

# Procedure file

Basic information		
BUD - Budgetary procedure	2004/2001(BUD)	Procedure completed
2005 budget: section III, Commission		
Subject 8.70.60 Previous annual budgets		

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	<b>BUDG</b>	Budgets		25/11/2003
			PPE-DE <a href="#">GARRIGA POLLEDO Salvador</a>	01/12/2003
			ELDR <a href="#">JENSEN Anne E.</a>	
	Former committee responsible			
	<b>BUDG</b>	Budgets		25/11/2003
			PPE-DE <a href="#">GARRIGA POLLEDO Salvador</a>	
	<b>BUDG</b>	Budgets		25/11/2003
			PPE-DE <a href="#">GARRIGA POLLEDO Salvador</a>	
	Former committee for opinion			
	<b>AFET</b>	Foreign Affairs		28/07/2004
			PPE-DE <a href="#">SALAFRANCA SÁNCHEZ-NEYRA José Ignacio</a>	
	<b>DEVE</b>	Development		27/07/2004
			PPE-DE <a href="#">WIJKMAN Anders</a>	
	<b>INTA</b>	International Trade		28/07/2004
			PSE <a href="#">MARTIN David</a>	
	<b>CONT</b>	Budgetary Control		27/07/2004
		PPE-DE <a href="#">HEATON-HARRIS Christopher</a>		
<b>ECON</b>	Economic and Monetary Affairs		28/07/2004	
		PSE <a href="#">GUY-QUINT Catherine</a>		
<b>EMPL</b>	Employment and Social Affairs	The committee decided not to give an opinion.		
<b>ENVI</b>	Environment, Public Health and Food Safety		27/07/2004	
		PSE <a href="#">HAUG Jutta</a>		
<b>ITRE</b>	Industry, Research and Energy	The committee decided not to give an opinion.		
<b>IMCO</b>	Internal Market and Consumer Protection		28/07/2004	

		PPE-DE <a href="#">WUERMELING Joachim</a>	
<b>TRAN</b>	Transport and Tourism		28/07/2004
		PPE-DE <a href="#">GROSCH Mathieu</a>	
<b>REGI</b>	Regional Development		30/08/2004
		PPE-DE <a href="#">BEREND Rolf</a>	
<b>AGRI</b>	Agriculture and Rural Development		26/07/2004
		PPE-DE <a href="#">HERRANZ GARCÍA Esther</a>	
<b>PECH</b>	Fisheries		28/07/2004
		PPE-DE <a href="#">FRAGA ESTÉVEZ Carmen</a>	
<b>CULT</b>	Culture and Education		26/07/2004
		Verts/ALE <a href="#">TRÜPEL Helga</a>	
<b>JURI</b>	Legal Affairs	The committee decided not to give an opinion.	
<b>LIBE</b>	Civil Liberties, Justice and Home Affairs		26/07/2004
		ALDE <a href="#">DEPREZ Gérard</a>	
<b>AFCO</b>	Constitutional Affairs		27/07/2004
		Verts/ALE <a href="#">ONESTA Gérard</a>	
<b>FEMM</b>	Women's Rights and Gender Equality		26/07/2004
		PSE <a href="#">GRÖNER Lissy</a>	
<b>PETI</b>	Petitions	The committee decided not to give an opinion.	
<b>AFET</b>	Foreign Affairs, Human Rights, Common Security, Defense		21/01/2004
		PPE-DE <a href="#">SALAFRANCA SÁNCHEZ-NEYRA José Ignacio</a>	
<b>LIBE</b>	Citizens' Freedoms and Rights, Justice and Home Affairs		02/12/2003
		PSE <a href="#">CEYHUN Ozan</a>	
<b>ITRE</b>	Industry, External Trade, Research, Energy		21/01/2004
		PPE-DE <a href="#">RÜBIG Paul</a>	
<b>EMPL</b>	Employment and Social Affairs		22/01/2004
		PPE-DE <a href="#">PRONK Bartho</a>	
<b>ENVI</b>	Environment, Public Health, Consumer Policy		20/11/2001
		PPE-DE <a href="#">GOODWILL Robert</a>	
<b>AGRI</b>	Agriculture and Rural Development		22/01/2004
		PPE-DE <a href="#">HERRANZ GARCÍA Esther</a>	
<b>PECH</b>	Fisheries		20/01/2004
		PPE-DE <a href="#">LANGENHAGEN Brigitte</a>	
<b>RETT</b>	Regional Policy, Transport and Tourism		21/01/2004
		PSE <a href="#">GUY-QUINT Catherine</a>	
<b>DEVE</b>	Development and Cooperation		26/11/2003

FEMM Women's Rights and Equal Opportunities

13/01/2004

PSE [GRÖNER Lissy](#)

Council of the European Union

Council configuration

Meeting

Date

[Transport, Telecommunications and Energy](#)[2625](#)

29/11/2004

[Justice and Home Affairs \(JHA\)](#)[2600](#)

19/07/2004

[Economic and Financial Affairs ECOFIN](#)[2598](#)

16/07/2004

[Economic and Financial Affairs ECOFIN](#)[2569](#)

09/03/2004

## Key events

09/03/2004	Debate in Council	<a href="#">2569</a>	
05/04/2004	Vote in committee		Summary
05/04/2004	Budgetary report tabled for plenary	<a href="#">A5-0269/2004</a>	
20/04/2004	Debate in Parliament		
22/04/2004	Decision by Parliament	<a href="#">T5-0369/2004</a>	Summary
28/04/2004	Commission preliminary draft budget published	COM(2004)0350	Summary
19/07/2004	Council draft budget published	<a href="#">11445/2004</a>	Summary
21/07/2004	Committee referral announced in Parliament		
13/10/2004	Vote in committee		Summary
19/10/2004	Budgetary report tabled for plenary	<a href="#">A6-0021/2004</a>	
26/10/2004	Debate in Parliament		
28/10/2004	Results of vote in Parliament		
28/10/2004	Decision by Parliament	<a href="#">T6-0038/2004</a>	Summary
29/11/2004	Amended budget adopted by Council		
29/11/2004	Council amended draft budget published	<a href="#">15178/2004</a>	Summary
06/12/2004	Vote in committee, 2nd reading		
08/12/2004	Budgetary report tabled for plenary, 2nd reading	<a href="#">A6-0068/2004</a>	
14/12/2004	Debate in Parliament		
14/12/2004	Debate in Parliament		
14/12/2004	Committee referral announced in Parliament, 2nd reading		
16/12/2004	Decision by Parliament, 2nd reading	<a href="#">T6-0103/2004</a>	Summary
16/12/2004	End of procedure in Parliament		
08/03/2005	Final act published in Official Journal		

Technical information	
Procedure reference	2004/2001(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Stage reached in procedure	Procedure completed

Documentation gateway					
Committee opinion	<b>LIBE</b>	PE339.586/DEF	05/02/2004	EP	
Committee draft report		PE338.074	10/03/2004	EP	
Committee opinion	<b>AFET</b>	PE341.350/DEF	16/03/2004	EP	
Committee opinion	<b>DEVE</b>	PE326.809/DEF	22/03/2004	EP	
Committee opinion	<b>FEMM</b>	PE337.835/DEF	25/03/2004	EP	
Committee opinion	<b>EMPL</b>	PE341.857/DEF	25/03/2004	EP	
Committee opinion	<b>RETT</b>	PE331.405/DEF	26/03/2004	EP	
Committee opinion	<b>PECH</b>	PE337.259/DEF	26/03/2004	EP	
Amendments tabled in committee		PE338.074/AMS	29/03/2004	EP	
Committee opinion	<b>AGRI</b>	PE339.717/DEF	31/03/2004	EP	
Committee opinion	<b>ITRE</b>	PE340.340/DEF	01/04/2004	EP	
Committee opinion	<b>ENVI</b>	PE340.795/DEF	01/04/2004	EP	
Budgetary report tabled for plenary, 1st reading		<a href="#">A5-0269/2004</a>	05/04/2004	EP	
Budgetary text adopted by Parliament		<a href="#">T5-0369/2004</a> <a href="#">OJ C 104 30.04.2004, p. 0747-1009 E</a>	22/04/2004	EP	Summary
Commission preliminary draft budget		COM(2004)0350	28/04/2004	EC	Summary
Document attached to the procedure		SEC(2004)0531	30/04/2004	EC	Summary
Document attached to the procedure		<a href="#">SEC(2004)0660</a>	18/06/2004	EC	Summary
Council draft budget		<a href="#">11445/2004</a>	19/07/2004	CSL	Summary
Document attached to the procedure		<a href="#">11446/2004</a>	26/07/2004	CSL	Summary
Committee opinion	<b>ECON</b>	<a href="#">PE346.865</a>	01/09/2004	EP	
Committee opinion	<b>AFCO</b>	<a href="#">PE346.931</a>	03/09/2004	EP	
Committee opinion	<b>TRAN</b>	<a href="#">PE346.878</a>	06/09/2004	EP	
Committee opinion	<b>REGI</b>	<a href="#">PE346.891</a>	06/09/2004	EP	
Committee opinion	<b>PECH</b>	<a href="#">PE346.966</a>	09/09/2004	EP	
Committee opinion	<b>INTA</b>	<a href="#">PE346.913</a>	14/09/2004	EP	
Committee opinion	<b>LIBE</b>	<a href="#">PE346.948</a>	14/09/2004	EP	
Committee opinion	<b>CULT</b>	<a href="#">PE334.078</a>	14/09/2004	EP	

Committee opinion	<a href="#">IMCO</a>	<a href="#">PE347.010</a>	17/09/2004	EP	
Committee opinion	<a href="#">ENVI</a>	<a href="#">PE346.917</a>	21/09/2004	EP	
Committee opinion	<a href="#">AGRI</a>	<a href="#">PE346.897</a>	22/09/2004	EP	
Committee opinion	<a href="#">FEMM</a>	<a href="#">PE346.953</a>	24/09/2004	EP	
Committee draft report		PE347.088	28/09/2004	EP	
Amendments tabled in committee		PE347.223	06/10/2004	EP	
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE347.084</a>	07/10/2004	EP	
Committee opinion	<a href="#">AFET</a>	<a href="#">PE347.016</a>	11/10/2004	EP	
Document attached to the procedure		<a href="#">SEC(2004)1235</a>	13/10/2004	EC	Summary
Budgetary report tabled for plenary, 1st reading		<a href="#">A6-0021/2004</a>	19/10/2004	EP	
Document attached to the procedure		<a href="#">SEC(2004)1324</a>	26/10/2004	EC	Summary
Budgetary text adopted by Parliament		<a href="#">T6-0038/2004</a> <a href="#">OJ C 174 14.07.2005, p. 0062-0166 E</a>	28/10/2004	EP	Summary
Document attached to the procedure		<a href="#">SEC(2004)1346</a>	29/10/2004	EC	Summary
Commission response to text adopted in plenary		<a href="#">SP(2004)2832</a>	11/11/2004	EC	
Council amended draft budget		<a href="#">15178/2004</a>	29/11/2004	CSL	Summary
Amending/supplementary letter on draft budget		<a href="#">15180/2004</a>	29/11/2004	CSL	Summary
Amending/supplementary letter on draft budget		<a href="#">15181/2004</a>	29/11/2004	CSL	Summary
Amending/supplementary letter on draft budget		<a href="#">15182/2004</a>	29/11/2004	CSL	Summary
Committee draft report		PE350.108	30/11/2004	EP	
Amendments tabled in committee		PE350.151	01/12/2004	EP	
Budgetary report tabled for plenary, 2nd reading		<a href="#">A6-0068/2004</a>	08/12/2004	EP	
Motion for a resolution		<a href="#">B6-0204/2004</a>	16/12/2004	EP	
Final budget adopted by Parliament		<a href="#">T6-0103/2004</a> <a href="#">OJ C 226 15.09.2005, p. 0242-0336 E</a>	16/12/2004	EP	Summary
Commission response to text adopted in plenary		SP(2005)526	10/03/2005	EC	

#### Final act

[Budget 2005/141](#)  
[OJ L 060 08.03.2005, p. 0001-1599](#) Summary

The committee adopted the report by Salvador GARRIGA POLLEDO (EPP-ED, E) on the annual policy strategy (APS) for 2005. The committee broadly welcomed the APS as an instrument aiming to combine the budgetary and legislative cycles and reinforce the political visibility of Parliament's budgetary priorities. Regarding the financial framework, it stressed the substantial reduction of the ceilings, in particular for headings 3 (internal policies), 4 (external actions) and 5 (administrative expenditure), and pointed out inter alia that new needs would require new resources. After taking account of the opinions of the other parliamentary committees, the Committee on Budgets made the following recommendations for the various budget headings: - agriculture: in an enlarged Europe, it will be necessary to provide more financing for rural areas, subsidies for young farmers, the fight against animal diseases, and European quality labels; - structural operations: Member States should communicate their forecasts to the Commission. Although implementation of payment appropriations had improved in 2003, there was still a large volume of outstanding commitments; - internal policies: the lack of progress in implementing the Lisbon strategy meant that it was necessary to further develop and strengthen finance and guarantee instruments for SMEs. The common immigration/migration policy needed to be reinforced and the fight against terrorism should be stepped up. There was also a need to ensure the continuity of the LIFE III programme; - external actions: measures to improve the prospects for a free and democratic Iraq must be supported, and assistance must be provided for the reconstruction of Afghanistan. A New Neighbourhood Policy must be established, in particular with regard to the South and the East of the enlarged EU. Efforts for cooperation with other regions of the world (Latin America and the ACP countries) must be maintained and strengthened. Lastly, the Commission should submit a concrete proposal on developing the Parliamentary Assembly of the WTO; - personnel and administration: Parliament would evaluate the Commission's request for 700 new enlargement-related posts on the basis of different criteria (such as the absorption capacity of the Institutions, the geographical balance of posts, the implementation of Parliament's priorities and the process of outsourcing). Policy on agencies must comply with a rigorous budgetary approach. Lastly, MEPs said that the Activity Statements should include, for each area of the budget, measurable objectives and performance indicators as well as a summary of the Court of Auditors' findings and the Discharge Authority's conclusions.

## 2005 budget: section III, Commission

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In adopting the report by Salvador GARRIGA POLLEDO (EPP-ED, E), the European Parliament gives a broad welcome to the new method of presenting an Annual Policy Strategy as a way of bringing together the legislative and budgetary cycles and making political priorities more visible. (Please refer to the previous document).

Parliament notices that in the presentation of the three priorities included in the APS for 2005 - competitiveness and cohesion, security and European citizenship, and external responsibility: neighbourhood and partnership - the Commission is setting similar priorities to those laid down in its Communication on the financial framework beyond 2006.

Parliament is aware that, as a result of the additional budgetary constraints caused by the adjustment of the ceilings in heading 3, 4 and 5 of the Financial Perspective, the budgetary authority may have to review the priorities set out in the Commission's annual policy strategy. It expects the Commission to re-allocate budgetary and human resources in accordance with the decisions of the budgetary authority.

On agriculture, Parliament notes that there should be greater support for young farmers, for the rural environment, for the fight against animal diseases and for European quality labels - all this is particularly important in the light of EU enlargement.

With regard to structural operations, Parliament states that the Member States should provide their forecasts for 2005; while there has been an improvement in the implementation of structural fund payment appropriations, there is a persistently large volume of outstanding commitments.

Concerning internal policies, Parliament is worried by the recent assessment by the Commission, in the progress report on implementing the Lisbon strategy. It highlights the need to concentrate its efforts and, within the 2005 budget, prioritise the key Lisbon strategy measures with budget relevance in order to speed up the achievement of the objectives set. It reiterates its support for Community measures targeted at SMEs especially in view of promoting competitiveness in a fully integrated single market and in the pursuit of the Lisbon strategy. Parliament urges that finance and guarantee instruments for SMEs be further developed and strengthened. It also emphasises the need, following the accession of 10 new Member States, to ensure the continuity of the LIFE III programme and to bridge the gap between the expiry of LIFE and the new financial perspectives. A high priority must also be given to the Commission initiatives concerning Natura 2000.

On the issue of external actions, the Parliament is concerned at the current situation in Iraq and considers that measures to improve the prospects for a free and democratic Iraq must be supported. Aware of the serious budgetary constraints, it intends to carefully assess the possibility of recourse to the Interinstitutional Agreement instruments.

Fundamental support for establishing a New Neighbourhood Policy is expressed by the Parliament which helps to provide a sphere of prosperity and stability to the South and the East of the current EU borders. It emphasises that in the context of the Partnership between the EU and the Mediterranean it is necessary to strengthen all measures contributing to the full development of the Barcelona process. These objectives must be equally pursued in relation to the Eastern neighbours of the EU, with a view to establishing the Northern dimension.

Parliament stresses that the external priorities of the Union are not solely dependent on geographical proximity, and that the strategic efforts for co-operation and solidarity with other regions of the world must be maintained and strengthened; in this context, emphasises that the bilateral and multilateral relations between the EU and Latin America must be reinforced, especially in the light of the Third EU-Latin America Summit

Lastly, Parliament points out, in a context in which the significance of the EU as a Global Partner must be strengthened, that steps in the direction of establishing a European common diplomacy and towards the creation of a European external action service would directly contribute to the achievement of this goal. It equally notes that it intends to analyse future needs and current implementation of the CFSP, taking into account the major financial increase granted under this section for 2004.

## 2005 budget: section III, Commission

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The Council established, by a qualified majority, the draft budget for the enlarged Union for the financial year 2005.

The draft budget at first reading amounts to:

- EUR 115 976 999 217 in commitment appropriations;

- EUR 105 221 196 496 in payment appropriations.

Compared with the 2004 budget, these amounts represent a 4,11% increase in commitment appropriations and a 5,43% increase in payment appropriations.

To recall, the rectified PDB takes into account the final figures for estimates for institutions other than the Commission, forwarded to the Council by the Commission, comprises budget estimates totalling:

- EUR 117 242.21 million in appropriations for commitments;

- EUR 109 568.21 million in appropriations for payments.

This rectified preliminary draft general budget shows a 5.2% increase in appropriations for commitments and a 9.8% increase in appropriations for payments compared to the amounts authorised in the 2004 budget.

This draft budget leaves adequate margins below the ceilings for the headings of the Financial Perspective, in order to cope with unforeseen situations; provides adequate funding for the European Union's various priorities; provides for a limited and controlled growth of payment appropriations in comparison with 2004 and confirms Copenhagen commitments as taken on board in the preliminary draft budget.

The draft budget can be summarised as follows:

a) Agricultural expenditure (Heading 1):

- an across-the-board reduction in commitment and payment appropriations requested in the PDB by an amount of EUR 1 billion under all budget articles of subheading 1a (market expenditure for agriculture and rural development) where the sum of appropriations is greater than EUR 800 million; this reduction is in line with the overall approach of controlled growth of payment appropriations, in which it is proposed to include compulsory expenditure (subheading 1a) and non-compulsory expenditure (other headings); it represents a 6,4% increase compared to 2004.

- acceptance of the Commission's PDB as regards appropriations for rural development (subheading 1b).

b) Structural operations (Heading 2):

- acceptance of the PDB as regards commitment appropriations;

- an across-the-board reduction of EUR 3 billion in the payment appropriations requested in the PDB under the budget headings concerning Structural Funds (EUR 2 446 million), Community initiatives (EUR 253 million) and completion of earlier programmes prior to 2000 (EUR 301 million), taking into account the foreseeable implementation rate.

c) Internal policies (Heading 3):

- acceptance of the amounts proposed for multiannual programmes under the codecision procedure as agreed following enlargement and of specific amounts related to Copenhagen commitments;

- limitation of the appropriations for some budget headings not based on multiannual programmes, in particular regarding press and communication and preparatory action for security research; appropriations have also been reduced for subsidies for certain agencies, taking account of the situation of agencies that are being started up;

- not approving appropriations for the European Police College and anti-pollution measures; regarding anti-pollution measures, the situation will be reconsidered in the course of the budgetary procedure in the light of additional information on the implementation of the amending Regulation establishing the European Maritime Safety Agency of March 2004 and on the feasibility studies;

- the margin available under heading 3 is of EUR 108,6 million.

d) External action (Heading 4):

- an across-the-board reduction in the main headings, with co-decided programmes, international agreements and reconstruction in Iraq being excluded;

- increase of the amount for CFSP proposed in the PDB to the level of the amount of EUR 62,6 million entered in the 2004 budget in commitments appropriations, which represents an increase of EUR 7,6 million compared to the PDB 2005;

- no recourse to the flexibility instrument;

- the margin now available under this heading is EUR 14,4 million in commitment appropriations

(- EUR 115,5 million in PDB 2005).

e) regarding expenditure on administrative expenditure :

- setting an adequate margin within the ceiling under heading 5 of the Financial Perspective in the interest of sound financial management; the margin now available under this heading is of EUR 51,88 million.

- applying a reduction of 1.5% on current expenditure, taking into account the impact of development of information technologies and interinstitutional co-operation;

- fixing a minimum standard flat rate on salaries of 4%, taking into account the current vacancy rate;

- accepting new posts requested for enlargement and certain new tasks and applying a reduction of 5% on appropriations for these accepted posts, taking into account specific recruitment schedules;

- accepting conversions and upgradings, in particular related to career development under the new Staff Regulations. The Council allocated an overall amount of EUR 3 960 672 051 for the Commission

budget (including OPOCE, OLAF, EPSO (with EAS), PMO, OIB, OIL and pensions), which represents an increase of EUR 113 418 927 (+ 2.95%) over the 2004 budget. The nomenclature proposed by the Commission in the preliminary draft budget was accepted. The 774

transformations requested for career development following the revised Staff Regulation were approved by the Council as well as 25 upgradings. Moreover, the Council also accepted for the Joint Research Centre 27 new posts and 56 transformations as requested.

f) Pre-accession instruments: acceptance of the PDB for commitment appropriations and a decrease in the payment appropriations of EUR 200 million requested in the PDB (Sapard and Turkey).

## 2005 budget: section III, Commission

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PURPOSE : to present the Amending Letter No 1 to the Preliminary Draft Budget for the year 2005 (Section III - Commission).

CONTENT : this amending letter 1/2005 covers the following issues :

-The request for supplementary appropriations under heading 7 of the Financial Perspective to finance actions encouraging the economic development of the Turkish Cypriot community : the margin available under heading 7 of PDB 2005 amounts to EUR 1 616 million. The Commission is proposing to use part of this margin for supplementary commitment appropriations amounting to EUR 219 million to finance the specific programme for the Turkish Cypriot community (EUR 114 million) and the pre-accession strategy for Croatia (EUR 105 million). The corresponding supplementary payment appropriations necessary amount to EUR 45,24 million (EUR 26,84 million and EUR 18,4 million respectively).

-The request for supplementary appropriations under heading 7 of the Financial Perspective to finance the pre-accession strategy for Croatia and the removal of the appropriations initially budgeted for Croatia in the framework of the CARDS programme under heading 4 of the Financial Perspective : the inclusion of Croatia in heading 7 implies the removal of the budgeted appropriations for Croatia under heading 4, which amount to EUR 65 million in commitment appropriations and EUR 10 million in payment appropriations. It is proposed to amend the corresponding budget lines to deduct these amounts. This implies a corresponding reduction in the amounts requested under the flexibility instrument.

-The proposal to extend PEACE II to cover 2005-2006. Thus aligning it with the other structural actions: the prolongation of PEACE II for two further years will only necessitate in this instrument a change in commitment appropriations for 2005. The total amount to be made available is EUR 60 million, of which EUR 36,6 million from the ERDF, and EUR 23,4 million under the ESF. This increase is made possible by the margin under heading 2, created by the end of Ireland's eligibility for the Cohesion Fund. Accordingly, the Commission intends to adjust the corresponding sub-headings in a separate proposal.

-The proposal for the Publications Office (OPOCE) to take over activities and posts linked to CORDIS (Community Research and Development Information Service) formerly belonging to DG ENTR : CORDIS as the information platform for research and innovation is considered as a valuable complement to the public services already being offered by the Publications Office, and a "preliminary" transfer of CORDIS was agreed between the two services concerned with effect from 1 May 2004. To definitively integrate CORDIS into OPOCE requires changes to the establishment plans (18 posts) and a transfer of appropriations.

-The creation of a new budget article to allow for the accession of the European Community to the International Convention for the Protection of New Varieties of Plants (UPOV).

-The updating of revenue in the context of Switzerland's association with the application of the Schengen agreement and Eurodac.

- A number of technical corrections to the budget remarks in order to take account of the legal bases adopted since the presentation of PDB 2005.

This amending letter to the preliminary draft budget 2005 implies a modification of the PDB as follows:

- EUR 214 million in additional commitment appropriations;

- EUR 35,24 million in additional payment appropriations.

The PDB (comprising the amending letter 1/2005) is presented as follows :

- commitment appropriations : EUR 117.427.519.560;

- payment appropriations : EUR 109.574.756.839.

## 2005 budget: section III, Commission

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The committee adopted the report drawn up by Salvador GARRIGA POLLEDO (EPP-ED, ES) to accompany the vote on the amendments for Parliament's first reading of the 2005 budget. MEPs increased the figure for payment appropriations, which the Council had decreased by EUR 4 billion in its draft budget in July. One major change was the sizeable hike proposed for Structural Measures, largely because the funding for this policy area was spent well during the current financial year. The report said that these increases were justified by the need for the EU to "provide the necessary budgetary means to meet its stated ambitions", i.e. to speed up implementation of the Lisbon Strategy so as to boost sustainable development and employment, enhance cooperation on asylum and immigration policies, improve the information targeted at the European public by the EU and strengthen cohesion and external policies. As regards External Action, MEPs wanted funding for reconstruction in Iraq (to which the EU promised to contribute 1 billion euros over five years at the Donors' Conference in 2003) to be found by using the flexibility instrument (EUR 190 million), since the committee was proposing to leave no margin in the External Action heading. In July the Council cut a number of budget headings, thus increasing their margins so as to forestall any need to use the flexibility instrument. MEPs once again strongly opposed the idea that new commitments should be funded at the expense of old priorities, such as humanitarian aid or the fight against poverty. Another bone of contention between Parliament and Council is that there is no margin within the heading Internal Policies from which the funding proposed for the decentralised EU agencies could come. Following the explosion in the number of agencies in recent years and the subsequent impact on staff levels, the funds that need to be earmarked for this purpose are so great that they are jeopardising funding for other key areas. The committee, while keen for the agencies to have the resources to function properly, wanted their funding to be made the subject of an agreement with Council, so that the EU's priorities as described above would be observed.

## 2005 budget: section III, Commission

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PURPOSE : to present the amending letter No 3 to the preliminary draft budget (PDB) for 2005.

CONTENT : in accordance with the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure signed by the European Parliament, the Council and the Commission on 6 May 1999, the Commission may present to the budgetary authority an ad hoc letter of amendment to update the figures underlying the estimate of agricultural expenditure in the preliminary draft budget and/or to correct, on the basis of the most recent information available concerning fisheries agreements in force on 1 January of the financial year concerned, the breakdown between the appropriations entered in the operational items for international fisheries agreements and those entered in reserve. This letter of amendment must be sent to the budgetary authority by the end of October.

The Commission presents herewith this ad hoc amending letter to the preliminary draft budget 2005. It covers the following elements:

1) Agricultural expenditures: update on the estimated needs for heading 1 : the Commission has carefully updated the agricultural budget on a line by line basis. In addition to changing market factors, the AL also incorporates legislative decisions adopted in the agricultural sector since the PDB was drawn up, as well as any proposals, which are expected to have effect during the coming budget year.

The amending letter is based, in the same way as the PDB itself, on the needs of the Community as a whole. As far as the market measures are concerned, no breakdown of the appropriations between Member States is available. In addition, it must be stressed that these appropriations are to be understood as a forecast and not as an objective of expenditure. The actual expenditure will depend, in particular, on real market conditions, on the actual rate of exchange EUR/USD and on the rhythm of the payments by Member States. Since this is compulsory expenditure, whatever the amount a Member State is obliged to pay in accordance with the regulations will be reimbursed in full.

The euro-dollar rate used, in accordance with the Council Regulation on Budgetary Discipline, is based on the actual rate observed between 1 July and 30 September 2004. It comes to 1.22 (EUR 1=USD1.22), and results in some economies (about EUR 84 million) compared to the preliminary draft, in particular for cereals, sugar and cotton.

Overall needs for subheading 1a (CAP expenditure excluding rural development) are estimated at EUR 43 610,5 million, EUR 224 million lower than in the preliminary draft, leaving a margin of EUR 987,5 million below the ceiling of the Financial Perspectives for EU-25.

This decrease is largely explained by reduced needs in three sectors. The most substantial change is that for milk and milk products (- EUR 367 million), where favourable market conditions have triggered lower expenses for the different market measures. Savings for 2005 have also been recorded in the case of sugar (- EUR 146 million), and for olive oil (-EUR 74 million). However, these savings have been partly offset by increased needs for other sectors, notably market measures for cereals (+ EUR 244 million), fruit and vegetables (+ EUR 85 million) and textile plants (+ EUR 30 million).

For rural development (subheading 1b), the PDB estimates for commitment and payment appropriations remain unchanged at EUR 6 841 million and EUR 6 279 million respectively. The level of commitment appropriations is at the ceiling of the Financial Perspective.

Changes in nomenclature are also proposed to increase transparency in recoveries and clearance of accounts.

2) External Actions: update on the international fisheries agreements concluded : To take account of the latest information available on the international fisheries agreements, the Commission proposes to move EUR 2.5 million in commitment appropriations and EUR 3.6 million in payment appropriations from the reserve to the line. There is an increase on item 11 03 01 of EUR 2 500 000 in commitment appropriations and of EUR 3 565 000 in payment appropriations. The amounts entered in the reserve are decreased by the same amounts since the uncertainties that existed at the time of drafting the PDB have now been removed. Thus the net overall effect is zero since the increase on item 11 03 01 is made possible by a corresponding decrease of chapter 31 02.

## 2005 budget: section III, Commission

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In adopting by 439 votes for, 94 against and 7 abstentions the report by Salvador GARRIGA POLLEDO (EPP-ED, ES) accompanying the first reading of the 2005 Budget. Following this vote, commitment appropriations amount to EUR 117 195 256 630 and payment appropriations to EUR 111 263 911 793, in each case below the ceilings of the Financial Perspective. Parliament increased the figure for payment appropriations, which the Council had slashed in its draft budget in July (when it suggested EUR 4 billion less than the Commission's preliminary draft). One major change is the sizeable hike proposed for Structural Measures, largely because the funding for this policy area was well spent during the current financial year. These increases are justified by the need for the EU to provide the necessary budgetary means to meet its stated ambitions. These are to speed up implementation of the Lisbon Strategy so as to boost sustainable development and employment, enhance co-operation on asylum and immigration policies, strengthen cohesion and external policies and improve the information targeted at the European public by the EU.

It is noted that the foreseen expenditure package, initiated by the Council, to encourage the economic development of the Turkish Cypriot community is not explicitly covered by any existing heading of the financial perspective and that a political agreement on where such appropriations should be found is necessary, including the possibility of revising the financial perspective.

In this context, the Parliament amends the draft 2005 budget as follows :

- Heading 1: the Parliament objects to the fact that in its draft budget the Council has adopted an initial common position which calls for an EUR 1 billion reduction in the funding proposed by the Commission under the agriculture section of its preliminary draft budget for the coming year without any justification relating to the management of agricultural policies and measures. It stresses the need to encourage young farmers, in particular, and to adapt the funds available to the number of young farmers in need of assistance in the enlarged Union.

- Heading 2: the Parliament welcomes the improvements in the implementation of the Structural Funds. It increases payment appropriations, which will also facilitate the reduction of outstanding commitments and it invites the Commission to present an updated estimate of the needs for 2005, in the light of Member States' forecasts and the serious payment deficits already flagged for 2004.

- Heading 3: Parliament decides to contribute to speeding up the achievement of the objectives set by the Lisbon Strategy, by reinforcing a set

of budget lines concerning SMEs' industrial competitiveness, trans-European transport networks, development of the internal market, the Community action programme in the field of environment and the Leonardo Da Vinci programme. Equally, it considers that the EU and its Member States need to strengthen their internal security and safeguards for the welfare of European citizens; increases the appropriations for Eurojust and the pilot project supporting the victims of terrorist acts. In addition, it urges the Council to transform Europol into a decentralised agency of the Union, as envisaged in the draft Constitutional Treaty.

- Heading 4: Parliament deplores the fact that the Council has failed to recognise the seriousness of the unprecedented challenges the EU faces in external policy, by introducing unacceptable across-the-board cuts which further weaken the already inadequate proposals made by the Commission in the PDB. It decides to enter appropriations at a level which will secure new international undertakings and safeguard traditional priorities such as human rights and democracy programmes, humanitarian and food aid, geographical cooperation programmes and the global fight against poverty and HIV/AIDS. Parliament points out that the fight against drugs and drug addiction, and hence the Community's policy in this area, continue to be of prime importance. Moreover, Parliament points out that the fight against drugs and drug addiction. It notes that, in the context of the external action aspect of operations coming under this policy, there is an urgent need to tackle the situation in Afghanistan which is once again the largest producer of opium poppies in the world and the country where 90% of the heroin on Europe's streets originates.

On the CFSP, Parliament welcomes the progress achieved with the Irish and Dutch presidencies in developing the political dialogue with the European Parliament on CFSP through regular meetings. It recalls however that Council should justify its proposed increases for CFSP not only from the point of view of the specific actions but also taking into account the available margin under heading 4 and the possible impact on other actions.

- Heading 5: Parliament recalls its willingness to provide sufficient means for this expenditure, in order to enable the institutions of the enlarged Union to function properly, but is not in favour of using the flexibility instrument of the financial perspective for this purpose. Furthermore, it considers it desirable to create for 2005 an adequate margin under the ceiling of heading 5 of the financial perspective but cannot, at present, achieve this without additional efforts from the institutions themselves. It decides, therefore, to increase the draft budget by some EUR 48.7 million in first reading, leaving a limited margin. All the institutions are called upon to examine all possibilities for further savings before the second reading, including a critical review of budget requests and the possibility of reprogramming and internal or interinstitutional frontloading.

Lastly, Parliament calls on all the EU institutions to make savings so as to keep within the ceiling for administrative expenditure. It nevertheless proposes that Parliament should approve the request to fund 700 extra posts at the Commission, although 150 posts would be kept in the reserve. These reserve posts could be released provided the Commission meets certain conditions, in particular by allocating more money to the Infopoints. Another bone of contention between Parliament and Council is that there is no margin within the heading Internal Policies from which the funding proposed for the decentralised EU agencies could come. When the ceilings for the various headings were established in 1999, no one foresaw the explosion in the number of agencies (23 now as opposed to 7 just six years ago), with the impact this would have on staff levels (2,695 posts, including the 418 new posts requested for 2005). The funds that need to be earmarked for this purpose are so great that they are jeopardising funding for other key areas. Parliament, while keen for the agencies to have the resources to function properly, wants their funding to be made the subject of an agreement with Council, so that the EU's priorities as described above are observed.

## 2005 budget: section III, Commission

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PURPOSE : to present the Amending Letter No 2 to the Preliminary Draft Budget for the year 2005.

CONTENT : this Amending Letter No 2 to the Preliminary Draft Budget for the year 2005 covers the following elements:

- the establishment of an Executive Agency for Education and Culture to implement programmes in that field : in accordance with the provisions of Article 12.3 of Regulation 58/2003/EC, the Agency will receive an operating subsidy entered in the general budget of the European Communities and taken from the budget of the programmes which it will manage. The PDB 2005 contains two budget lines, endowed with a "pm", corresponding to the parts of the subsidy justified by the intervention of the Agency in the management of programmes in the field of education and culture involving, respectively, heading 3 and heading 5 of the Financial Perspective: item 15 01 04 30 "Executive Agency for Education and Culture ? Subsidy for the programmes of the heading 3" and 15 01 04 32 "Executive Agency for Education and Culture ? Subsidy for the programmes of heading 5". With this letter of amendment, the Commission proposes the creation of an additional budget heading 19 01 04 30 "Executive Agency for Education and Culture ? Subsidy for the programmes of heading 4" as a reception facility for the part of the operating subsidy of the agency justified by its involvement in the management of projects financed from programmes in the area of External Relations.

These budget lines are fed by appropriations taken from the lines of the programmes concerned. With regard to administrative expenditure this includes the lines financing the management of the programmes. As mentioned above, the creation of the agency allows for the dismantling of three technical assistance offices, for which the appropriations foreseen in the PDB 2005 are no longer necessary. Likewise, it will no longer be necessary to finance external personnel, thus liberating additional appropriations foreseen in the PDB. Finally, other support expenditure, which will now be needed by the agency rather than by the Commission should be transferred to the lines concerned with the subsidy to the Agency.

Reductions will also be applied to those lines carrying the operational appropriations of the programmes in order to supply the Agency subsidy lines. To ensure the complete financing of the operating subsidy of the Agency, a deduction from the operational appropriations of the programmes has to supplement the appropriations corresponding to expenditure for administrative management.

The adjustments to the appropriations of the budget headings mentioned above take account of the fact that the Executive Agency should start its activities during the year 2005. It was considered that the operational costs of the agency during this first year would amount to 75 % of the cost of a full year, i.e. EUR 24 660 000. This cost will be financed by means of the transfers proposed in this amending letter. The decrease under heading 5 is greater than the amount transferred to the Agency due to the savings in administrative expenditure arising for the management of the programmes by the Agency. The final outcome is a saving compared to the PDB 2005 of EUR 6 764 000;

- the creation of an Executive Agency for the Public Health Programme (2003-2008), intended to support the Commission services in the implementation of the programme : It responds to a strong demand from EP and Council made during the adoption procedure of the programme, in order to reinforce the technical and financial expertise of the Commission. The Executive Agency will be in charge of managing all phases of the public health programme cycle, in relation with specific projects, together with the necessary monitoring; adopting budgetary

implementation measures for income and expenditure and executing all operations necessary for the management of the programme, particularly those linked to the award of contracts and grants; providing logistical and technical support.

The Commission should approve the proposal for a decision to create the Agency. The Executive Agency should start by January 2005 and should receive a grant from the resources for administrative management allocated to the Public Health programme. The Commission proposes to enter the amount of the 2005 subsidy to the Agency in budget line 17 01 04 30 "Executive Agency for the Public health programme" and to reduce by a corresponding amount the budget line 17 01 04 02 "Public health - Expenditure on administrative management". As foreseen by Regulation 58/2003/EC, the appropriations corresponding to the detached posts will be withdrawn from heading 5 and the Commission will freeze the posts. The net effect on the PDB 2005 is a saving of EUR 927 000.

- the establishment of a Supervisory Authority for the European Global Navigation Satellite System (GNSS) to supervise the next phases of the European satellite radio-navigation programmes : beyond the political motivation to complete the institutional setting in order to give the programme a definite character, the following urgent tasks necessitate the establishment of the Supervisory Authority at the beginning of 2005: establishment of the Security and Safety Committee and definition of the relevant procedures with the Secretary General of the Council in terms of consultation and modification/interruption of the signals, and relations with the future operator; establishment of the appropriate arrangements in order to become the depositary of the frequencies necessary to ensure the operation of the system and to co-ordinate Member States actions in this respect; initiation of the standardisation and certification activities; the Authority should be established for the signature of the concession contract. The amounts necessary to set up the Galileo Supervisory Authority will be taken from article 06 02 03 ? Transport Safety. The transferred amount is EUR 1 657 000, and the net effect on the budget is neutral;

- Budgetary remarks : in order to facilitate the repayment of any positive balance arising from the subsidised Agencies, it is necessary to enter the following in the budgetary remarks, on all the relevant budget lines. The amounts repaid constitute assigned revenue to be charged to article 6600 of the general statement of revenue;

- an addition to the budgetary comment of line 08 14 01 "Preparatory action for the enhancement of European Security Research", to enable this action to receive the contributions from the EFTA States.

To conclude, the PDB 2005 is reduced by EUR 7 691 000 within Heading 5.

## 2005 budget: section III, Commission

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**PURPOSE :** to present the amending letter No 2 to the draft general budget of the European Communities for the financial year 2005 as established by the Council.

**CONTENT :** to recall, on 29 October 2004, the Commission forwarded to the Council Amending Letter No. 2 to the Preliminary Draft Budget for the financial year 2005.

This Amending Letter concerns expenditure and revenue under Section III - Commission - of the

Community budget and covers the following elements:

- establishment of an Executive Agency for Education and Culture to implement programmes in that field. The Commission proposes a total amount of EUR 24 660 000 for the creation of the Agency by transferring the appropriations proposed in the PDB 2005 for Headings 3, 4 and 5 to the appropriate budget lines. The savings achieved, compared to the PDB 2005, amount to EUR 6 764 000 that include in particular the dismantling of three technical assistance offices and the withdrawal of the appropriations corresponding to the frozen posts;

- creation of an Executive Agency for the Public Health Programme (2003-2008), intended to support the Commission services in the implementation of the programme. The Commission proposes to transfer from the budget line reserved for the resources of administrative management allocated to the Public Health programme the amount of EUR 4 756 000 to budget line 17 01 04 30 of the Agency.

The saving achieved, compared to the PDB 2005, amounts to EUR 927 000 that include in particular the withdrawal of the appropriations corresponding to the frozen posts;

- establishment of a Supervisory Authority for the European Global Navigation Satellite System (GNSS) to supervise the next phases of the European satellite radio-navigation programmes. For the establishment of the Supervisory Authority at the beginning of 2005 the Commission proposes a transfer of the amount of EUR 1 657 000 in a budgetary neutral way from the budget line of "Transport Safety" to the line 06 02 09;

Following conciliation with the Parliament delegation on 25 November 2004 prior to the Budget Council meeting, the Council decided, as part of an overall agreement with the European Parliament and the Commission involving adoption of the Letter at a single reading, to accept Amending Letter 2/2005 as proposed by the Commission, accompanied by a joint statement : "The Budgetary Authority invites the Commission to present each year, together with its PDB, an updated situation of those posts that cannot be occupied or have been redeployed as a result of the creation of Executive Agencies".

## 2005 budget: section III, Commission

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**PURPOSE :** to present the amending letter No 3 to the draft general budget of the European Communities for the financial year 2005 as established by the Council.

**CONTENT :** to recall, 29 October 2004, the Commission forwarded to the Council Amending Letter No. 3 to the Preliminary Draft Budget for the financial year 2005.

Following conciliation with the Parliament delegation on 25 November 2004 prior to the Budget Council meeting, the Council, as part of an overall agreement with the European Parliament and the Commission involving adoption of the letter at a single reading, decided as follows:

- to accept the expenditure related to International Fisheries Agreements as proposed in Amending Letter 3 to the Preliminary Draft Budget for the financial year 2005 : the Commission is proposing to transfer an amount of EUR 2.5 million in commitment appropriations and EUR 3.56 million in payment appropriations from the reserve 31 02 to the relevant budget heading (11 03 01 - "International fisheries agreements"), in

order to reinforce several existing protocols for which catches have exceeded the reference tonnage and to allow the postponement to 2005 of the first payment related to the protocol with the Ivory Coast, initially foreseen for 2004;

- in addition, the Amending Letter contains some amendments to the nomenclature to increase transparency in recoveries and clearance of accounts;

- taking into account the level of surpluses of the past years and the constraints upon national budgets, not to accept the proposals regarding the agricultural expenditure, apart from the two pilot projects on quality promotion and on a risk financing model for livestock epidemics. To recall, the new assessment leads to lower needs than estimated in the PDB (- EUR 224 million) in sub-heading 1a). However, these savings have been partly offset by increased needs for other sectors, notably market measures for cereals (+ EUR 224 million), fruit and vegetables (+ EUR 85 million) and textile plants (+ EUR 30 million).

With regard to expenditure relating to rural development (sub-heading 1b), the Commission is proposing to maintain the commitment appropriations in the 2005 budget at the ceiling of the Financial Perspective. Overall, payment appropriations remain unchanged.

## 2005 budget: section III, Commission

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On 29 November 2004, 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 2005.

In assessing the outcome of the Parliament's first reading of the Draft Budget for 2005, the Council was guided by the following principles:

- it ensured compliance with the annual expenditure ceilings set by the Financial Perspective;

- it adopted a limited and controlled growth of the volume of payment appropriations by maintaining the agreed level of payment appropriations of the Council first reading, taking into account in particular the level of surpluses of the past years and 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

breach of the Financial Regulation.

It also restored the first reading of the Draft Budget for Articles 21 03 01 to 21 03 16 related to EDF, since the inclusion of funding, or even just a budgetary structure to cover it, would not have the necessary legal basis and would therefore not be justified. It also constitutes, by its very nature, compulsory expenditure. Before proceeding with the second reading of the Draft Budget, the Council held its customary conciliation meeting with a delegation from the European Parliament on 25 November 2004. The European Parliament, the Council and the Commission have agreed:

- to accept Amending Letter No. 1/2005 concerning: the pre-accession strategy for Croatia as proposed by the Commission; appropriations for the Turkish Cypriot Community being of EUR 120 million and put in the reserve; this latter amount includes appropriations proposed by the Commission in Preliminary Draft Amending Budget No. 9/2004; EUR 50 million for the PEACE II programme, of which EUR 5 million redeployed from innovative measures. For 2006 the Commission will redeploy EUR 16 million for the PEACE II programme;

- to accept to finance actions encouraging the economic development of the Turkish Cypriot community and pre-accession strategy for Croatia under Heading 7 of the Financial Perspective;

- to accept Amending Letter No. 2/2005 concerning inter alia Executive Agencies. The following joint statement on the management of the relevant posts has been agreed: "The Budgetary Authority invites the Commission to present each year, together with its PDB, an updated situation of those posts that cannot be occupied or have been redeployed as a result of the creation of Executive Agencies";

- to accept Pilot Projects on quality promotion and risk financing model for livestock epidemics as proposed by the Commission in its Amending Letter No. 3/2005;

- to accept the mobilisation of the flexibility instrument for an amount of EUR 45 million under Sub-Heading 2a) of the Financial Perspective for the PEACE II programme, EUR 40 million under Heading 3 for Decentralised Agencies and EUR 100 million under Heading 4 for Iraq;

- to fix the amount of the CFSP budget at EUR 62.6 million for 2005;

- to accept Preliminary Draft Amending Budget No. 11/2004 with a total amount of payment appropriations for Structural Funds of EUR 3.7 billion and a call for additional own resources of EUR 500 million;

- the total amount for payment appropriations decided at the end of the 2005 budgetary procedure in December shall not exceed EUR 106.3 billion.

The main results of the Council's discussions at second reading are as follows:

- with regard to CAP expenditure (sub-Heading 1a of the Financial Perspective), to reinstate the amounts retained in the Draft Budget established by the Council and not to accept Amending Letter No. 3 apart from the changes of nomenclature and two pilot projects on quality promotion and on risks financing model for livestock epidemics. The following Council statement on agricultural expenditure was agreed: "The Council invites the Commission to submit an Amending Budget if the appropriations entered in the 2005 Budget are insufficient to cover expenditure under Heading 1a (Agricultural expenditure excluding rural development) and payments under Heading 2 (Structural operations) and Heading 7 (Pre-accession strategy) of the Financial Perspective";

- to maintain the Draft Budget established by the Council with regard to rural development expenditure (sub-Heading 1b of the Financial Perspective);

- as regards internal policies (Heading 3 of the Financial Perspective), to accept the amendment on anti-pollution measures, putting the relevant amount in reserve, and to maintain the Draft Budget established by the Council for other budget lines;

- regarding external action (Heading 4 of the Financial Perspective), to maintain the Draft Budget established by the Council. It also accepted

Amending Letter No. 1/2005 concerning Croatia and Amending Letter No. 3/2005 regarding International Fisheries Agreements;

- with regard to administrative expenditure (Heading 5 of the Financial Perspective), to maintain the Draft Budget established by the Council apart from amendments to the European Parliament budget section which were accepted.

## 2005 budget: section III, Commission

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**PURPOSE** : to present the amending letter No 1 to the draft general budget of the European Communities for the financial year 2005 as established by the Council.

**CONTENT** : to recall, on 15 October 2004, the Commission forwarded to the Council Amending Letter No. 1 to the Preliminary Draft Budget for the financial year 2005. This Amending Letter concerns expenditure and revenue under Section III ? Commission ? of the Community budget and covers the following elements:

- request for supplementary appropriations under Heading 7 of the Financial Perspective to finance actions encouraging the economic development of the Turkish Cypriot community. The Commission proposes to endow the new budget lines created by its Preliminary Amending Budget 9/2004 with EUR 114million in commitment appropriations and EUR 26.84 million in payment appropriations;
- request for supplementary appropriations under Heading 7 of the Financial Perspective to finance the pre-accession strategy for Croatia. The Commission has estimated the amount necessary for the pre-accession instruments PHARE and ISPA in 2005 at EUR 105 million for commitment appropriations and EUR 18.4 million for payment appropriations relating to these new commitments;
- removal of the appropriations initially budgeted for Croatia in the framework of the CARDS programme under Heading 4 of the Financial Perspective, which amount to EUR 65 million in commitment appropriations and EUR 10 million in payment appropriations;
- proposal to extend the PEACE II programme to cover the period 2005-2006, thus aligning it with the other structural actions of the European Investment Fund. For 2005, this prolongation will only necessitate in this instrument a change in commitment appropriations. The total amount to be made available is EUR 60 million, of which EUR 36.6 million from the ERDF and EUR 23.4 million under the ESF;
- proposal for the Publications Office (OPOCE) to take over activities and posts linked to CORDIS. To integrate CORDIS into OPOCE requires changes to the establishment plans (18 posts) and a transfer of EUR 1 965 600 from the Commission budget 2005 to the OPOCE budget 2005;
- creation of a new budget article to allow for the accession of the European Community to the International Convention for the Protection of New Varieties of Plants (UPOV);
- updating of revenue in the context of Switzerland's association with the application of the Schengen agreement and Eurodac.

Following conciliation with the Parliament delegation on 25 November 2004 prior to the Budget

Council meeting, the Council, as part of an overall agreement with the European Parliament and the

Commission involving adoption of the letter at a single reading, decided as follows:

- as regards the financing of the Turkish Cypriot Community, a higher total amount of EUR 120 million in commitment appropriations (+ EUR 6 million compared to the Commission proposal) is agreed, thereby merging the request for Preliminary Amending Budget 9/2004 with the one for Amending Letter 1/2005. However, the amount is put in reserve, pending the adoption of the legal basis;
- as regards the prolongation of the PEACE II programme (point 2d) within a 2 year funding scheme, commitment appropriations for a total amount of EUR 50 million were accepted for 2005. It was therefore agreed to fund an amount of EUR 45 million through the mobilisation of the flexibility instrument. A further amount of EUR 5 million is to be financed by reallocation within the 2005 budget: 2.5 million from line 13 03 08 (European Regional Development Fund (ERDF) - Technical assistance and innovative measures) and EUR 2.5 million from line 04 02 10 (European Social Fund (ESF) - Operational technical assistance and innovative measures).