2005 budget: section III, Commission

2004/2001(BUD) - 29/11/2004 - Council amended draft budget

On 29 November 2004, after having deliberated with the Commission, the Council of the European Union carried out a second reading of the draft general budget of the European Communities for 2005.

In assessing the outcome of the Parliament's first reading of the Draft Budget for 2005, the Council was guided by the following principles:

- it ensured compliance with the annual expenditure ceilings set by the Financial Perspective;

- it adopted a limited and controlled growth of the volume of payment appropriations by maintaining the agreed level of payment appropriations of the Council first reading, taking into account in particular the level of surpluses of the past years and the constraints upon national budgets;

- it ensured compliance with the relevant provisions regarding the placing of appropriations in reserve, the classification of expenditure, legal bases, preparatory measures and pilot programmes; in this context, it restated the Council's opposition to the European Parliament using conditional reserves in

breach of the Financial Regulation.

It also restored the first reading of the Draft Budget for Articles 21 03 01 to 21 03 16 related to EDF, since the inclusion of funding, or even just a budgetary structure to cover it, would not have the necessary legal basis and would therefore not be justified. It also constitutes, by its very nature, compulsory expenditure. Before proceeding with the second reading of the Draft Budget, the Council held its customary conciliation meeting with a delegation from the European Parliament on 25 November 2004. The European Parliament, the Council and the Commission have agreed:

- to accept Amending Letter No. 1/2005 concerning: the pre-accession strategy for Croatia as proposed by the Commission; appropriations for the Turkish Cypriot Community being of EUR 120 million and put in the reserve; this latter amount includes appropriations proposed by the Commission in Preliminary Draft Amending Budget No. 9/2004; EUR 50 million for the PEACE II programme, of which EUR 5 million redeployed from innovative measures. For 2006 the Commission will redeploy EUR 16 million for the PEACE II programme;

- to accept to finance actions encouraging the economic development of the Turkish Cypriot community and pre-accession strategy for Croatia under Heading 7 of the Financial Perspective;

- to accept Amending Letter No. 2/2005 concerning inter alia Executive Agencies. The following joint statement on the management of the relevant posts has been agreed: "The Budgetary Authority invites the Commission to present each year, together with its PDB, an updated situation of those posts that cannot be occupied or have been redeployed as a result of the creation of Executive Agencies";

- to accept Pilot Projects on quality promotion and risk financing model for livestock epidemics as proposed by the Commission in its Amending Letter No. 3/2005;

- to accept the mobilisation of the flexibility instrument for an amount of EUR 45 million under Sub-Heading 2a) of the Financial Perspective for the PEACE II programme, EUR 40 million under Heading 3 for Decentralised Agencies and EUR 100 million under Heading 4 for Iraq;

- to fix the amount of the CFSP budget at EUR 62.6 million for 2005;

- to accept Preliminary Draft Amending Budget No. 11/2004 with a total amount of payment appropriations for Structural Funds of EUR 3.7 billion and a call for additional own resources of EUR 500 million;

- the total amount for payment appropriations decided at the end of the 2005 budgetary procedure in December shall not exceed EUR 106.3 billion.

The main results of the Council's discussions at second reading are as follows:

- with regard to CAP expenditure (sub-Heading 1a of the Financial Perspective), to reinstate the amounts retained in the Draft Budget established by the Council and not to accept Amending Letter No. 3 apart from the changes of nomenclature and two pilot projects on quality promotion and on risks financing model for livestock epidemics. The following Council statement on agricultural expenditure was agreed: "The Council invites the Commission to submit an Amending Budget if the appropriations entered in the 2005 Budget are insufficient to cover expenditure under Heading 1a (Agricultural expenditure excluding rural development) and payments under Heading 2 (Structural operations) and Heading 7 (Pre-accession strategy) of the Financial Perspective";

- to maintain the Draft Budget established by the Council with regard to rural development expenditure (sub-Heading 1b of the Financial Perspective);

- as regards internal policies (Heading 3 of the Financial Perspective), to accept the amendment on anti-pollution measures, putting the relevant amount in reserve, and to maintain the Draft Budget established by the Council for other budget lines;

- regarding external action (Heading 4 of the Financial Perspective), to maintain the Draft Budget established by the Council. It also accepted Amending Letter No. 1/2005 concerning Croatia and Amending Letter No. 3/2005 regarding International Fisheries Agreements;

- with regard to administrative expenditure (Heading 5 of the Financial Perspective), to maintain the Draft Budget established by the Council apart from amendments to the European Parliament budget section which were accepted.