2005 budget: section III, Commission

2004/2001(BUD) - 16/12/2004

PURPOSE: the final adoption of the general budget for the European Union (EU25) for the 2005 financial year.

LEGISLATIVE ACT: 2005/141/EC, Euratom.

CONTENT: the general budget of the Union for the 2005 financial year is definitively adopted in accordance with the budgetary procedure completed on 16 December 2004. The Union's budget as adopted is in line with the priorities defined by the budgetary authorities at their consultative meeting on 25 November 2004 and the European Parliament's vote in plenary session on the second reading (please refer to the summary of the Parliament's resolution of 16.12.2004).

This is the first budget drawn up for the 25 Member States that covers a complete financial year and amounts to a total of EUR 116.554 billion in commitment appropriations and EUR 106.3 billion in payment appropriations, thus an increase 6.2% in the former and 4.4% in the latter. This level of payment appropriations is equivalent to 1.004% of GNI of the enlarged Union. The margins left under the ceilings set by the financial perspectives amount to EUR 3.04 billion for commitments and EUR 7.935 billion for payments.

By budgetary heading, the 2005 budget is as follows:

Agriculture and rural development: EUR 49.676 billion in commitments which leaves a margin of EUR 1.763 billion under the ceiling for this item. The payment appropriations amount to EUR 49,115 billion, which is an increase of 11.6% in comparison with 2004. The increases may be explained by the second phase of the gradual application of direct aids to the new Member States and by the effects of the reform of the CAP. Of the total commitment appropriations, EUR 6.841 billion are for rural development actions, while the corresponding payment appropriations amount to EUR 6.279 billion.

Structural actions: the 2005 budget comprises EUR 42.423 billion in commitment appropriations – a rise of 3.4% compared with 2004. For payments, there has been a decrease of 6.2% compared with 2004: EUR 32.396 billion - EUR 2.126 billion less than in 2004. However, if the Commission considers that these credits are insufficient, it can present an amending budget to the budgetary authorities, on which a decision will be taken in a single reading. It should also be noted that the PEACE II Programme was extended in 2005 (and in 2006). In 2005, this will receive EUR 50 million.

Internal policies: EUR 9.052 billion in commitment appropriations and EUR 7.923 billion in payment appropriations, an increase of 4% and 5.5% respectively in comparison with 2004. Given that this level of commitments exceeds the financial perspective ceilings, EUR 3.4 million of the necessary amount for financing the decentralised agencies will have to come from the flexibility instrument. The main priorities concern the Lisbon Strategy and the AFSJ.

External actions: EUR 5.219 billion in commitment and EUR 5.476 billion in payment appropriations, which corresponds with the respective increases of 0.8% and 11% compared with 2004. Aid to Iraq remains at EUR 200 million. Of this amount, EUR 100 million will have to be funded from outside heading 4, using the flexibility instrument. For priority actions, such as combating diseases related to poverty, combating drugs and regional programmes – in particular in Asia and in Latin America – funding has increased by almost 2%. The CFSP budget is EUR 62.2 million.

Administrative expenditures: EUR 6.351 billion, an increase of 3.7% so as to fund 1,250 new posts (700 of which for the Commission to cover requirements resulting from enlargement).

Pre-accession strategy: EUR 2.081 billion, representing an increase of 20.1% in comparison with 2004. Payment appropriations are at a considerably higher level – EUR 3.287 billion – an increase of 15.1% compared with 2004. This is due in part to payments under way to the new Member States for pre-accession progammes in which they participated before becoming EU members. Pre-accession aid continues for Romania and Bulgaria (EUR 1.552 billion in commitments) and for Turkey (EUR 286.2 million). For the first time, Croatia is part of the pre-accession strategy – taking into account its status as a candidate country. The sum available for this country has increased by 60% in comparison with 2004 amounting to EUR 105 million. Heading 7 also includes commitment appropriations of EUR 120 million to fund the economic development of the Turkish Cypriot community, placed in reserve awaiting the adoption of the appropriate legal base.

In line with the political agreement in terms of which the new Member States should not become net contributors to the budget at the very beginning of their membership, a compensatory amount of EUR 1.305 billion is provided for under heading 8. This amount will be made available in the form of transfers to the new Member States, in order to balance their budgetary receipts and contributions.