Amending budget 5/2006: section III Commission, funds for the economic development of the Turkish Cypriot community, European Year of Equal Opportunities for All 2007, expenditure incurred in connection with treasury management

2006/2202(BUD) - 20/07/2006 - Commission preliminary draft budget

PURPOSE : to present the Preliminary Draft Amending Budget 5/2006 (Section III-Commission) which aims to mobilise new funds to encourage economic development of the Turkish Cypriot community as well as financing other specific objectives.

CONTENT : The Commission proposes to :

- mobilise new funds for an amount of **EUR 120 million** in commitment appropriations on Article 22 02 11 for the financial support to encourage the economic development of the Turkish Cypriot community, and the correlated modification of the budgetary remarks to allow for the financing of the administrative support expenditure. The Commission put forward on 7 July 2004 a proposal for a Council Regulation to implement the EUR 259 million over the period 2004-2006 under Heading 7 (Pre-accession strategy) of the Financial Perspective. As a result, an amount of EUR 120 million was put in reserve in the 2005 budget pending adoption of the legal basis and an amount of EUR 139 million was allocated in the 2006 Budget (also in reserve but transferred to the operational line after adoption of the legal basis). As the legal basis was delayed until its final adoption on 27 February 2006, the funds allocated in reserve in the 2005 budget, i.e. EUR 120 million, could not be carried forward

and had to be cancelled. There is a possibility to reconstitute the EUR 259 million package by requesting additional commitment appropriations under Heading 7, where a margin of EUR 1 085.4 million is available under the 2006 ceiling. After consulting the Member States on this approach, the Council Presidency received general support and requested the Commission to submit the appropriate proposal for an amending budget to the 2006 budget in order to reconstitute the full financial package in favour of the Turkish Cypriot community;

- an increase in line 04 04 12 – European Year of Equal Opportunities for All (2007) – to take account of Decision 771/2006/EC of the European Parliament and the Council.

- following the modernisation of the accounting system, there is also a need to put forward a proposal to create two new budget lines: 27 01 12 02 “Coverage of expenditure incurred in connection with treasury management” and 21 01 04 10 “EDF contribution to common administrative support expenditure”.

No additional payment appropriations are being requested in PDAB No 5/2006.