2005 budget: section III, Commission

2004/2001(BUD) - 19/07/2004 - Council draft budget

The Council established, by a qualified majority, the draft budget for the enlarged Union for the financial year 2005.

The draft budget at first reading amounts to:

- EUR 115 976 999 217 in commitment appropriations;

- EUR 105 221 196 496 in payment appropriations.

Compared with the 2004 budget, these amounts represent a 4,11% increase in commitment appropriations and a 5,43% increase in payment appropriations.

To recall, the rectified PDB takes into account the final figures for estimates for institutions other than the Commission, forwarded to the Council by the Commission, comprises budget estimates totalling:

- EUR 117 242.21 million in appropriations for commitments;

- EUR 109 568.21 million in appropriations for payments.

This rectified preliminary draft general budget shows a 5.2% increase in appropriations for commitments and a 9.8% increase in appropriations for payments compared to the amounts authorised in the 2004 budget.

This draft budget leaves adequate margins below the ceilings for the headings of the Financial Perspective, in order to cope with unforeseen situations; provides adequate funding for the European Union's various priorities; provides for a limited and controlled growth of payment appropriations in comparison with 2004 and confirms Copenhagen commitments as taken on board in the preliminary draft budget.

The draft budget can be summarised as follows:

a) Agricultural expenditure (Heading 1):

- an across-the-board reduction in commitment and payment appropriations requested in the PDB by an amount of EUR 1 billion under all budget articles of subheading 1a (market expenditure for agriculture and rural development) where the sum of appropriations is greater than EUR 800 million; this reduction is in line with the overall approach of controlled growth of payment appropriations, in which it is proposed to include compulsory expenditure (subheading 1a) and non-compulsory expenditure (other headings); it represents a 6,4% increase compared to 2004.

- acceptance of the Commission's PDB as regards appropriations for rural development (subheading 1b).

b) Structural operations (Heading 2):

- acceptance of the PDB as regards commitment appropriations;

- an across-the-board reduction of EUR 3 billion in the payment appropriations requested in the PDB under the budget headings concerning Structural Funds (EUR 2 446 million), Community initiatives (EUR 253 million) and completion of earlier programmes prior to 2000 (EUR 301 million), taking into account the foreseeable implementation rate.

c) Internal policies (Heading 3):

- acceptance of the amounts proposed for multiannual programmes under the codecision procedure as agreed following enlargement and of specific amounts related to Copenhagen commitments;

- limitation of the appropriations for some budget headings not based on multiannual programmes, in particular regarding press and communication and preparatory action for security research; appropriations have also been reduced for subsidies for certain agencies, taking account of the situation of agencies that are being started up;

- not approving appropriations for the European Police College and anti-pollution measures; regarding anti-pollution measures, the situation will be reconsidered in the course of the budgetary procedure in the light of additional information on the implementation of the amending Regulation establishing the European Maritime Safety Agency of March 2004 and on the feasibility studies;

- the margin available under heading 3 is of EUR 108,6 million.

d) External action (Heading 4):

- an across-the-board reduction in the main headings, with co-decided programmes, international agreements and reconstruction in Iraq being excluded;

- increase of the amount for CFSP proposed in the PDB to the level of the amount of EUR 62,6 million entered in the 2004 budget in commitments appropriations, which represents an increase of EUR 7,6 million compared to the PDB 2005;

- no recourse to the flexibility instrument;

- the margin now available under this heading is EUR 14,4 million in commitment appropriations

(- EUR 115,5 million in PDB 2005).

e) regarding expenditure on administrative expenditure :

- setting an adequate margin within the ceiling under heading 5 of the Financial Perspective in the interest of sound financial management; the margin now available under this heading is of EUR 51,88 million.

- applying a reduction of 1.5% on current expenditure, taking into account the impact of development of information technologies and interinstitutional co-operation;

- fixing a minimum standard flat rate on salaries of 4%, taking into account the current vacancy rate;

- accepting new posts requested for enlargement and certain new tasks and applying a reduction of 5% on appropriations for these accepted posts, taking into account specific recruitment schedules;

- accepting conversions and upgradings, in particular related to career development under the new Staff Regulations. The Council allocated an overall amount of EUR 3 960 672 051 for the Commission

budget (including OPOCE, OLAF, EPSO (with EAS), PMO, OIB, OIL and pensions), which represents an increase of EUR 113 418 927 (+ 2.95%) over the 2004 budget. The nomenclature proposed by the Commission in the preliminary draft budget was accepted. The 774 transformations requested for career development following the revised Staff Regulation were approved by the Council as well as 25 upgradings. Moreover, the Council also accepted for the Joint Research Centre 27 new posts and 56 transformations as requested.

f) Pre-accession instruments: acceptance of the PDB for commitment appropriations and a decrease in the payment appropriations of EUR 200 million requested in the PDB (Sapard and Turkey).