

# 2006 budget: Commission's strategical annual priorities

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The Council adopted conclusions which will serve as a basis for discussion with Parliament and the Commission for drawing up the 2006 budget.

The Council reiterates the importance of compliance with the existing Financial Perspective which requires that the Community expenditure remains within the limits set therein. Sufficient margins must be maintained below all the ceilings of the various Headings with the exception of Heading 2, for the purpose of sound financial management and to deal with unforeseen circumstances.

The Council recalls the excellent spirit of cooperation that governed work on the preparation of the budgets of the previous financial years and is convinced of the importance of continuing

the good collaboration between the two arms of the budgetary authority and the Commission. The Council looks forward to continuing such an effective spirit of cooperation for the 2006 budgetary procedure.

Moreover, the Council considers that the Community budget should provide, within the Framework of the Financial Perspective, sufficient resources to implement the various policies of the Union effectively. It stresses the need to maintain overall budgetary discipline. It emphasises that this includes applying the same degree of budgetary constraint as exercised by the Member States of the Union for their own national budgets. The Council recalls the great importance of keeping a tight grip on payment appropriations. The level of payment appropriations entered into the budget should be sufficient to fulfil the different commitments undertaken by the EU, taking into account past implementation and the genuine requirements for 2006.

The Council stresses the importance of taking into account in an appropriate way, at the stage of the 2006 Preliminary Draft Budget, the financial conclusions drawn by the European Council of Copenhagen in December 2002.

As regards certain specific Headings of the Financial Perspective, the Council identifies the following elements as important in preparing the 2006 budget:

- Heading 1: the Commission is invited to present realistic forecasts regarding CAP expenditure in its Preliminary Draft Budget. Particular attention should be given to ensure that the payment appropriations for expenditure related to rural development are accurate;

- Heading 2 (structural actions): the Council considers that an accurate level of payment appropriations for structural funds should be established. It considers that improvements of forecasts established by the Commission, taking into account information provided by Member States, should be continued. It invites the Commission to provide for updated estimates in due time. Furthermore, the Council stresses the importance of further simplification of procedures aimed at facilitating implementation;

- Heading 3 (internal policies): the Council highlights the importance of an adequate financing of Community measures relating to the conclusions of the Lisbon European Council. Particular attention should also be given to the financing of actions concerning immigration and external border cooperation and control. A sufficient margin under the ceiling of this Heading should be preserved leading to reprioritisation of the needs;

- Heading 4 (external actions): the Council is of the opinion that all the programmes and actions should be financed within the ceiling of the existing Financial Perspective. It recalls that allocations for the CFSP budget should be sufficient to meet present and future needs. In view of the fact that some expenditure has been transferred to other relevant Headings, the Council believes that, after reprioritisation and reallocation of appropriations, there is room to finance additional needs for reconstruction in Iraq and South East Asian countries stricken by the tsunami disaster within the ceiling of this Heading. The Council recalls that the IIA requires that the institutions will ensure as far as possible that sufficient margins are left available for unforeseen circumstances;

- Heading 5 (administrative expenditure): the Council invites the institutions to establish rigorous draft estimates reflecting genuine needs and ensuring an adequate margin under this Heading. Moreover, it encourages significant savings resulting from rationalisation, productivity gains and development of interinstitutional cooperation.