2007 budget: section III, Commission

2006/2018(BUD) - 30/11/2006 - Amending/supplementary letter on draft budget

PURPOSE: to establish Letter of Amendment No. 3 to the Draft General Budget of the European Communities for the financial year 2007 as fully proposed by the Commission.

CONTENT: to recall, on 30 October 2006, the Commission forwarded to the Council Letter of Amendment No. 3 to the Preliminary Draft Budget for the financial year 2007. In accordance with the provisions of the Interinstitutional Agreement of 17 May 2006, the Commission has made a new estimate of agricultural expenditure as compared with the Preliminary Draft Budget for 2007.

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 first quarter, which goes up from 1.20 in the PDB to 1.27 (EUR 1 = USD 1.27) and has the effect of increasing needs by about EUR 78 million compared to the Preliminary Draft Budget.

The new assessment leads to **lower overall needs than estimated in the 2007 PDB (EUR 852 million)**. The savings result mainly from decreased needs in the sectors of:

- § decoupled direct aids (- EUR 513 million);
- § other direct aids (- EUR 269 million);
- § cereals (EUR 178 million);
- § fruit and vegetables (- EUR 83 million);
- § beef and veal sector (- EUR 35 million);
- § milk and milk products (- EUR 31 million).

However, these savings have been partly offset by **increased needs for other sectors**, notably:

- § POSEI programmes (+ EUR 95 million);
- § sugar (+ EUR 88 million);
- § products of the wine-growing sector (+ EUR 76 million);
- § exceptional market-support measures for the poultry meat and eggs sector (+ EUR 60 million).

In addition, the Letter of Amendment proposes to reduce the reserve line for International Fisheries Agreements by EUR 86 million and to increase the corresponding operational line by the same amount, in view of the entry into force of the Fisheries Partnership Agreement between the EC and the Islamic Republic of Mauritania. The net overall financial impact of this transaction is zero.

Lastly, the Letter of Amendment proposes changes in the nomenclature covering the Single Area Payment Scheme, Fishery products and Fisheries market, as well as budgetary remarks concerning POSEI items and the settlement of disputes article.