Amending budget 10/2004: section III Commission, general statement of revenue

2004/2223(BUD) - 13/10/2004 - Commission preliminary draft budget

PURPOSE : to present the Preliminary Draft Amending Budget No 11 for the year 2004.

CONTENT : the present PDAB 11/2004 covers three elements:

- an increase of payment appropriations for most of the Structural Funds budget lines in heading 2a (EUR 3.4 billion): The implementation of the Structural Funds 2000-2006 programmes trailed expectations in the first four years of the current programming period, which caused a significant under-execution of payment budgets. This has led to a more conservative budgeting approach by the budgetary authority. However, the regions, the Member States and, not least, the Commission's services spared no efforts to improve the use made of the resources of the Structural Funds for economic and social development projects. This notably included simplification measures adopted by the Commission in 2003. These efforts resulted in improved execution since the beginning of 2004. Payments have progressed quite rapidly this year, leading the Commission to anticipate already several months ago a possible need for reinforcing the payments budget. Nonetheless, the history of significant under-executions in the Structural Funds advised for a cautious approach. Responsible management of the budget requires the Commission to fund any shortfall in payment appropriations from the existing budget whenever possible, before proposing any net reinforcement of the budget to the budgetary authority. The global transfer provides every year a clearing house mechanism to balance excess supply and demand of payment appropriations in headings 2, 3, 4 and 7, and the Commission first explored this avenue. However, across-the-board strong implementation this year leaves no margin in other headings to fund the additional needs of the Structural Funds. This PDAB proposes the transfer of all the excess appropriations identified in the context of the global transfer procedure in heading 2 lines, to the lines with a foreseeable deficit, but this transfer only covers EUR 8 million out of the EUR 3.4 billion needed. On the other hand, it was possible to find within the existing budget, under heading 1A, a significant surplus of appropriations (EUR 1.1 billion), for which this PDAB proposes to annul the commitments and redeploy the corresponding payment appropriations to the Structural Funds (the surplus under the EAGGF-Guarantee is explained below). This reduces appreciably the request to the budgetary authority for additional appropriations. Thus, as summarised in the following table, the increase in appropriations for the Structural Funds, EUR 3.4 billion, is to be met partly with a reduction of the excess appropriations in heading 1A (EUR 1.1 billion) and partly with additional appropriations (EUR 2.3 billion);

- a decrease of appropriations for several budget lines under heading 1a, whose payment component is requested to be redeployed to the structural Funds lines EUR 1.1 billion): The PDAB proposes decreases in the appropriations for the EAGGF-Guarantee where there is an important under-utilisation of the budget due to generally favourable developments on agricultural markets in 2003/2004. These favourable developments concern in particular the following key sectors: markets measures for cereals;

sheepmeat and goatmeat; beef; milk and milk products; wine sector; textile plants and sugar. At this stage, the overall under-utilisation is estimated at around EUR 1.6 billion. However, the cancellation of appropriations for the EAGGF-Guarantee should not exceed EUR 1.1 billion, given the limits laid down in the Financial Regulation;

- an increase in the forecast of revenue, in particular for import duties (EUR 1.3 billion) : according to Article 16 of Council Regulation 1150/2000/EC, Euratom of 22 May 2000, the Commission proposes to revise the forecasts of traditional own resources on the basis of the actual outturn by an increase of EUR

1.2 billion. In addition, the Commission foresees other revenue such as for registering the recovery of fines. No amount was introduced in the 2004 budget, as it is very difficult to forecast these recoveries. The entities that are subjected to a fine can file an appeal against the Commission Decision imposing fines. However for some EUR 80 million the Commission can consider its recovery as definitive. Therefore an amount of EUR 80 million is being budgeted. Other revenue is foreseen in terms of registering interest on late payments. An amount of EUR 20 millions can be entered on the line at this stage of the year, given the amounts recovered or that will most likely be recovered before the end of the year.

To conclude, the use of updated forecasts on the revenue side improves the accuracy of the payments that Member States are asked to make available during the budgetary year. This proposed revision increases the traditional own resources forecasts and other revenue by EUR 1.3 billion. The global increase in payment appropriations needed being EUR 2.3 billion, the additional call on member states GNI contributions is thus limited to EUR 1 billion.