

'Council reaches agreement in first reading on draft budget' from the Europe Daily Bulletin (17 July 2003)

Caption: Article published on 17 July 2003 in the Europe Daily Bulletin explaining the participation of the two arms of the budgetary authority, in particular that of the Council, in the budgetary procedure of the European Union.

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Council reaches agreement in first reading on draft budget close to initial Commission proposals – two thirds of new posts requested by Commission have been agreed

Brussels, 16/07/2003 (*Agence Europe*) – On Wednesday in Brussels, the Ecofin Council meeting for its budget group reached an agreement by qualified majority voting in first reading on the tough draft budget for next year, following the preliminary draft budget presented in April by the European Commission. Commissioner Michaele Schreyer, nevertheless, would have liked Ministers to have agreed to 472 out of the 774 new posts requested for enlargement. The concertation meeting with the delegation from the EP budget committee, that took place before the first reading by the Council allowed for progress to be made on the procedure and budget discipline, whereas divergences of interpretation on spending regarding CFSP and ESDP were not lifted (see EUROPE Tuesday 15 July). In the context of the 2003 budget, the Council agreed to release an emergency amount of EUR 40 million for humanitarian aid in South Africa (EUR 25 million) and Ethiopia (EUR 15 million).

The three institutions agreed to the following budgetary procedure: between the first reading by Parliament and the second Council reading, the two branches of the budgetary authority should reach an agreement on the amounts for the current EU and for the enlarged EU (25 countries). This will enable the EP to adopt on this basis, the 2004 budget, including the EU figures for the fifteen and the Commission will prepare a preliminary amending draft budget for the beginning of 2004 in order to budget for the amounts for the enlarged EU (25 countries from 1 may 2004). The EP and the Council agreed to stress the need to impose financial discipline and healthy financial management and limit the rate of growth in payment appropriations.

At the current stage of procedures, the Council has only amended the preliminary draft budget of the Fifteen and not those for the ten new Member States. The Council adopted in first reading a draft budget for the EU-15 of EUR 100 bio in commitment appropriations and EUR 95 bio in credit appropriations (0.98% of the GDP for all the EU). A linear reduction of EUR 160 million (compared to the Commission's preliminary draft budget) was made in market agricultural spending (therefore not for rural development programmes). Structural action funding was also reduced in a linear way by EUR 138 million. Also, EUR 22 million foreseen for the scrapping of vessels was not accepted (which makes a total reduction of EUR 160 million under Heading 2 of structural actions). Under Heading 3 (internal policies), some lines not concerning multiannual programmes have been reduced. Credits for the Argo programme (border controls) have been increased by nearly EUR 15 million to take into account the conclusions of the European Council of Thessaloniki. The other increases concern the Prince programme (the EU's role in the world) and forest protection. The Council agreed to reduce payment appropriations for external actions by EUR 27.9 million, without, however, affecting the amounts in favour of the Balkans. The Council adopted a CFSP budget of EUR 52.6 million. As far as administrative spending is concerned, the Council operated a global reduction of nearly EUR 58 million, and, finally, under Heading 6 (pre-accession), payment appropriations were reduced by EUR 100 million.