2006 budget: Section III, Commission

2005/2001(BUD) - 08/03/2005

The Conclusions adopted by the Council will serve as the basis for forthcoming discussions on the 2006 budget with the European Parliament and Commission. In its Conclusions, the Council notes, that the 1999 Inter-institutional Agreement serves as the basis for work on the 2005 budget. The 2006 budget will be the last under the current Financial Perspective. As such, the Council stresses the need for Community expenditure to remain within the limits set by the existing Financial Perspective. Sufficient margins must be maintained below the ceilings of the various Headings, the exceptions being Heading 2. In its Conclusions, the Council remarks on the excellent collaboration, which has existed between the various institutions regarding previous budgetary negotiations. It expresses the hope that the spirit of co-operation between the two arms of the budgetary authorities and the Commission can be maintained.

There is an emphasis on budgetary restrain and discipline. The Council remarks that the Community must exercise the same level of discipline over its own budget as that shown by the Member States when exercising their own national budgets. At the same time, the Council acknowledges that sufficient resources need to be allocated for the implementation of EU policy priorities. In addition, 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, tacking account of past implementation and the genuine requirements for 2006. Similarly, commitment appropriations should reflect real and well-defined needs taking account of, *inter alia*, absorption capacities, as well as being compatible with the Financial Perspective. The Council notes that the financial conclusions of the Copenhagen European Council will be taken into account when preparing the 2006 budget. As far as the specific Headings of the draft budget are concerned, the Council makes the following points:

- Heading 1. The Commission is invited to present realistic forecasts for CAP expenditure. Particular attention should be given to ensure that the payment appropriations for expenditure related to rural development are accurate.

- Heading 2. The Council considers that whilst it fully respects commitments entered into by the European Councils of Copenhagen and Berlin, an accurate level for payment appropriations for structural funds should be established. It considers that improved forecasts should be established by the Commission, which take account of information forwarded to it by the Member States. In addition the Council requests that updated estimates should be forwarded to it in due time as well as calling for simplified implementation procedures.

- Heading 3: The Council highlights the importance of dedicating EU resources to the realisation of the Lisbon Council conclusions. Particular attention needs to be given to financing actions relating to external border co-operation and immigration issues. It stresses the need to provide a sufficient margin under this ceiling to provide for a reprioritisation of needs.

- Heading 4: All programmes and actions should be financed within the ceiling of the existing Financial Perspective. The CFSP budget should be enough to meet both present and future needs. The Council believes that after re-prioritisation and the re-allocation of appropriations have been taken into account, there will be room to finance additional programmes destined for the reconstruction of Iraq as well as countries affected by the Boxing Day tsunami. The IIA requires that the institutions ensure as far as possible that sufficient margins are left available for unforeseen circumstances.

- Heading 5: The Council calls on all institutions to establish rigorous draft estimates reflecting genuine needs. The Council also calls for an adequate margin under this heading. Moreover, it encourages significant saving resulting from rationalisation exercises, productivity gains and the development of inter-institutional co-operation.