2004 Budget: section III, Commission

2003/2001(BUD) - 18/12/2003

The European Parliament adopted the report by Jan MULDER (ELDR, NL) and Neena GILL (PES, UK) for the second reading of the 2004 EU budget (section III - Commission) (please refer to the summary dated 04/12/03). It adopted the EU budget for 2004 with a large majority. The figures formally adopted cover the EU 15, but political agreement on the figures for the enlarged Union for the period after May 2004 has already been reached. For 25 Member States, the budget stands, at under 1% of EU Gross National Income (GNI). It should be noted that the budget for 2004 is historic, it is the first for the enlarged Union, and the first in the new activity based format. The Budget for 2004 as adopted by the Parliament for EU-15 amounts to EUR 99 528 million in commitments and EUR 94 618 million in payments, whereas the budget figures agreed for EU-25 account for EUR 111 300 million in commitments and EUR 99 724 million in payments. These levels of payments represent only 0.98% of estimated GNI for the year 2004, compared to 1.06% for EU-15 and 1.10% for EU-25 as established by the Financial Perspective, and leaving a margin of EUR 7 655 million for EU-15 and of EUR 11 829 million for EU-25. The growth of 2.3% caters for enlargement with 10 new member states and covers existing priorities and major new programmes. The first priority for 2004 is of course enlargement. The administrative preparations for enlargement are in full swing, and additional human resources for the Commission of 780 posts have been granted. Recruitment of nationals from the new EU Member States is underway. Among the items covered for the first time figure specifically enlargement related programmes such as the protection of the external borders through the so-called Schengen facility and nuclear safety for new member states. All existing programmes will be open to new member states from 1 May onwards according to the same criteria as for the existing member states. For enlargement, some EUR 11.8billion is available for starting new programmes (commitment appropriations). For new needs, the budget successfully contributes the remaining EUR 160 million to make up the EUR 200 million pledged for reconstruction in Iraq in the years 2003-4. The flexibility instrument contributes EUR 95 million, thus exceeding the existing ceiling for the budget for external affairs thanks to this instrument available for unforeseen events. New priorities have been financed without reducing existing priorities in the external aid sector, with an overall increase of 4.36% over 2003, excluding Iraq, or 7.6% for the external sector as a whole. Pre-accession aid will continue to cover Romania and Bulgaria (EUR 780 million) and Turkey (EUR 250 million), all of which have seen strong increases compared to previous years. For agriculture the amount for the EU 25 will be 46.78 billion, or EUR 2.5 billion less than the maximum planned. For the Cohesion Fund EUR 5.68 billion will be available, and another EUR 35.3 billion for the structural funds. For research the envelope in 2004 represents EUR 4.8 billion, and EUR 778 million can be used for the Trans-European Networks. An Amending budget to be adopted in February 2004 will allow the figures to be changed to the amounts for 25 member states alreadyagreed. This should be adopted without discussions in April, just in time for enlargement. The Parliament has decided to create the budgetary structure (line 22 02 09) for demining activities in Cyprus with a token entry. It invites the Commission, however, to take Parliament's first reading vote into account in the context of its PDAB enlargement and propose the corresponding amount. On administrative expenditure, MEPs propose that the request to fund extra staff at the Commission because of enlargement should be approved. However 25 posts remain in the reserve and allocations therefore will only be released when the Commission implements the pilot projects and preparatory actions, as voted by Parliament. MEPs add that a geographical balance must be observed when recruiting staff from the new Member States. The Union's external action is allocated appropriations of EUR 5 177 million for commitments and EUR 4 947 million for payments, up by 7,7% and 5,4% respectively on the 2003 budget. The total commitment appropriations exceed the financial perspective ceiling by EUR 95 million, the two arms of the budgetary authority having decided to make use of the flexibility instrument provided for in the interinstitutional agreement of 6 May 1999 for the reconstruction and rehabilitation of Iraq. The increase in the total appropriations devoted to external aid should make it possible to respond to new needs without cutting back on traditional priorities. The reconstruction of Iraq figures high among the new requirements with EUR 160 million, on top of the EUR

40 million committed in 2003 in line with the undertaking given at the Madrid conference in October 2003 and the humanitarian aid appropriations used for that country (some EUR 100 million in 2003). The Common Foreign and Security Policy budget caters for two police missions, the continuation in Bosnia and Herzogovina and the new action in the former Yugoslav Republic of Macedonia, affirming the importance of security and stability. This chapter shows a strong increase of more than 30% compared to 2003. Still under the heading of External Action, EUR15 million was placed in reserve on the budget line for the reconstruction of Afghanistan. For these funds to be released, the Commission will need to put forward a programme to fight drugs and encourage viable alternative crops. At the Tokyo donors' conference in January 2002, the EU promised to provide a total of EUR1 billion for Afghanistan over five years. As regards the funding for Eurostat, 15% of its operational budget and 10% of its administrative budget are placed in reserve (as compared to the 50% and 25% respectively proposed by Parliament at first reading). Two conditions have been laid down for the release of these funds: firstly, the Commission's Internal Audit Service must adopt harmonised criteria to be applied by the decentralised audit units within each Commission directorate-general; secondly, contracts with third parties must be suspended if OLAF shows the existence of fraud or irregularities. The budget as adopted by the European Parliament at second reading includes several declarations made at the conciliation meeting of 24 November 2003. They concern the following issues: - declaration on the EU 25 Budget : the European Parliament and the Council invite the Commission to present early 2004 the enlargement PDAB for the budgeting of the amounts for EU-25 onthe basis of the agreement reached at the conciliation meeting on 24 November 2003, thus taking into account the following elements: - the respect of the global increase of 2,3 % for Payment Appropriations for EU-25, as compared to the 2003 budget including AB No 1 to 5; - as for commitment appropriations, the respect of the decision of the Council 2nd reading in Heading 1, including Amending Letter no 2/2004; - the amounts for commitment appropriations in Heading 2 and 8 of the PDB, in line with the decisions taken at the Copenhagen European Council of December 2002; the amounts added for enlargement in Heading 3 on the relevant lines by the European Parliament at its 1st reading; - they note that for all the other Headings (4, 5, 6 and 7), the budget as it will be adopted in December will already include the amounts for the enlarged Union; - declaration of the European Parliament and the Council on the programmes adopted under co-decision : the European Parliament and the Council remind to their respective bodies that the legislative procedures should in any circumstances respect the adjustment and revision of the Financial Perspective in view of enlargement as approved on 9 April 2003, and leave a sufficient margin for future programmes, including the ones not based on co-decision; - declaration on the basic acts for grants (ex A-30) : the European Parliament, the Council and the Commission will continue their cooperation in order to adopt the legal basic acts before the end of 2003 or at the latest at the very beginning of 2004. They will do their utmost efforts to speed up institutional procedures in the second reading of proposals in co-decision and avoid further conciliation, in order to formally adopt the legal basis in March 2004 at the latest; - declaration of the European Parliament and the Council on Info-Points and rural carrefours.