2007 budget: section III, Commission

2006/2018(BUD) - 30/11/2006 - Council amended draft budget

On 30 November 2006, after having deliberated with the Commission, the Council of the European Union carried out a second reading of the draft general budget of the European Communities for 2007 in accordance with Article 272(5) of the EC Treaty.

The Council held its customary meeting with a delegation from the European Parliament on 21 November 2006, led by Mr Janusz LEWANDOWSKI, Chairman of the Committee on Budgets, and comprising of Mr Gérard ONESTA (Vice-President of the European Parliament), Mr Reimer BÖGE (ViceChairman of the Committee on Budgets), Mr Jan MULDER (Vice-Chairman of the Committee on Budgets), Mr Ralf WALTER (Vice-Chairman of the Committee on Budgets), Mr James ELLES, Rapporteur for Section III (Commission) of the budget for 2007, Mr Louis GRECH, Rapporteur for the other Sections of the budget for 2007.

Main results of the Council's second reading of the Draft Budget for 2006:

In assessing the outcome of the European Parliament's first reading of the Draft Budget for 2007, the Committee was guided by the following principles:

- it ensured compliance with the annual expenditure ceilings set by the Financial Framework;
- it adopted a limited and controlled growth of the volume of payment appropriations taking into account in particular the constraints upon national budgets;
- it ensured compliance with the relevant provisions regarding the placing of appropriations in reserve, the classification of expenditure, legal bases, preparatory measures and pilot programmes; in this context, it restated the Council's opposition to the European Parliament using conditional reserves in what it considers to be a breach of the Financial Regulation.

Main expenditures by budget heading:

The draft budget as drawn up on the basis of a total level of payment appropriations of **EUR 114 326 533 538** (the equivalent of **0.98% of GNI**) and **EUR 126 095 484 304** in commitment appropriations. On this basis, the amounts approved by the Council in the second reading are as follows (in payment appropriations only):

- **Heading 1: Sustainable growth**: EUR 44 137 342 319 broken down into:
  - 1a: Competitiveness for growth and employment: EUR 6 772 076 511;
  - 1b: Cohesion for growth and employment: EUR 37 365 265 808;
- **Heading 2: Preservation and management of natural resources**: EUR 54 665 465 736;
- **Heading 3: Citizenship, freedom, security and justice**: EUR 1 049 687 652 broken down as such:
  - 3a: Freedom, security and justice: EUR 400 145 000;
  - 3b: Citizenship: EUR 649 542 652;
- **Heading 4: The EU as a global partner**: EUR 7 179 921 578;
- **Heading 5: Administrative expenditure**: EUR 6 849 470 101.

The other results of the Council's discussions at second reading, Letters of Amendment Nos. 2 and 3 included, are as follows:

- **Sub-heading 1a (Competitiveness for growth and employment):** an **increase of 11.3%** in commitments is noted compared to the 2006 budget. It aims to approve Letter of Amendment No. 2 to the Preliminary Draft Budget for 2007 as regards only the European Global Adjustment Fund and Hercule II programme and maintains the Draft Budget established by the Council for the other budget lines. The Council underlines the need to ensure that Pilot Projects and Preparatory Actions are feasible and consistent with the EU's new priority actions and to examine their practical application. In this context it considers it appropriate that the Commission takes the relevant initiatives in the annual budget process to develop the various Pilot Projects and Preparatory Actions within the financial limits set in the IIA, in a comprehensive and coordinated manner. Without prejudice of Member States' competences, specific areas for priority actions are the following: Investment in knowledge and innovation; Business potential, especially of SMEs; Employment of priority categories and Energy Policy for Europe.

- **Sub-heading 1b (Cohesion for growth and employment)**: **an increase of 14.8%** in commitments compared to the 2006 budget is highlighted. It aims to maintain the Draft Budget established by the Council with regard to this sub-heading. The following Council declarations were agreed:

i) **payment appropriations**: the Council asks the Commission to submit an amending budget if the appropriations entered in the 2007 budget are insufficient to cover expenditure under sub-Heading 1b (Cohesion for growth and employment) and Heading 2 (Market related expenditure and direct payments) and Heading 5 (Administration);

ii) **advance payments 2007-2013**: the Council attaches the greatest importance to a rapid approval by the Commission of the operational programmes and projects presented by Member States in relation with the new Structural and Cohesion Funds programmes for the 2007-2013 period. The Commission is requested to provide specific monitoring tools, including a flow chart, at the latest by the end of May 2007.

- **Heading 2 (Preservation and management of natural resources)**: **a decrease of 0.5%** is highlighted compared to the 2006 budget. It approves Letter of Amendment No. 3 to the Preliminary Draft Budget for 2007 and maintains reductions in comparison to the PDB with regard to some budget lines related to Agriculture which are not affected by Letter of Amendment No. 3 (EUR 120.6 million); it accepts the Pilot Project on Sustainable agriculture (05 01 04 08); and maintains the Draft Budget established by the Council with regard to the other budget lines of Heading 2.

- **Heading 3 (Freedom, security and justice**): to maintain the Draft Budget established by the Council with regard to freedom, security and justice (sub-Heading 3a of the Financial Framework).

- **Sub-heading 3b (citizenship)**: **a decrease of 3.9%** in commitments is noted compared to 2006. It maintains the Draft Budget established by the Council with regard to this heading apart from budget line 15 06 06 (Special annual events) (+ EUR 1.5 million in c/a and p/a).

- **Heading 4 (the EU as a global partner)**: **a decrease of 22.8%** in commitments is shown. It maintains the Draft Budget established by the Council with regard to the EU as a global partner apart from budget lines 05 05 01 01 (SAPARD) (-EUR 81.6 million in p/a) and 19 10 01 (Cooperation with developing countries in Asia) (+ EUR 42.87 million in c/a).

- **Heading 5 (Administrative expenditure)**: **an increase of 3.7%** in commitments is noted. It maintains the Draft Budget established by the Council with regard to administrative expenditure apart from amendments to the European Parliament's own budget section which were accepted ("Gentlemen's Agreement").