2006 budget: Section III, Commission

2005/2001(BUD) - 01/12/2005 - Amending/supplementary letter on draft budget

PURPOSE : approval by the Council of amending letter No. 2 to the draft budget for 2006.

CONTENT : On 26 October 2005, the Commission forwarded to the Council Amending Letter No. 2 to the Preliminary Draft Budget for the financial year 2006. In accordance with the provisions of the Interinstitutional Agreement of 6 May 1999, the Commission has made a new estimate of agricultural expenditure as compared with the Preliminary Draft Budget for 2006. The new estimates drawn up by the Commission take account of the situation on the various agricultural markets as well as trends in agricultural legislation. They also take account of the impact of updating the euro/dollar exchange rate recorded during the third quarter, which goes down from 1.31 in the PDB to 1.22 (EUR 1 = $ 1.22) and results in economies compared to the Preliminary Draft Budget for export sectors, in particular for cereals, sugar and cotton.

The new assessment leads to lower overall needs than estimated in the PDB (- EUR 362 million). The savings result mainly from decreased needs in the sectors of milk and milk products (- EUR 285 million), sugar (- EUR 122 million), cereals (- EUR 136 million), beef and veal sector (- EUR 80 million) and cotton (- EUR 28 million).

However, these savings have been partly offset by increased needs for other sectors, notably products of the wine-growing sector (+ EUR 165 million), fruit and vegetables (+ EUR 110 million) and food programmes (+ EUR 48 million).

In addition, the Amending Letter proposes a pilot project introducing a security fund in the sector of fruits and vegetables, a study in the forestry sector, and an amendment to the budgetary remark covering item 17 04 02.

On 1 December 2005, the Council established Amending Letter No. 2 to the Draft Budget for the financial year 2006 as fully proposed by the Commission and as set out in the technical annex to the Council's draft budget.