

EUROPEAN PARLIAMENT

2004



2009

Session document

FINAL
A6-0397/2005

6.12.2005

REPORT

on Draft amending budget No 8/2005 of the European Union for the
financial year 2005
(14861/2005 – C6-0412/2005 – 2005/2179(BUD))

Section III – Commission

Committee on Budgets

Rapporteur: Salvador Garriga Polledo

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Draft amending budget No 8/2005 of the European Union for the financial year 2005, Section III – Commission (14861/2005 – C6-0412/2005 – 2005/2179(BUD))

The European Parliament,

- having regard to the Treaty establishing the European Community, and in particular Article 272(4), penultimate subparagraph, thereof,
 - having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 177 thereof,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 27 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, and in particular Articles 37 and 38 thereof,
 - having regard to the general budget of the European Union for the financial year 2005, as finally adopted on 16 December 2004²,
 - 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 procedure³,
 - having regard to Preliminary draft amending budget No 8/2005 of the European Union for the financial year 2005, which the Commission presented on 5 October 2005 (SEC(2005)1226),
 - having regard to Draft amending budget No 8/2005, which the Council established on 1 December 2005 (14861/2005 – C6-0412/2005),
 - having regard to Rule 69 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgets (A6-0397/2005),
- A. whereas, in a letter of 16 November 2005, the Commission substantially amended its original proposal for PDAB No 8/2005 submitted on 5 October 2005,
- B. whereas, contrary to the original proposal, the final version of Preliminary draft amending budget No 8/2005, as amended by the Commission, does not call for re-

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 60, 8.3.2005, p. 1.

³ OJ C 172, 18.6.1999, p. 1. Agreement as last amended by Decision 2005/708/EC of the European Parliament and of the Council (OJ L 269, 14.10.2005, p. 24).

inforcement of payments under heading 2,

C. whereas an adoption of the revised version of PDAB 8/2005 will lead to a reduction of EUR 3 868 434 942 in the Member States' contribution to the 2005 budget based on GNI ,

1. Approves Council's Draft amending budget No 8/2005 unamended ;
2. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Original PDAB 8 of 5 October

On 5 October, the Commission has presented PDAB 8 to take into account the following exceptional circumstances:

- 1) an increase in the forecast of revenue, in particular for the revision of the forecasts of VAT and GNI balances (EUR 2 600 million);
- 2) an increase of payment appropriations for most of the budget lines in heading 2⁴ of EUR 650 million (The assessment of execution by the end of August had shown the need to reinforce the payments in heading 2 by EUR 1 040 million. Of this amount EUR 390 million were re-allocated from other headings in the Global Transfer which has decreased the net reinforcement required in heading 2 to EUR 650 million).
- 3) a modification of the remarks of budget line 17 04 02 - Other measures in the veterinary, animal welfare and public-health field – by adding Regulation (EC) No 178/2002 as legal base to this budget line.

However, at the same time the Commission also stressed that payment estimates for structural funds were provisional at this stage, and might be clearer only later, at the beginning of November. An "amending letter" by the Commission was announced to finally set the level of payments actually needed and the revenue available.

"Amending letter" to PDAB 8 of 16 November

On 16 November, this "amending letter" was presented. Compared to the original October proposal, it slightly decreases the level of unexpected additional revenue (VAT and GNI balances) to 2 451 million and it reduces the *Interests on late payments and fines*—post by the 92.8 million (new total 107.2 million) used for the Solidarity fund of DAB 7 (Storms in Northern Europe), as agreed in the Trialogue of 18 October.

Most importantly, the amending letter also cancels the request for new payments for

⁴ The Budget 2005 was adopted with a reduction of EUR 3 billion in payments for heading 2 relative to the Commission's proposal, together with a declaration of November 2004 which stated that

"If the execution of payment appropriations for the Structural Funds exceeds 40% by the end of July 2005, or if the Commission becomes otherwise convinced of a shortage in payment appropriations, the Commission will, after having examined the possibilities of redeployment of payment appropriations within the totality of the budget, including Heading 2, and evaluated possible sources of additional revenue, present as soon as possible a PDAB to the budgetary authority. The European Parliament and the Council will decide in one single reading on the PDAB in order to have additional appropriations needed available at the latest in early November 2005. This PDAB to be presented and decided in one single reading is exclusively meant for the appropriations needed under Heading 2".

Heading 2, stating that the latest figures on payments made and claimed do not require an increase of appropriations in 2005. On the contrary, the Commission is not even sure whether it will be able to implement the appropriations already available due to low claims by the new Member States.

Adoption of PDAB 8 + "Amending letter" will mean a reduction of Member States' contributions to the 2005 budget by EUR 3 868 million.

Main changes "Amending letter" - original PDAB 8

Revenue

- Regarding the revision of the forecasts of own resources:

+ VAT and GNI balances

The exact amount of VAT and GNI balances affecting the revenue side is now EUR 2 451 315 772.

+ Traditional own resources

The new total of TOR can be estimated at EUR 13.944 million (additional EUR 300 million).

+ Interests on late payment and fines

After the adoption of DAB 7 (Storms in Northern Europe) on 18 November 2005, the original amount of EUR 200 million has been reduced by some EUR 92 million to EUR 107.1 million.

Expenditure

- Regarding Heading 1a - Decrease of payment appropriations for EAGGF-Guarantee:

With this amending letter the Commission also proposes decreases in the EAGGF-Guarantee. In total, the Commission proposes to cancel an amount of EUR 650 million in heading 1a.

- Regarding Heading 2 - Payment appropriations for the structural funds:

The figures per end of October do no longer justify reinforcement of payments under heading 2 for the Structural Actions, on top of the transfers to heading 2 lines proposed in the global transfer. Therefore, it is now proposed to amend PDAB 8 so as to keep the overall amount of appropriations available unchanged.

Although the European Social Fund and the Guidance Section of the European

Agriculture Guarantee and Guidance Fund need significantly higher appropriations than originally budgeted, these changes can be fully financed within heading 2 by available appropriations in the Cohesion Fund, the European Regional Development Fund and, to a smaller extent, the Financial Instrument for Fisheries Guidance.

Payments made, and low claims received from the new Member States, by the end of October do not even provide full execution of the available appropriations available. Despite this, the Commission proposes to retain the overall appropriation level of heading 2 in the hope that it will still be possible to pay this year a significant amount of delayed payment claims.

PROCEDURE

Title	Draft amending budget No 8/2005 of the European Union for the financial year 2005, Section III – Commission		
References	14861/2005 – C6-0412/2005 – 2005/2179(BUD)		
Legal basis	Articles 272 EC and 177 Euratom		
Basis in Rules of Procedure	Rule 69 and Annex IV		
Committee responsible Date of referral	BUDG 0.0.0000		
Committees asked for opinions Date of referral	REGI 0.0.0000	AGRI 0.0.0000	PECH 0.0.0000
Rapporteur Date appointed	Salvador Garriga Polledo 25.11.2003		
Previous rapporteur			
Preliminary draft amending budget Date presented by Commission	No 8/2005 – SEC(2005)1274 5.10.2005		
Date draft amending budget established by the Council	N° 8/2005 - 14861/2005 1.12.2005		
Date draft amending budget forwarded by the Council	0.0.0000		
Discussed in committee	1.12.2005		
Date adopted	1.12.2005		
Result of final vote	for: 30 against: abstentions:		
Members present for the final vote	Laima Liucija Andrikienė, Richard James Ashworth, Reimer Böge, Simon Busuttil, Valdis Dombrovskis, Brigitte Douay, Bárbara Dührkop Dührkop, Salvador Garriga Polledo, Neena Gill, Ingeborg Gräßle, Catherine Guy-Quint, Jutta D. Haug, Ville Itälä, Anne E. Jensen, Wiesław Stefan Kuc, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Gérard Onesta, Giovanni Pittella, Antonis Samaras, Esko Seppänen, László Surján, Helga Trüpel, Kyösti Tapio Virrankoski, Ralf Walter		
Substitutes present for the final vote	Paul Rübig, Margarita Starkevičiūtė, Peter Šťastný		
Substitutes under Rule 178(2) present for the final vote			
Date tabled – A6	6.12.2005	A6-0397/2005	
Comments	...		