2006 budget: Section III, Commission

2005/2001(BUD) - 15/12/2005

PURPOSE : to present the final adoption of the general budget of the European Union for the financial year 2006.

LEGISLATIVE ACT : 2006/179/EC, Euratom.

CONTENU : the 2006 budget was adopted on 15 December 2005 with the European Parliament's second reading. The total level of commitment appropriations amounts to EUR 121 190 million, which represents an increase of 4.5 % on 2005. Payment appropriations increase by 5.9 % to EUR 111 969 million, which represents 1.01 % of the gross national income (GNI) of the European Union. The margins remaining below the ceilings of the financial perspective are EUR 2 505 million for commitments and EUR 7 323 million for payments.

For **agriculture and rural development** commitments amount to EUR 51 051 million, leaving a margin of EUR 1 567 million under the ceiling. Payment appropriations increase by 5.2 %compared to 2005 to a level of EUR 51 991 million. During the budgetary process, an adjustment to the sub-headings of the financial perspective was agreed, allowing for modulation of funds from sub-heading 1a agriculture to sub-heading 1b rural development in line with the last reform of the CAP. Of the total commitments under Heading 1, EUR 7 771 million is for rural development measures, with payments at EUR 7 711 million.

For **structural operations**, commitments increase by 5 % on 2005 to EUR 44 555 million. Payment appropriations amount to EUR 35 640 million, which is an increase of 10 % compared to 2005. In addition, in accordance with the declaration agreed at the trilogue of 30 November, if the Commission becomes convinced of a shortage in payment appropriations, it will present a preliminary draft amending budget to the budgetary authority, which should be decided

on in a single reading.

Commitment appropriations for **internal policies** amount to EUR 9 373 million. This is an increase of 2.4 % on 2005, and leaves a margin of EUR 12 million under the ceiling. Payment appropriations increase by 10.9 % to EUR 8 889 million. The budgetary authority agreed to increase the financial envelope for a number of co-decided programmes, which are in their final year, for a total amount of EUR 100 million. The emphasis is on measures to encourage growth, environmental protection and encouraging active citizenship, especially among Europe's young people, thus contributing to the Lisbon Strategy.

For **external actions**, commitments increase by 5.9 % to EUR 5 544 million, and payments decrease by 2% to EUR 5 369 million. Of this, EUR 275 million is to be financed outside Heading 4 by recourse to the Flexibility Instrument. This amount is broken down as follows: EUR 100 million for reconstruction in Iraq (out of a total amount of EUR 200 million); EUR 95 million for aid to the regions affected by the tsunami (out of a total amount of EUR 180 million); EUR 40 million for support to the Sugar Protocol countries affected by reform in the EU sugar sector; and EUR 40 million for the Common Foreign and Security Policy (CFSP).

For **administrative expenditure** both commitment and payment appropriations are set at EUR 6 656 million, which is an increase of 5.8 % on 2005. A total of new 800 posts are created, of which 700 are related to the last enlargement, and 100 are intended for external staff in order to prepare the accession of Bulgaria and Romania.

The preparation for future enlargements will continue, in line with the roadmaps agreed for Bulgaria and Romania.

Turkey and Croatia will also continue to benefit from the pre-accession strategy funding. An overall amount of EUR 2 481 million is programmed in commitments for **pre-accession strategy (heading 7)**, which represents an increase of 19.2 %on the 2005 budget, but still leaves a margin under the ceiling of EUR 1 085 million.

In accordance with the political agreement that the new Member States should not become net-contributors to the budget at this early stage of their membership, **compensation** of EUR 1 074 million is foreseen under Heading 8. This will be available as transfers to the new Member States to balance their budgetary receipts and contributions.