

# EUROPEAN PARLIAMENT

1999



2004

---

*Session document*

11 April 2002

FINAL  
**A5-0109/2002**

## REPORT

on the Draft Amending Budget 2/2002 of the European Union for the financial year 2002  
(7033/2002 – C5-0131/2002 – 2002/2043(BUD))

Committee on Budgets

Rapporteur: Terence Wynn



**CONTENTS**

	<b>Page</b>
PROCEDURAL PAGE .....	4
MOTION FOR A RESOLUTION.....	5
EXPLANATORY STATEMENT .....	7

## PROCEDURAL PAGE

For the budgetary procedure for the financial year 2002, the Committee on Budgets appointed Carlos Costa Neves (Section III - Commission) rapporteur at its meeting of 5 December 2000.

On 27 February 2002 the Commission presented Preliminary Draft Amending Budget No 2/2002 of the European Union for the financial year 2002 and forwarded it to Parliament (SEC(2002) 222).

On 12 March 2002 the Council established Draft Amending Budget No 2/2002 of the European Union for the financial year 2002 and forwarded it to Parliament by letter of 13 March 2002 (7033/2002).

At the sitting of 8 April 2002 the President of Parliament announced that he had referred the Draft Amending Budget No 2/2002 to the Committee on Budgets as the committee responsible (C5-0131/2002 – 2002/2043(BUD)).

The Committee on Budgets considered the Draft Amending Budget No 2/2002 and the draft report at its meetings of 19 March and 9 April 2002 .

At the latter meeting it adopted the motion for a resolution unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, vice-chairman; Anne Elisabet Jensen, vice-chairman; Francesco Turchi, vice-chairman; Carlos Costa Neves, rapporteur; Generoso Andria (for Giuseppe Pisicchio pursuant to Rule 153(2)), Herbert Bösch (for Constanze Angela Krehl), Kathalijne Maria Buitenweg, Paulo Casaca (for Manuel António dos Santos), Joan Colom i Naval, Jean-Maurice Dehousse (for Catherine Guy-Quint pursuant to Rule 153(2)), Gianfranco Dell'Alba (for Wolfgang Ilgenfritz), Den Dover, Bárbara Dührkop Dührkop, James E.M. Elles, Göran Färm, Salvador Garriga Polledo, Neena Gill, Jutta D. Haug, María Esther Herranz García, Richard Howitt (for Simon Francis Murphy pursuant to Rule 153(2)), Wilfried Kuckelkorn, John Joseph McCartin, Jan Mulder, Juan Andrés Naranjo Escobar, Roy Perry (for Edward H.C. McMillan-Scott pursuant to Rule 153(2)), Paul Rübig (for Markus Ferber), Ursula Schleicher (for Ioannis Averoff pursuant to Rule 153(2)), Esko Olavi Seppänen (for Francis Wurtz), Per Stenmarck, Kyösti Tapio Virrankoski and Brigitte Wenzel-Perillo.

At the same meeting, the committee decided that the report would be presented by the chairman.

The report was tabled on 11 April 2002 .

The deadline for tabling amendments is Thursday 18 April 2002, noon.

## MOTION FOR A RESOLUTION

### **European Parliament resolution on the Draft Amending Budget N° 2/2202 of the European Union for the financial year 2002 (7033/2002 – C5-0131/2002 – 2002/2043(BUD))**

*The European Parliament,*

- having regard to Article 272 of the EC Treaty, Article 78 of the ECSC Treaty and Article 177 of the Euratom Treaty,
  - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities, as last amended by Regulation (EC, ECSC, Euratom) No 2673/1999<sup>1</sup>, and particularly Article 15,
  - having regard to the general budget of the European Union for the financial year 2002, as finally adopted on 13 December 2001<sup>2</sup>,
  - having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>3</sup>,
  - having regard to the preliminary Draft Amending Budget No 2/2002 of the European Union for the financial year 2002, presented by the Commission on 27 February 2002 (SEC(2002) 222),
  - having regard to the Draft Amending Budget No 2/2002, established by the Council on 12 March 2002 (7033/2002– C5-0131/2002),
  - having regard to Rule 92 of and Annex IV to its Rules of Procedure,
  - having regard to the report of the Committee on Budgets (A5-0109/2002),
- A. whereas the Draft Amending Budget No 2/2002 aims to budget a preliminary amount of € 10 billion of the positive balance carried over from 2001 (the consequence of underspends relative to the amounts allowed in 2001) in addition to the 1.2 billion of the positive balance already budgeted,
- B. whereas it also recalculates the financing of the 2002 budget on the basis of the new Council decision on the system of the European Communities' own resources adopted by the Council on 29 September 2000 (20007597/EC, Euratom) and which entered into force on 1 March 2002,
- C. whereas Parliament adopted its position on the proposal for the new own resources decision already on 17 November 1999, only 3 months after having been consulted, in

---

<sup>1</sup> OJ L 111, 20.4.2001, p. 1.

<sup>2</sup> OJ L 29, 31.1.2002.

<sup>3</sup> OJ C 172, 18.6.1999, p. 1.

order to avoid delays in the entry into force of that decision,

- D. whereas the provisions of the new own resources decision were already applied by the Commission in calculating the revenue side of its 2002 Preliminary Draft Budget,
- E. whereas the Commission had to present Letter of Amendment 3/2002, shortly before Parliament's second reading of the 2002 budget, in order to revert to the provisions of the 1994 own resources decision for calculating the revenue side, because a number of Member States had not been able to ratify the new decision in time,
- F. whereas, under the new own resources decision, Member States are allowed to keep an increased percentage of traditional own resources in collection costs; whereas the SAB at hand takes this adjustment into account,
- G. whereas serious doubts exist as to whether this increase in retained collection costs – from 10% to 25% - is justifiable with respect to the real costs Member States incur in collecting the traditional own resources,
- H. noting that the definitive balance from 2001 will be presented in yet another SAB to be presented by the Commission in May 2002,
  - 1. Considers it inappropriate to unnecessarily increase the number of budgetary procedures for amending and rectifying budgets and asks the Commission to use its right of initiative in a more rational way;
  - 2. Notes that the first estimate of the surplus from the preceding financial year is extremely high; asks the Commission to present, by May 2002, an analysis of the causes of such an unacceptable situation in order to assess, budget line per budget line, whether responsibility can be attributed to Commission management, Member States or regional authorities and/or beneficiaries;
  - 3. Notes that, once again, the rigidity of the system excludes the possibility that unspent appropriations be used for other needs and urges the Commission to present some proposals in this respect;
  - 4. Considers that additional payment appropriations, within the limits of the existing ceiling, should now be made available for 2002 so as not to unwisely increase the balance of outstanding payments for the future (RAL); takes this view especially in light of the fact that the Commission has indicated that a difficult situation as regards payment appropriations can already be foreseen for the 2003 budget; calls on the Commission to present, with SAB 3- 2002, a thorough and more accurate assessment of the needs for 2002;
  - 5. Welcomes the budgetary decision to introduce amendments to the Council Draft Amending Budget No 2/2002;
  - 6. Instructs its President to forward this resolution accompanied by the amendments to the Council and the Commission.

## EXPLANATORY STATEMENT

The presented Draft Amending Budget No 2/2002 consists of two elements.

Firstly, it budgets for 2002 a preliminary amount of € 10 billion of the surplus carried over from 2001 (in addition to the € 1.2 billion already budgeted by way of the Letter of Amendment 3/2002).

This surplus, which is mainly the result of underspends in the areas of Structural Funds and Agriculture, will effectively be entered on the revenue side of the 2002 budget. This is equivalent to a "reimbursement" to Member States as, by way of a simple clearing procedure, it will decrease their payments for the 2002 Budget.

Secondly, it recalculates the financing (revenue side) of the 2002 Budget on the basis of the new Council Decision on own resources which entered into force on 1 March 2002. This aspect of the proposal entails returning funds to Member States resulting from the fact that, retroactively from 1 January 2001, they are allowed to keep a greater share of Traditional Own Resources (TOR) in collection costs. The rate they are allowed to keep has increased from 10% to 25%. In order to adjust for this fact an amount of € - 2 648.7 million has been entered on the revenue side of the budget (negative revenue).

In total, the combined effects of these two elements mean that total Own Resources payments in 2002 would decrease by € 7,961.3 million.

The rapporteur must emphasise that, as in previous years, a significant part of the 2001 budget has not been spent as intended by the Budgetary Authority. The € 11.2 billion of the 2001 surplus, taken into account so far, alone represents more than 12% of the budget voted by Parliament in December 2000.

In order to get an overview of what the final surplus might be the following table on the implementation of payment appropriations in 2001 is helpful:

### *Payment Appropriations 2001, information from the Commission (data from 18 January 2001)*

#### € Million

<i>Heading of Financial Perspective</i>	<i>Available appropriations</i>	<i>Implementation</i>	<i>Balance</i>
1. Agriculture	44 076	40 137	- 3 939
2. Structural Actions	32 995	22 456	- 10 539
3. Internal Policies	6 480	5 291	- 1 189
4. External Action	4 919	4 227	- 692
5. Administration	3 574	3 149	- 425
6. Reserves	876	207	- 669
7. Pre-Accession	2 301	1 402	- 899
<b>Total</b>	<b>95 221</b>	<b>76 869</b>	<b>- 18 352</b>

As can be seen, the by far largest part of this underspending relates to heading 2 of the

financial perspective. The table below, which is also included in a Working Document on Structural Funds by Mr. Färm and Mr. Pitella, illustrates the situation.

***Structural Funds - Unused 2001 payments appropriations***

	<b>INITIAL BUDGET</b>	<b>AUTHORIZED APPROPRIATIONS WITHOUT CURRENT RESERVE</b>	<b>IMPLEMENTATION AS AT 31/12/2001</b>		<b>DIFFERENCE BETWEEN AUTHORIZED BUDGET AND IMPLEM. AMOUNT</b>
			<b>AMOUNT</b>	<b>%</b>	
Objective 1 (B2-10)	18.745,2	19.555,5	13.789,5	71%	-5.766,0
Objective 2 (B2-11)	4.323,2	4.473,2	3.137,8	70%	-1.335,4
Objective 3 (B2-12)	3.205,4	3.205,4	1.630,3	51%	-1.575,1
Other structural operations (outside Objective 1 regions (B2-13)	463,5	463,5	115,6	25%	-347,9
Community initiatives (B2-14)	1.747,4	1.907,3	1.701,4	89%	-205,9
Innovation schemes and technical assistance (B2-16)	229,7	229,7	97,9	43%	-131,8
Cohesion fund (B2-3)	2.860,0	3.160,0	1.983,4	63%	-1.176,6
<b>TOTAL</b>	<b>31.574,4</b>	<b>32.994,6</b>	<b>22.455,9</b>	<b>68%</b>	<b>-10.538,7</b>

It can be seen that unused appropriations for Structural Funds alone amount to € 10.5 billion. Underspends in other headings will then have to be added to arrive at a final figure.

The Amending Budget (AB) 2/2002, now before Parliament is therefore only the first part of transferring last year's underspends to the revenue side of this year's budget. From the above it seems certain that the final amount will exceed substantially the € 11.2 billion taken into account so far.

It is obvious that the Commission will have to present a third AB, probably in May once the accounts for the 2001 budget have been closed, to budget the final surplus.

The rapporteur therefore wonders if the whole exercise of the AB 2/2002 could not have been postponed for a month or two, which would have made it possible to include the final calculations, and thus to avoid an entire Amending Budget procedure with all that entails in terms of administrative costs and bureaucracy.

The table below shows the breakdown of own resources by Member States based on the AB 2/2002 now being considered and calculated according to the new provisions of the 2000 own resources decision. The Member States' shares are shown in relation to their population and their GNP.



Source: EUROSTAT

**Own resources 2002 - by Member States (based on AB 2/2002)**

**Own resources in relation to population and GNP**

<i>Member States</i>	<i>Total net traditional own resources (75%)</i>	<i>Total "contributive" own resources (VAT, GNP incl. UK correction)</i>	<i>Total own resources</i>	<i>Population*</i>	<i>"Contributive " own resources per capita</i>	<i>Total own resources per capita</i>	<i>GNP 2002*</i>	<i>Share of "contributive" own resources in MS GNP</i>	<i>Share of total own resources in MS GNP</i>	<i>GNP per capita</i>
<b>Belgium</b>	1.078.425.000	2.330.416.603	3.408.841.603	10.236.000	228	333	274,2	0,85%	1,24%	26.788
<b>Denmark</b>	270.675.000	1.550.209.203	1.820.884.203	5.330.000	291	342	188,5	0,82%	0,97%	35.366
<b>Germany</b>	2.886.675.000	17.426.676.778	20.313.351.778	82.164.000	212	247	2.162,6	0,81%	0,94%	26.321
<b>Greece</b>	177.300.000	1.276.889.976	1.454.189.976	10.546.000	121	138	143,0	0,89%	1,02%	13.560
<b>Spain</b>	807.075.000	6.050.132.614	6.857.207.614	39.442.000	153	174	677,5	0,89%	1,01%	17.177
<b>France</b>	1.364.400.000	13.554.083.928	14.918.483.928	59.296.000	229	252	1.527,8	0,89%	0,98%	25.766
<b>Ireland</b>	175.575.000	987.457.164	1.163.032.164	3.777.000	261	308	110,6	0,89%	1,05%	29.282
<b>Italy</b>	1.287.600.000	10.529.058.222	11.816.658.222	57.680.000	183	205	1.271,7	0,83%	0,93%	22.048
<b>Luxembourg</b>	21.675.000	190.793.996	212.468.996	436.000	438	487	21,4	0,89%	0,99%	49.083
<b>Netherlands</b>	1.536.150.000	3.752.626.817	5.288.776.817	15.864.000	237	333	463,0	0,81%	1,14%	29.186
<b>Austria</b>	230.850.000	1.755.581.725	1.986.431.725	8.103.000	217	245	217,6	0,81%	0,91%	26.854
<b>Portugal</b>	160.425.000	1.132.719.232	1.293.144.232	9.998.000	113	129	126,8	0,89%	1,02%	12.683
<b>Finland</b>	109.425.000	1.210.620.822	1.320.045.822	5.171.000	234	255	143,6	0,84%	0,92%	27.770
<b>Sweden</b>	342.075.000	1.910.940.962	2.253.015.962	8.861.000	216	254	246,1	0,78%	0,92%	27.773
<b>United Kingdom</b>	2.795.550.000	8.780.761.913	11.576.311.913	59.623.000	147	194	1.674,9	0,52%	0,69%	28.092
<b>Total</b>	<b>13.243.875.000</b>	<b>72.438.969.955</b>	<b>85.682.844.955</b>	<b>376.527.000</b>	<b>192</b>	<b>228</b>	<b>9.249,3</b>	<b>0,78%</b>	<b>0,93%</b>	<b>24.565</b>
				* as of 1 January 2000			* in billion EUR			