to strengthen the Tacis programme; - 20 million euros in payment appropriations for programmes relating to the former Yugoslavia, with the exception of Kosovo (Obnova programme); - the creation of 15 posts for the European Anti-Fraud Office.