

9

KV:AD-05-001-EN-C



EUROPEAN UNION

FINANCIAL REPORT 2004

FINANCIAL REPORT 2004



ISBN 92-894-9142-6



9 789289 491426 >



SALES AND SUBSCRIPTIONS

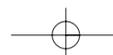
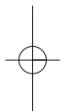
Publications for sale produced by the Office for Official Publications of the European Communities are available from our sales agents throughout the world.

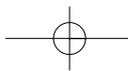
How do I set about obtaining a publication?

Once you have obtained the list of sales agents, contact the sales agent of your choice and place your order.

How do I obtain the list of sales agents?

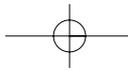
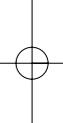
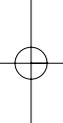
- Go to the Publications Office website <http://publications.eu.int/>
- Or apply for a paper copy by fax (352) 2929 42758

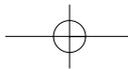




EUROPEAN UNION

**FINANCIAL REPORT
2004**





**Europe Direct is a service to help you find answers
to your questions about the European Union**

**Freephone number:
00 800 6 7 8 9 10 11**

A great deal of additional information on the European Union is available on the Internet.
It can be accessed through the Europa server (<http://europa.eu.int>).

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2005

ISBN 92-894-9142-6

© European Communities, 2005
Reproduction is authorised provided the source is acknowledged.

Printed in Belgium

PRINTED ON WHITE CHLORINE-FREE PAPER





FOREWORD

The year of new beginnings

We had a year rich in historical events, which changed much in Europe.

The European Union grew from 15 to 25 Member States on 1 May 2004, healing the post-war division of our continent. The diversity of the new members will change budgetary discussions.

European leaders unanimously adopted the draft Constitutional Treaty in June, and signed it in Rome in the autumn. The Treaty reiterates the EU's fundamental aims and values — democracy, liberty, equality, the rule of law — and recognises those as aims where the people of Europe have agreed to share power for their greater good.

The new Commission took office having ambitious ideas to drive the European economy to become an attractive, competitive, knowledge-based economy by the end of the decade.

A realistic and prudent foundation for the new financial framework was laid. The Commission had prepared and delivered early in the year the proposal on the new financial perspective for the period 2007–13 which aims to have the new framework in operation on time and should help the new Europe of 27 to achieve its key goals: to boost Europe's competitiveness and the rapid growth of its economy, to protect and develop our natural resources which are our common and permanent assets, to offer security and give EU citizenship a real meaning, and to project a stronger EU voice worldwide. The year 2004 saw the culmination of the reform of the Commission and the first major recruitment of permanent staff from the new Member States.

New steps towards future enlargements were made. In December 2004, the European Council pursued further enlargement of the Union by agreeing that Romania and Bulgaria could join the EU from January 2007, if accession preparations were complete, and that accession negotiations could start with Croatia and Turkey subject to certain conditions.

Historical moment — historical budget

The 2004 budget — the first enlarged budget to include the 10 new Member States — did its job well, ensuring the smooth integration of the 10 new members and creating the conditions to fulfil expectations for the enlargement.

It was also the first based on new principles set out entirely according to policy activities, which makes it possible to link clearly objectives and means, and shows how money is spent to meet citizens' expectations and to maximise added value for Europe.

The introduction of the modernised accounting system ABAC, coming in at the end of the year for 2005, was a further auspicious step towards increased budgetary transparency. International accounting standards can now be applied which will help to show that the EU budget is accounted for prudently and honestly. This is a strong prerequisite for assurance that no euro will be spent without proper treatment (supervision, control) which also means no euro spent without proper respect for taxpayers' money.

The 2004 budget was the most fully executed budget in the recent past. Through close monitoring of requests for structural funding in the Member States and an active management of the budget right until the end of the year — a reinforcement of EUR 3.7 billion in payments was voted for this sector in the last weeks of the year — overall results showed close to a balanced budget. Remembering that the EU budget cannot go into deficit, ending the year with a small surplus is prudent and inevitable. The end result will show a surplus of about EUR 2.8 billion, largely from other earmarked revenues for internal policies and agriculture, which has been

entered into the 2005 budget, so reducing the Member States' contributions for the 2005 budgetary year. It was the lowest surplus since 1997.

2004 in figures: Compared with national budgets, which take an average of around 45 % of national income, the EU budget is tiny, only a little over 1 % of EU gross national income (GNI).

The Parliament and Council entrusted the Commission with a budget in 2004 of EUR 109 billion in commitment appropriations to carry out the tasks defined by the legislative and budgetary authorities, to cover the enlarged Union.

Payment appropriations rose to EUR 102 billion. The total appropriations for payments were EUR 9.7 billion below the 2004 financial perspective ceiling and represented 1.01 % of the gross national income of the EU-25, well under the Community ceiling of 1.24 % and even below the corresponding percentage in the 2003 budget (1.04 % of the GNI of the EU-15 when voted).

The revenue required to finance the budget for 2004, representing 0.95 % of EU GNI, was below the level of payments because of the balance left over from the 2003 budget that reduced the budget resources needed from Member States in 2004.

As it was foreseen in the accession negotiations, all new Member States during the first year of their membership received more from the 2004 budget than they gave to it.

Your money — for your future

The EU budget should play a pivotal role in helping achieve the Union's main objectives of sustainable economic growth, competitiveness, employment, protection and development of natural resources and overall security.

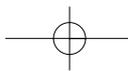
The budget both mirrors our commonly agreed goals and political priorities and is the instrument to implement EU policies. Our budget should become a catalyst for economic and social progress, reflecting citizens' expectations of what the Union should be doing for them. Ambitious objectives in EU policy documents, for example the Lisbon strategy need to be translated into EU budget reality. This is my belief and my clear understanding of both the function of the EU budget and my role as the Commissioner for Financial Programming and Budget.

Citizens have high expectations of the EU — they want 'more Europe' as well as more results. They have a right to know how, where and why their money is spent.

I feel responsible and accountable to the citizens. That is the reason why I, and the Barroso Commission in general, will do our best to make the EU budget more transparent and more visible, for example through publications such as this Financial Report. I hope the reader will find a great deal of interesting and useful information on the benefits it gives to some 450 million EU citizens, and to people outside the Union.

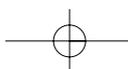
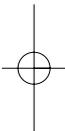


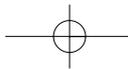
Dalia Grybauskaitė
Commissioner for Financial
Programming and Budget



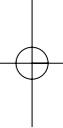
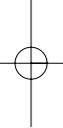
CONTENTS

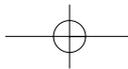
	<i>Page</i>
1. The economic situation of the European Union in 2004	7
2. The financial perspectives of the European Union:	9
— financial perspective (2000–06)	9
— preparations for the next financial framework (2007–13)	11
3. The procedure establishing the 2004 Budget	13
4. EU Budget revenue in 2004	20
5. 2004 Budget implementation	25
6. Enlargement: challenges, opportunities and benefits for all	31
7. Policy areas and activities by activity-based budgeting (ABB)	43
— Economic and financial affairs	46
— Enterprise	48
— Competition	50
— Employment and social affairs	52
— Agriculture and rural development	56
— Energy and transport	60
— Environment	64
— Indirect research	68
— Information society	72
— Direct research	74
— Fisheries	76
— Internal market	80
— Regional policy	82
— Taxation and customs union	86
— Education and culture	88
— Press and communication	92
— Health and consumer protection	94
— Justice and home affairs	98
— External relations	102
— Trade	106
— Development and relations with ACP countries	108
— Enlargement	110
— Humanitarian aid	112
— Fight against fraud	114





	<i>Page</i>
8. The fight against fraud	115
9. Borrowing and lending activities in 2004	121
10. Treasury report	125
 Annexes	
I. The Budget of the European Union, historical tables (1958–2004)	127
II. Accounting and budgetary principles	159
III. Note on publication of the Final Consolidated Accounts for 2004	163





1. THE ECONOMIC SITUATION OF THE EUROPEAN UNION IN 2004

The economic recovery in the EU and euro area, which started in the summer of 2003, lost some momentum. After a surprisingly strong upside during the first half of 2004, the pace of expansion of economic activity in the EU decelerated somewhat in the third quarter of the year. Growth in both the EU and the euro area decelerated from 0.5 % (quarter-on-quarter) in the second quarter of 2004 to 0.3 % in the third quarter. In the autumn 2004 forecast, the average growth rate of GDP was estimated to be 2.5 % in the EU as a whole and 2.1 % in the euro area in 2004.

A major change in the third quarter compared with the previous two quarters was the strong negative impulse to growth emanating from the external sector (– 0.7 % in both the euro area and the EU). Compared with the previous quarter, the pace of growth in imports of goods and services accelerated strongly in the euro area and marginally in the EU, while the growth rate of exports slowed markedly. To a large extent, the deceleration of export growth reflected the negative impact on euro-area foreign demand stemming from the softening of global growth around the middle of 2004. In addition, the appreciation of the euro since 2002 also appeared to have been gradually and increasingly weighing on external competitiveness.

Internally, the picture was dominated by the strongest inventory building in 10 years, which fully offset the negative contribution of net exports to GDP growth. Nevertheless, growth in fixed capital formation picked up speed — the growth rate more than doubled in the euro area compared with the previous quarter — while the rate of increase of private consumption expenditure diminished to less than half of the growth rate recorded in the first quarter of 2004.

Growth in domestic demand, excluding inventories, rose only modestly, from 0.2 % in the second quarter to 0.3 % in the third quarter, with the pick-up of investment explaining the

acceleration. Private consumption was close to a stand-still, growing for the second quarter in a row by just 0.1 % (quarter-on-quarter) in 2004Q3, far below the 0.7 % registered in the first quarter of the year (the highest rate of growth in three years). The lacklustre performance of private consumption probably reflected stagnating consumer confidence, the slow deceleration of inflation, and persisting uncertainties related to developments in the labour market.

Investment, after falling from 1.0 % in the last quarter of 2003 to – 0.2 % in the first quarter of 2004, since then gradually picked up. Gross fixed capital formation rose by 0.3 % and 0.7 %, respectively, in the second and third quarters of 2004. While the data for the last two quarters, in line with some indicators typically correlated with investment, indicate that capital spending might be on a more sustained recovery path, other indicators suggest that it may be too early to draw such a conclusion. Capacity utilisation in the manufacturing sector was up by 0.4 % in the fourth quarter of 2004, compared with the previous quarter and, for the first time in nearly three years, just above its historical average (over the 1993–2004 period). New orders for investment goods were also up in November, increasing by 1.7 % compared with the previous month. On the other hand, data on financial flows, such as the rate of growth of loans to non-financial corporations, declined in the third quarter.

The annual rate of headline harmonised index of consumer prices (HICP) inflation in the euro area was fairly volatile during 2004. After a brief spell of deceleration during the first months of the year, involving a fall to 1.5 %, it picked up markedly in the spring and then eased again slightly over the summer before rebounding to 2.2 % in the year to December 2004. To a large extent, these fluctuations can be traced to temporary factors such as base effects, marked changes in energy prices as well as in indirect taxes, and admin-



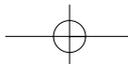
istered prices. On the other hand, core inflation (HICP excluding energy and unprocessed food) was mostly below 2 % during the year. After accelerating somewhat during the first half of 2004, core inflation slowed marginally in the second half to end the year at 1.9 %. In terms of annual averages, headline HICP inflation in the euro area was 2.1 % in 2004. The same rate prevailed in 2003, which means that, for five consecutive years, average annual inflation has been above the 2 % mark.

Employment growth accelerated slightly during the first half of 2004. Reflecting stronger employment in industry and a stabilisation of employment growth in services, total employment increased by 0.2 % in the second quarter compared with 0.1 % in the first quarter of 2004. Employment growth reached 0.1 % once again in the third quarter of 2004 (latest available figure). Marginal declines in employment in the industrial (– 0.2 %) and construction sectors (– 0.3 %) were offset by increases in employment in services (0.3 %). With the deceleration in GDP growth in the third quarter of 2004, these employment developments led to a decline in labour productivity growth from an average growth rate of 0.4 % in the first half of the year to 0.1 % in the third quarter. In parallel with the employment performance, the unemployment rate in the euro area increased gradually between the

beginning of 2002 and the first quarter of 2003. Subsequently, the unemployment rate stabilised around 8.9–9 % of the labour force. The unemployment rate rose to 9 % in the first quarter of 2004, before edging back to 8.9 % in subsequent months to December.

The 2004 general government deficit for the euro area was estimated at 2.9 % of GDP in the Commission services' autumn 2004 forecasts, and this is broadly confirmed in the most recent updates of the stability programmes (2.8 % of GDP). For the EU-25 as a whole, the deficit of 2.8 % of GDP predicted in the autumn is also broadly confirmed in the programme updates (2.7 %). The debt to GDP ratio for the EU as a whole is estimated at 63.5 % in 2004. For the euro area, the debt to GDP ratio increased to 71.1 % in 2004, from 70.7 % in 2003.

Having stayed within the USD 1.20–1.24 interval for several months, the euro exchange rate began to appreciate again in mid-October 2004, climbing steadily to reach new highs against the dollar (USD 1.3670 on 30 December 2004). Against the yen, the euro was trading at around JPY 139 towards the end of 2004. In 2004, the euro appreciated by 10 % against the dollar and 2.6 % against the yen compared with the average of 2003. The trade-weighted exchange rate of the euro was 3.2 % higher in 2004 compared with 2003.



2. THE FINANCIAL PERSPECTIVES OF THE EUROPEAN UNION

FINANCIAL PERSPECTIVE (2000–06)

Since 1988, the Community budget has been defined within a multiannual financial framework — the financial perspective (FP) — in order to ensure tighter budgetary discipline and to improve the functioning of the budgetary procedure and interinstitutional cooperation.

The current financial perspective was agreed at the European Council in Berlin in March 1999 for seven years (2000–06). It is the third financial programming period after those of 1988–92 and 1993–99. Its definition and implementing provisions are further detailed in the Interinstitutional Agreement (IIA) of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure.

2.1. Structure of the financial perspective

Following the adjustment of the financial perspective for enlargement adopted in 2003, the financial framework consists of eight headings — some of them broken down into sub-headings — with an annual ceiling for commitment appropriations set for each heading. The sum of all eight headings' ceilings results in the global ceiling of appropriations for commitments. A corresponding estimate is then established for the annual ceiling of appropriations for payments.

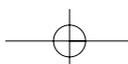
Table 1 below shows the financial perspective for the enlarged European Union with 25 Member States, adjusted to 2004 prices.

TABLE 1
Financial perspective (EU-25) adjusted for enlargement at 2004 prices

(million EUR)

Commitment appropriations	Current prices					2004 prices	
	2000	2001	2002	2003	2004	2005	2006
1. Agriculture	41 738	44 530	46 587	47 378	49 305	50 431	50 575
1a Common agricultural policy	37 352	40 035	41 992	42 680	42 769	43 724	43 735
1b Rural development	4 386	4 495	4 595	4 698	6 536	6 707	6 840
2. Structural actions	32 678	32 720	33 638	33 968	41 035	41 685	42 932
Structural Funds	30 019	30 005	30 849	31 129	35 353	36 517	37 028
Cohesion Fund	2 659	2 715	2 789	2 839	5 682	5 168	5 904
3. Internal policies	6 031	6 272	6 558	6 796	8 722	8 967	9 093
4. External actions	4 627	4 735	4 873	4 972	5 082	5 093	5 104
5. Administration ⁽¹⁾	4 638	4 776	5 012	5 211	5 983	6 154	6 325
6. Reserves	906	916	676	434	442	442	442
Monetary reserve	500	500	250	0	0	0	0
Emergency aid reserve	203	208	213	217	221	221	221
Guarantee reserve	203	208	213	217	221	221	221
7. Pre-accession aid	3 174	3 240	3 328	3 386	3 455	3 455	3 455
Agriculture	529	540	555	564			
Pre-accession structural instrument	1 058	1 080	1 109	1 129			
PHARE (applicant countries)	1 587	1 620	1 664	1 693			
8. Compensation					1 410	1 299	1 041
Total appropriations for commitments	93 792	97 189	100 672	102 145	115 434	117 526	118 967
Total appropriations for payments	91 322	94 730	100 078	102 767	111 380	112 260	114 740
Ceiling, appropriations for payments as % of GNI (ESA 95)	1.07 %	1.08 %	1.11 %	1.09 %	1.08 %	1.06 %	1.06 %
Margin for unforeseen expenditure	0.17 %	0.16 %	0.13 %	0.15 %	0.16 %	0.18 %	0.18 %
Own resources ceiling	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %

⁽¹⁾ The expenditure on pensions included under the ceiling for this heading is calculated net of staff contributions to the pension scheme, up to a maximum of EUR 1 100 million at 1999 prices for the period 2000–06.



2.2. Implementation of the financial perspective (FP)

Technical adjustment

According to the provisions of the IIA, the Commission proceeds at the beginning of each budgetary procedure to the technical adjustment of the FP in order to take into account inflation and the evolution of GNI growth. This is required due to the financial perspective framework being originally expressed in constant prices (1999 prices), which therefore needs to be adjusted to the most recent economic environment before the establishment of the preliminary draft budget for the following year.

The technical adjustment exercise is differentiated by heading. A fixed rate of 2 % per year is used as a deflator for:

- amounts entered under heading 1 'Agriculture',
- amounts entered under subheading 'Structural Funds' of heading 2.

The GNI deflator in euro is applied to the amounts entered in all other headings (actual deflator). Because enlargement to the 10 new Member States took place in the middle of the year (1 May 2004), the technical adjustment for 2004 was exceptionally adopted by the Commission in two steps. On 23 December 2002, the Commission proceeded to the technical adjustment for 2004 concerning the EU

with 15 Member States. On 19 May 2003, the technical adjustment of the financial perspective for the EU with 25 Member States was adopted together with the adjustment of the financial perspective for enlargement.

Adjustment to take account of implementation

Another crucial exercise is the adjustment of the financial perspective to take account of implementation. This task is governed by the necessity to ensure an orderly progression of appropriations for payments in relation to the appropriations for commitments. Indeed, the financial perspective is established on the basis of an estimate of the ratio between appropriations for commitments and appropriations for payments. An error in this estimate would cause an imbalance between the two ceilings, for example lower commitments than expected would create a corresponding backlog in payments that would have to be made up later.

On 13 March 2001, the Commission adopted a proposal on the adjustment to take account of implementation, which would apply as from 2002. It led to the decision to raise the annual ceiling for commitment appropriations in the Structural Funds' subheading of heading 2. As foreseen in the IIA, a delay in the adoption of programmes occurred in 2001 and EUR 6 152 million of the allocation could not be committed. This amount was therefore transferred to subsequent years by increasing the corresponding expenditure ceilings.

Transfers added to the annual ceilings of the Structural Funds' subheading of heading 2

(million EUR, 2001 prices)

2002	2003	2004	2005	2006
870	1 178	1 642	1 396	1 067

European Union Solidarity Fund

Following the disastrous floods that occurred in central Europe during summer 2002, the Commission proposed the creation of a European Union Solidarity Fund in order to provide relief in the face of such events. On 7 November 2002, the European Parliament, the Council and the Commission signed an interinstitutional agreement in order to create the European Union Solidarity Fund. The related regulation was also proposed by the Commission to specify the conditions of mobilisation for the fund. This fund is endowed with a maximum annual amount of EUR 1 billion and can be mobilised above the financial perspective ceilings concerned.

In 2004, the EU Solidarity Fund was mobilised following the floods in France and Malta, as well as the forest fires in Spain by a financial amount of EUR 22 million.

Flexibility instrument

The flexibility instrument is a new feature of the 1999 Interinstitutional Agreement. It offers the possibility to cover the financing of clearly identified expenditure for a given financial year, which cannot be met within the ceilings available under one or more headings. Its annual ceiling amounts to EUR 200 million and its mobilisation is decided jointly by the two arms of the budgetary authority on the basis of a Commission proposal.

In 2004, the flexibility instrument was mobilised for the reconstruction of Iraq for an amount of EUR 95 million.

PREPARATIONS FOR THE NEXT FINANCIAL FRAMEWORK (2007–13)

Following extensive internal preparations, the Commission presented a first communication on the future financial framework on 10 February 2004: 'Building our common future — Policy challenges and budgetary means of the enlarged Union 2007–13'.

On 14 July, the Commission presented a second general communication on the financial framework for 2007–13, spelling out a set of detailed proposals for action. The communication was accompanied by a number of specific legislative proposals linked to the future financial framework and concerning in particular the common agricultural and fisheries policies, rural development, the Structural Funds, employment and social policy, education, training and transport. The Commission

also presented a working document designed to serve as a basis for renewing the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure.

The Commission proposes that the Union concentrate its action over the next period on three main priorities: integrating the single market into the broader objective of sustainable development; giving a real meaning to the concept of European citizenship; establishing a coherent role for Europe as a global partner.

The financial framework table reproduced below forms Annex 1 to the working document on the future interinstitutional agreement.

TABLE 2
Financial framework, 2007–13

(million EUR at 2004 prices)

Commitment appropriations	2006 ^(a)	2007	2008	2009	2010	2011	2012	2013	
1. Sustainable growth	46 621	58 735	61 875	64 895	67 350	69 795	72 865	75 950	
1a. Competitiveness for growth and employment	8 791	12 105	14 390	16 680	18 965	21 250	23 540	25 825	
1b. Cohesion for growth and employment	37 830	46 630	47 485	48 215	48 385	48 545	49 325	50 125	
2. Preservation and management of natural resources	56 015	57 180	57 900	58 115	57 980	57 850	57 825	57 805	
of which: Agriculture — Market-related expenditure and direct payments	43 735	43 500	43 673	43 354	43 034	42 714	42 506	42 293	
3. Citizenship, freedom, security and justice (b)	2 342	2 570	2 935	3 235	3 530	3 835	4 145	4 455	
4. The EU as a global partner (c)	11 232	11 280	12 115	12 885	13 720	14 495	15 115	15 740	
5. Administration (d)	3 436	3 675	3 815	3 950	4 090	4 225	4 365	4 500	
Compensations (e)	1 041	120	60	60					
Total appropriations for commitments	120 688	133 560	138 700	143 140	146 670	150 200	154 315	158 450	
Total appropriations for payments (b)(c)	114 740	124 600	136 500	127 700	126 000	132 400	138 400	143 100	Average
Appropriations for payments as a percentage of GNI	1.09 %	1.15 %	1.23 %	1.12 %	1.08 %	1.11 %	1.14 %	1.15 %	1.14 %
Margin available	0.15 %	0.09 %	0.01 %	0.12 %	0.16 %	0.13 %	0.10 %	0.09 %	0.10 %
Own resources ceiling as a percentage of GNI	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %	1.24 %

(^a) 2006 expenditure under the current financial perspective has been broken down according to the proposed new nomenclature for reference and to facilitate comparisons. Expenditure in headings 3 and 4 includes amounts corresponding to the solidarity instrument (EUR 961 million at 2004 prices in 2006) and EDF (estimated at EUR 3 billion), respectively.

(^b) Includes expenditure for the solidarity instrument (EUR 961 million at 2004 prices in 2006) as from 2006. However, corresponding payments are calculated only as from 2007.

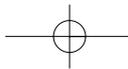
(^c) The integration of EDF in the EU budget is assumed to take effect in 2008. Commitments for 2006 and 2007 are included only for comparison purposes. Payments on commitments before 2008 are not taken into account in the payment figures.

(^d) Includes administrative expenditure for institutions other than the Commission, pensions and European schools. Commission administrative expenditure is integrated in the first four expenditure headings.

(^e) Amounts foreseen in the agreed European Union common position for the accession conference with Bulgaria (CONF-BG 27/04).

The five headings of the proposed financial framework reflect the main policy goals of the European Union and form a simpler and less rigid structure than Agenda 2000. Furthermore, Commission administrative expenditure is included directly under the relevant operational headings: this will allow the financial framework to be in line with the rationale of activity-based management, which already forms the basis for establishing the annual budget.

The annual average ceiling on payment appropriations for the period 2007–13 is 1.14 % of the gross national income (GNI) of the enlarged Union, leaving a substantial margin (ranging between 0.09 % and 0.16 % of GNI, depending on the year) under the 1.24 % own resources ceiling, which has remained constant since 1999 and which the Commission does not propose to change.



3. THE PROCEDURE ESTABLISHING THE 2004 BUDGET



2. Evolution from PDB to voted budget

Budget guidelines

The Council

In conclusions adopted on 7 March 2003, the Council underlined the two major challenges that would mark the budgetary procedure for 2004: the 2004 budget would be the first one adopted in accordance with the provisions of the new financial regulation which stipulates the use of activity-based budgeting (ABB); it would also be the first budget to take full account of the forthcoming enlargement in the course of 2004. The Council stressed the importance of keeping a tight grip on payment appropriations for 2004.

1. Policy strategy priorities

The annual policy strategy sets the framework for the budgetary and legislative cycle. The steps following the adoption of the annual policy strategy are the preparation of the preliminary draft budget and the interinstitutional dialogue on the basis of the orientations decided in the annual policy strategy. The cycle is completed with the adoption of the legislative and work programme, by which the Commission, on the basis of the budgetary process and the results of the interinstitutional dialogue, announces the actions it intends to take forward over the coming year. The whole cycle forms then the basis for the operational programming done by the Directorates-General and services, which translate the political priorities into their annual management plans.

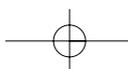
During its orientation debate on policy priorities for 2004, the College decided to pursue and deepen the priorities identified for 2003. The central priority remained enlargement, and in particular the accession of 10 new Member States. The two connected priorities are stability and sustainable growth, which built upon the stability and security and the inclusive and sustainable economy priorities for 2003.

Parliament

On 11 March 2003, Parliament adopted a resolution on the 2004 budget guidelines, in which it invited all the institutions to present their estimates in a more transparent manner, in order to cope with the material requirements of enlargement, such as building needs. Parliament itself presented its estimates on 14 May. In another resolution adopted on 11 March, Parliament stressed the contribution which the 2004 budget should make to the political aim of uniting Europe, in particular by helping to meet the challenge of integrating 10 new Member States into all Community policies.

Preliminary draft budget

The preliminary draft budget (PDB) was approved by the Commission on 30 April 2003. To allow for the enlargement of the Union to include 10 new Member States on 1 May 2004, the PDB contained forecasts both for the existing 15 Member States (EU-15) and



for the enlarged 25-nation Union (EU-25). The EU-15 budget would apply from 1 January 2004, while the EU-25 budget would be adopted by means of an amending budget and would enter into force on 1 May 2004.

Appropriations for commitments came to EUR 111.3 billion for the enlarged Union, of which EUR 11.8 billion was for the new Member States, representing an increase of 11.7 % on 2003 (– 0.27 % for the EU-15); the total amount left a margin of EUR 4.3 billion beneath the ceiling for 2004 in the 2000–06 financial perspective. Appropriations for payments came to EUR 99.7 billion, of which EUR 5.1 billion was for the new Member States, an increase of 7.7 % compared with 2003 (2.3 % for the EU-15); the total appropriations for payments were well below — by EUR 11.9 billion — the ceiling agreed for 2004 in the financial perspective and represented 0.99 % of the gross national income of the EU-25, well under the Community ceiling of 1.24 % and even below the corresponding percentage in the 2003 budget (1.03 % of the GNI of the EU-15).

Draft budget

The draft 2004 budget established by the Council at first reading on 18 July 2003, on the basis of 25 Member States, came to EUR 111.092 billion in appropriations for commitments and EUR 99.724 billion in appropriations for payments.

Use of the flexibility instrument

On 1 October, the Commission proposed that the flexibility instrument provided for in the Interinstitutional Agreement of 6 May 1999 be used to mobilise EUR 74 million to finance the Community's contribution to the rehabilitation and reconstruction of Iraq. At the conciliation meeting on 24 November, Parliament and the Council decided to raise this amount to

EUR 95 million, as part of the overall agreement on the second reading of the budget.

Letters of amendment

No 1/2004. Established by the Commission on 1 October, this letter of amendment covered five points:

- the creation of a new article for the Community contribution to the rehabilitation and reconstruction of Iraq;
- the creation of a new article to facilitate the implementation in 2004 of the non-differentiated appropriations contracted in 2003 and carried over automatically to 2004;
- the adjustment of two headings concerning the guarantee provided by the Community to the European Investment Bank for loans;
- the addition or modification of budget remarks to a number of budget lines covering tasks resulting from the Commission's prerogatives at institutional level; and
- the adjustment of the Commission's establishment plan for research and technological development.

No 2/2004. On 29 October, the Commission established the ad hoc letter of amendment which updated the estimates for agricultural expenditure and international fisheries agreements. The overall impact of this letter of amendment was to reduce agricultural expenditure by EUR 1 billion, mainly because of the drought in summer 2003, which caused a spectacular drop in the volume of cereal harvests and hence in cereals' exports. This letter of amendment also provided for three new measures for studying quality systems for food products, insurance schemes for livestock epidemics and environmental indicators, as requested by Parliament at first reading.

For the fisheries agreements, some EUR 3 million was transferred from the reserve to the relevant line in order to cover agreements renewed or extended in 2003.

No 3/2004. On 12 November, the Commission established a third letter of amendment to the 2004 PDB to create a new revenue line for each institution to accommodate the new special levy on staff salaries which was introduced as part of the Commission reform.

Parliament's first reading

At first reading on 23 October, Parliament adopted a budget of EUR 111.4 billion for commitments and EUR 102.6 billion for payments. The payment appropriations, which Parliament increased by EUR 3.3 billion in relation to the Council's draft budget, represented 1.02 % of the GNI of the EU-25.

Parliament's main additions to the Council draft were the following:

- on agricultural expenditure, Parliament underlined the improvement in quality in agriculture and the establishment of an integrated supply chain for agricultural products and adopted an amendment designed to take account of the situation of young farmers;
- Parliament wanted to boost the payment appropriations for structural measures in order to better reflect the Member States' forecasts and to take account of the volume of outstanding commitments;
- internal policies received special attention, the particular focus being on small businesses;
- on external policies, Parliament wanted to devote EUR 200 million to the reconstruction of Iraq, and was waiting for a decision on the mobilisation of the flexibility instrument.

Council's second reading

The Council gave the draft 2004 budget its second reading on 24 November after a conciliation meeting with a Parliament delegation. The second reading, incorporating letters of amendment Nos 1, 2 and 3, produced a total of EUR 111.1 billion for commitments and EUR 99.3 billion for payments.

The broad lines of the changes made by the Council were:

- for heading 1 (agriculture), the Council approved the updated estimates presented in letter of amendment No 2/2004 and restored the PDB amounts for the lines in subheading 1a, which were not affected by the letter of amendment;
- for heading 2 (structural operations) and heading 7 (pre-accession aid), the Council confirmed its first reading;
- for heading 3 (internal policies), the Council accepted some of the amendments proposed by Parliament that were of a technical nature and certain pilot projects, in particular the one for victims of acts of terrorism;
- for heading 4 (external actions), the Council accepted letter of amendment No 1/2004, with an additional EUR 160 million for the reconstruction of Iraq. It also increased the common foreign and security policy budget by EUR 10 million and made cuts on other lines totalling EUR 34 million in relation to its first reading in order to remain below the financial perspective ceiling without having to make use of the flexibility instrument.

Parliament's second reading

The 2004 budget was adopted on 18 December 2003 after Parliament's second reading. Adopted on an EU-25 basis, it totalled

TABLE 3

The breakdown, by financial perspective heading, of commitment appropriations for the EU-25 entered at the various stages of the 2004 budgetary procedure is given in the following table.

(million EUR)

Heading	Voted budget 2003	Financial perspective ceiling 2004	Preliminary draft budget 2004	Council (first reading)	Parliament (first reading)	Council (second reading)	Voted budget 2004	Difference voted budget 2004/voted budget 2003 (%)
1. Agriculture Margin	44 780 2 598	49 305	46 781 2 524	46 765 2 540	46 815 2 490	46 781 2 524	46 781 2 524	+ 4.5
2. Structural operations Margin	33 980 - 12	41 035 0	41 035	41 035 0	41 035 0	41 035 0	41 035 0	+ 20.8
3. Internal policies Margin	6 796 0.2	8 722	8 614 108	8 584 138	8 674 48	8 587 135	8 683 38	+ 27.8
4. External action Margin	4 949 23	5 082	5 156 - 74	5 096 - 14	5 217 - 135	5 072 10	5 176 - 94	+ 4.7
5. Administration Margin	5 360 20	6 157	6 086 71	6 029 128	6 070 87	6 039 118	6 039 117	+ 12.7
6. Reserves Margin	434 0	442	442 0	442 0	442 0	442 0	442 0	+ 1.8
7. Pre-accession aid Margin	3 386 0	3 455	1 732 1 723	1 732 1 723	1 732 1 723	1 732 1 722	1 732 1 723	- 49.8
Total appropriations for commitments	99 686	115 808	111 257	111 092	111 395	111 099	111 300	+ 11.7
Margin	2 629		4 351	4 516	4 213	4 509	4 308	

The breakdown, by financial perspective heading, of payment appropriations for the EU-25 entered at the various stages of the 2004 budgetary procedure is given in the following table.

(million EUR)

Heading	Voted 2003 budget	Preliminary draft budget 2004	Council (first reading)	Parliament (first reading)	Council (second reading)	Voted budget 2004	Difference voted budget 2004/ voted budget 2003 (%)
1. Agriculture Margin	44 780	45 693	45 677	45 727	45 693	45 693	+ 2.0
2. Structural operations Margin	33 173	30 682	30 522	32 570	30 522	30 822	- 7.1
3. Internal policies Margin	6 204	7 471	7 450	7 870	7 453	7 510	+ 21.1
4. External action Margin	4 844	4 920	4 892	5 294	4 892	4 951	+ 2.2
5. Administration Margin	5 360	6 086	6 028	6 070	6 039	6 040	+ 12.7
6. Reserves Margin	434	442	442	442	442	442	+ 1.8
7. Pre-accession aid Margin	2 707	2 956	2 856	3 196	2 856	2 856	+ 5.5
Total appropriations for payments	97 503	99 660	99 277	102 579	99 307	99 724	+ 2.3
Margin	5 435	11 893	12 277	8 975	12 247	11 830	

EUR 111.3 (EU-15: EUR 99.5) billion for commitments and EUR 99.7 (EU-15: EUR 94.6) billion for payments. Compared with 2003, commitment appropriations were increased by 11.7 % (EU-15: – 0.3 %) and payment appropriations by 2.3 % (EU-15: – 3.0 %). This left a substantial margin of EUR 11.8 (EU-15: EUR 7.7) billion for payments and EUR 4.3 (EU-15: EUR 4.5) billion for commitments. The 2004 payments budget represents 0.98 % of Member States' GNI, the authorised ceiling being 1.06 %. This made the 2004 budget the smallest initial budget since 1990.

3. Budgetary adjustments

Appropriations carried forward from 2003 to 2004

As a general rule, appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled. However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest.

Commitment appropriations may be carried over in two cases:

- (a) the preparatory stages of the commitment procedure have been completed by 31

December and these amounts may then be committed up to 31 March of the following year, and

- (b) the basic act was adopted in the final quarter of the financial year and the Commission has been unable to commit the appropriations by 31 December.

Payment appropriations may be carried over in respect of amounts needed to cover existing commitments, when the appropriations budgeted for the following financial year do not cover requirements.

The Commission decided to carry forward the appropriations below.

(million EUR)

Heading	Commitments	Payments
1. Agriculture	41	41
2. Structural operations	7	177
3. Internal policies	55	108
4. External actions	52	22
5. Administration	1	1
7. Pre-accession aid	4	1
Total	160	349

4. Amending budgets

Amending budget (AB)	Adoption date	Subject
AB No 1/2004	9 March	Adaptation to the enlargement (from the EU-15 to the EU-25)
AB No 2/2004	9 March	European Data Protection Supervisor
AB No 3/2004	30 March	European Solidarity Fund
AB No 4/2004	1 April	Amendments in Staff Regulations
AB No 5/2004	21 April	Publication of the <i>acquis communautaire</i> in the new official languages and revision of remuneration
AB No 6/2004	22 April	Executive Agency for Intelligent Energy
AB No 7/2004	14 September	Surplus 2003
AB No 8/2004	14 September	Own resources and Guarantee Fund
AB No 9/2004	14 October	European Data Protection Supervisor
AB No 10/2004		Structural Funds

Considering the amending budget No 1 relating to enlargement as a technical adaptation of the voted budget, the impact of the amending budgets 2–10 were as follows:

(million EUR)

Heading		
1. Agriculture	- 1 700	- 1 700
2. Structural operations		3 700
3. Internal policies	21	
4. External actions		
5. Administration	53	53
6. Reserves		
7. Pre-accession aid	1	
Total including compensation	- 1 625	2 053

5. Transfers

Each institution may, within its own section of the budget, make transfers from one budget line to another subject to certain conditions. The Commission is allowed to make transfers

within budget lines of the same chapter. Other transfers require a decision by the budgetary authority. In 2004, the budgetary authority decided on the following transfers with structural changes for the budget.

Transfers from the initial reserve (transfers of provisional appropriations)

The initial reserve consisting of provisional appropriations is voted together with the initial budget. These appropriations are provisional in the sense that their purpose has been defined, but the budgetary authority has set conditions that have to be fulfilled before they can be released, for example adoption of the legislation, presentation of work programme or progress report, etc.

The breakdown of transfers from the initial reserve by heading was as follows.

Transfers from initial reserve

Heading	Commitments			Payments		
	Initial reserve incl. AB	Transfers	Current reserve end-2004	Initial reserve incl. AB	Transfers	Current reserve end-2004
1. Agriculture	0	0	0	0	0	0
2. Structural operations	0	0	0	0	0	0
3. Internal policies	151 204 972	132 320 229	18 884 743	97 401 892	76 332 342	21 069 550
4. External actions	176 901 793	176 251 100	650 693	118 101 793	117 031 100	1 070 693
5. Administration	22 542 280	17 542 872	4 999 408	22 542 280	17 542 872	4 999 408
7. Pre-accession aid	40 000 000	25 000 000	15 000 000			0
Total	390 649 045	351 114 201	39 534 844	238 045 965	210 906 314	27 139 651

Other transfers

In 2004, the number of transfers submitted to the budget authority rose sharply compared with previous years: 71 were submitted for decision and 18 for information, together

representing some EUR 798 million in commitments and EUR 1 676 million in payments.

The global transfer amounted to EUR 753 million and covered 130 different budget lines: the net result was an increase of

EUR 176 million in payment credits for pre-accession aid (financial perspective heading 7) under Phare and Sapard, taken from headings 3, 4 and 5.

Under agriculture, the main transfer in 2004 was an increase of EUR 140 million for the 'Emergency fund for veterinary complaints and other animal contaminants which are a danger to public health', offset by appropriations from several other lines.

For internal policies, a rebalancing of payment credits under research activities to the tune of EUR 105 million was needed to bring

forecast expenditure into line with actual progress on projects.

The main transfer movements for external action comprised additional assistance to the Balkans, comprising EUR 25 million for the western Balkans and EUR 24 million for Kosovo, and EUR 25 million to increase humanitarian aid to Darfur.

Under heading 6 (reserves) the main transfer concerned an amount of EUR 162 million for payments to the Guarantee Fund (by which the Community guarantees certain loans) in respect of new external operations.

Transfers between chapters

Heading	Commitments			Payments		
	Transfers to a chapter	Transfers from a chapter	Impact between headings	Transfers to a chapter	Transfers from a chapter	Impact between headings
1. Agriculture	139 665 000	- 140 165 000	- 500 000	139 665 000	- 204 165 000	- 64 500 000
2. Structural operations	1 039 754	- 1 039 754	0	60 759	- 21 977 754	- 21 916 995
3. Internal policies	163 056 662	- 30 236 433	132 820 229	513 692 465	- 518 586 348	- 4 893 883
4. External actions	240 185 997	- 63 934 897	176 251 100	470 688 269	- 413 904 897	56 783 372
5. Administration	45 251 458	- 27 708 586	17 542 872	45 199 538	- 40 686 938	4 512 600
Reserve		- 17 542 872	- 17 542 872		- 17 542 872	- 17 542 872
	45 251 458	- 45 251 458	0	45 199 538	- 58 229 810	- 13 030 272
6. Reserves	181 875 000	- 515 446 329	-333 571 329	181 875 000	- 375 238 442	- 193 363 442
7. Pre-accession aid	26 500 000	- 1 500 000	25 000 000	324 461 220	- 83 540 000	240 921 220
Total	797 573 871	- 797 573 871	0	1 675 642 251	- 1 675 642 251	0

4. EU BUDGET REVENUE IN 2004 ⁽¹⁾

The budget of the European Union is financed by own resources and other revenue. In 2004, own resources amounted to EUR 95.1 billion and other revenue to EUR 8.2 billion (of which EUR 5.5 billion corresponded to the surplus carried over from the previous year).

When the Council and Parliament approve the annual budget, total revenue must equal total expenditure. The total amount needed to finance the budget follows automatically from the level of total expenditure. However, since out-turns of revenue and expenditure usually differ from the budgeted estimates, there is a balance of the exercise resulting from the implementation. Normally, there has been a surplus, which reduces Member States' own resources payments in the subsequent year.

4.1. Own resources

The basic rules on the system of own resources are laid down in a Council decision (currently 2000/597/EC, Euratom), adopted by unanimity in the Council and ratified by all Member States. Own resources can be defined as revenue accruing automatically to the EU in order to finance its budget without the need for any subsequent decision by national authorities. The overall amount of own resources needed to finance the budget is determined by total expenditure less other revenue. The total amount of own resources cannot exceed 1.24 % of the EU gross national income (GNI).

Own resources can be divided into the following categories:

- traditional own resources (TOR), which include two categories: agricultural duties and sugar levies on the one hand and customs duties on the other hand;
- the VAT-based own resource;

⁽¹⁾ Data indicated for 2004 are the latest available as at end-February 2005. These data are provisional and may differ from the final data which will be published in the 2004 annual accounts.

- the GNI-based own resource (the 'additional fourth resource'), which plays the role of residual resource.

Finally, a specific mechanism for correcting budgetary imbalances in favour of the United Kingdom (UK rebate) is also part of the own resources system.

4.1.1. Traditional own resources (customs duties, agricultural duties and sugar levies)

Traditional own resources (TOR) are levied on economic operators and collected by Member States on behalf of the EU. TOR payments accrue directly to the EU budget, after deduction of a 25 % compensation retained by the Member States to cover collection costs.

Agricultural duties and customs duties are levied on imports of agricultural and non-agricultural products from third countries, at rates based on the Common Customs Tariff. In 2004, these resources corresponded to 1.4 % and 11.1 % of total own resources, respectively. Since these resources are paid with a two-month delay to the EU budget, the 10 new Member States contributed only during half of the year in 2004 (i.e. July–December).

Sugar levies are paid by sugar producers to finance the export refunds for sugar. Revenue from this resource amounted to 0.4 % of total own resources payments in 2004. Due to the particular payment regime of this resource to the EU budget, the 10 new Member States did not pay any sugar levies to the EU budget in 2004. Their first payments of these levies will occur in 2005.

4.1.2. The own resource based on value added tax (VAT)

The VAT-based own resource is levied on Member States' VAT bases, which are har-

monised for this purpose in accordance with Community rules. The same percentage is levied on the harmonised base of each Member State. However, the VAT base to take into account is capped at 50 % of each Member State's GNI. This rule is intended to avoid the less prosperous Member States paying out of proportion to their contributive capacity, since consumption and hence VAT tend to account for a higher percentage of a country's national income at relatively lower levels of prosperity.

In 2004, the 50 % 'capping' was applied to 13 Member States (Czech Republic, Estonia, Greece, Spain, Ireland, Cyprus, Luxembourg, Hungary, Malta, Poland, Portugal, Slovenia and the United Kingdom).

The maximum percentage rate of the VAT base that can be called is fixed at 0.50 % in 2004. However, this rate must be decreased to take account of the UK correction (see below). The actual rate of call of VAT in 2004 amounted to 0.2984 % (rounded figure).

The total amount of the VAT-based resource (including adjustments for previous years) levied in 2004 reached EUR 13.9 billion or 14.6 % of total own resources. The 10 new Member States, which joined the EU on 1 May, contributed to the VAT-based own resource during two thirds of the year only (i.e. May–December) in 2004.

4.1.3. The own resource based on gross national income (GNI)

The GNI-based own resource ('additional fourth resource') was introduced in 1988 to balance budget revenue and expenditure, i.e. to finance the part of the budget not covered by other revenue. The same percentage rate is levied on each Member State's GNI, which is established in accordance with Community rules.

The rate is fixed during the budgetary procedure. The amount of the GNI resource needed depends on the difference between total expen-

diture and the sum of all other revenue. In 2004, the rate of call of the GNI-based resource amounted to 0.6972 % (rounded figure).

The total amount of the GNI-based resource (including reserves and adjustments for previous years) levied in 2004 reached EUR 69.0 billion or 72.6 % of total own resources. The 10 new Member States, which joined the EU on 1 May, contributed to the GNI-based own resource during two thirds of the year only (i.e. May–December) in 2004.

4.1.4. The correction of budgetary imbalances in favour of the United Kingdom (UK rebate)

The current UK rebate mechanism was introduced in 1985 to correct the imbalance between the United Kingdom's share in payments to the Community budget and its share of Community expenditure allocated to the Member States. This mechanism has been modified on several occasions to compensate for changes in the system of EU budget financing, but the basic principles remain the same.

This imbalance is calculated as the difference between the percentage share of the UK in EU expenditure paid in the Member States ('allocated expenditure') and the UK share in total VAT-based and GNI-based own resources payments. The difference in percentage points is multiplied by the total amount of EU expenditure allocated to the Member States. The UK is reimbursed by 66 % of this budgetary imbalance.

The cost of the correction is borne by the other 24 Member States. The distribution of the financing is first calculated on the basis of each country's share in total EU GNI. The financing share of Germany, the Netherlands, Austria and Sweden is, however, restricted to one fourth of its normal value. This cost is redistributed across the remaining 20 Member States.

The total amount of the UK rebate paid in 2004 amounted to EUR 5.3 billion. The 10 new Member States, which joined the EU on 1 May, contributed to these payments during two thirds of the year only (i.e. May–December) in 2004.

4.2. Other revenue

The part of the general budget not financed by own resources includes tax and other deductions from staff remunerations, bank interest,

contributions from non-member countries to certain Community programmes (e.g. in the research area), repayments of unused Community financial assistance, interest on late payments as well as the balance from the previous exercise. However, this last item is mainly derived from the difference between the out-turn of own resources payments and expenditure in the previous year.

In 2004 other revenue amounted to EUR 8.2 billion, of which EUR 5.5 billion corresponded to the surplus carried over from the year 2003.

TABLE 4

Own resources payments by Member State in 2004

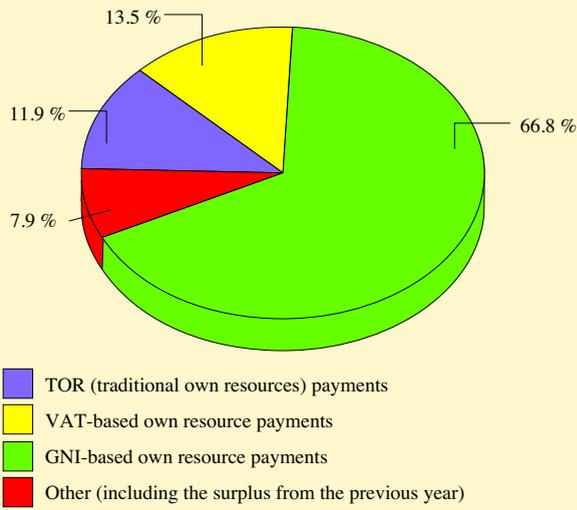
(EUR)

	Traditional own resources Net (75 %) total payments	VAT-based own resources payments at uniform rate	GNI-based own resources payments ⁽¹⁾	UK rebate	Total own resources
	(1)	(2)	(3)	(4)	(5)=(1)+(2)+(3)+(4)
Belgium	1 278 878 008	338 500 979	1 975 380 752	256 191 360	3 848 951 099
Czech Republic	60 410 545	80 115 316	373 005 068	51 639 716	565 170 645
Denmark	257 499 280	210 520 459	1 311 326 916	160 829 172	1 940 175 828
Germany	2 406 493 796	2 633 852 663	14 838 271 272	351 324 023	20 229 941 754
Estonia	7 092 067	7 666 096	35 685 869	4 929 651	55 373 683
Greece	196 509 397	247 856 558	1 148 396 013	149 463 986	1 742 225 953
Spain	954 713 359	1 201 679 742	5 510 651 678	716 164 028	8 383 208 807
France	1 134 901 306	2 233 303 721	11 150 047 528	1 495 336 844	16 013 589 399
Ireland	128 408 121	181 655 882	833 697 161	106 716 377	1 250 477 541
Italy	1 236 557 892	2 072 470 954	9 257 541 539	1 219 517 324	13 786 087 709
Cyprus	18 958 845	12 068 686	56 182 544	7 772 757	94 982 832
Latvia	7 847 867	8 467 997	44 966 900	6 178 987	67 461 752
Lithuania	14 360 176	15 273 514	78 779 447	10 883 293	119 296 430
Luxembourg	12 587 203	36 647 198	161 994 239	20 017 675	231 246 314
Hungary	54 310 185	76 629 133	356 735 626	49 381 190	537 056 134
Malta	5 105 701	4 437 107	20 652 905	2 851 184	33 046 896
Netherlands	1 377 043 705	666 169 429	3 178 735 548	47 045 699	5 268 994 381
Austria	176 038 238	248 259 729	1 596 823 358	25 368 351	2 046 489 676
Poland	112 782 290	189 977 735	884 990 473	123 099 335	1 310 849 833
Portugal	121 718 880	188 881 882	902 115 970	119 696 446	1 332 413 178
Slovenia	12 309 695	25 108 902	116 901 083	16 142 328	170 462 008
Slovakia	19 142 500	29 240 525	150 406 503	20 773 757	219 563 286
Finland	94 646 676	203 762 641	1 012 124 479	132 788 734	1 443 322 531
Sweden	315 219 262	375 698 468	1 959 541 757	29 965 556	2 680 425 044
United Kingdom	2 303 576 192	2 623 917 721	12 026 159 768	- 5 272 072 338	11 681 581 343
Total	12 307 111 188	13 912 163 036	68 981 114 398	- 147 994 566	95 052 394 056
% of total	12.9	14.6	72.6	-0.2	100.0

⁽¹⁾ For simplicity of presentation, GNI based own resources payments are shown including the adjustment for the impact of non-participation of certain Member States to the justice and home affairs policy

NB Total amount of own resources payments in percentage of total EU GNI: 0.93 %
Ceiling of own resources payments in percentage of total EU GNI: 1.24 %

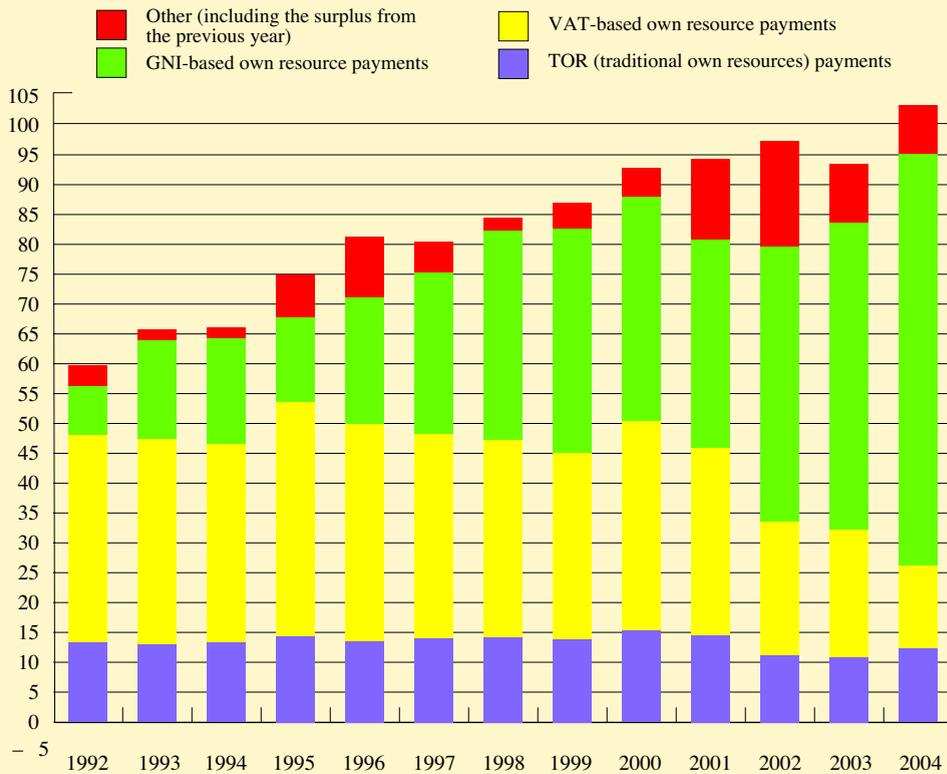
FIGURE 1
EU revenue in 2004



NB: Data indicated for 2004 are the latest available as at end February 2005. These data are provisional and may differ from the final data which will be published in the 2004 annual accounts.

FIGURE 2
EU revenue 1992–2004

(billion EUR)



NB: Data indicated for 2004 are the latest available as at end February 2005. These data are provisional and may differ from the final data which will be published in the 2004 annual accounts.

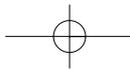


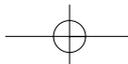
FIGURE 3
Own resources by Member State in 2004

(billion EUR)

(NB: 10 new Member States joined the EU on 1 May 2004 and thus contributed during two thirds of the year only to the 2004 budget)



NB: Data indicated for 2004 are the latest available as at end February 2005. These data are provisional and may differ from the final data which will be published in the 2004 annual accounts.



5. 2004 BUDGET IMPLEMENTATION

1. Introduction

This commentary and related tables provide a provisional overview of the evolution of budgetary appropriations during the year and the status of budget implementation at year-end for the 2004 budget.

The provisional implementation situation by financial perspective heading for end-2004 is

summarised below in percentage terms, in comparison with last year. For 2004, the data for all headings are based on provisional data as at 2 February 2005 for total available appropriations ⁽¹⁾ and implementation.

⁽¹⁾Total available appropriations are defined as the initial budget, carry-forwards (including reconstitution and reuse of appropriations), initial reserves, amending budgets, transfers, and earmarked revenue (e.g. EFTA contributions and third-party receipts); they also include here the administrative appropriations for other EU institutions.

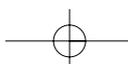
(%)

Heading	Implementation of commitment appropriations		Implementation of payment appropriations	
	2004	2003	2004	2003
1. Agriculture	99	99	98	98
2. Structural operations	99	100	99	90
3. Internal policies	92	93	81	79
4. External actions	97	97	90	88
5. Administration	96	99	85	87
6. Reserves	41	45	41	40
7. Pre-accession aid	94	98	95	80
8. EU-10 compensation	100		100	
Total	98	99	95	92

For the 2004 budget year, EUR 109 billion was committed from total available appropriations of EUR 111 billion, an implementation rate of 98%. Payments made amounted to EUR 100 billion from total available appropriations of EUR 105 billion, an implementation rate of 95% compared with EUR 91 billion or 92% in 2003.

The commentary that follows concentrates on the financial perspective headings that are the key contributing factors to the underutilisation of the budget appropriations (comprising for the EU-25 the initial budget appropriations, the initial reserve, amending budgets, transfers, and carry-overs), and the main changes compared with the initial voted budget. In the following tables, the initial voted budget covers the EU-25, including the EU-10 budget adopted in April 2004. The tables show at

heading level the aggregate implementation for the total voted budget including transfers and amending budgets (AB), and, separately, the utilisation of appropriations added to the budget by way of appropriations carried forward from 2003 and earmarked revenue. The assessment of the implementation of earmarked revenue (for example, interest on advance payments, reimbursements at the occasion of programme/contract closures, EFTA contributions, etc.) needs to be different in the sense that its use is subject to specific conditions, it is difficult to programme or in some cases (refunds following closure of certain programmes) it is not meant to be reused. Normally, payments are entered in the budget with an amount corresponding to the earmarked commitments, even if it is clear from the outset that payments will be implemented only in later years. Furthermore, earmarked



revenue remaining unused at the end of the year will not be cancelled but carried forward automatically.

2. Agriculture (heading 1)

(million EUR)

	Initial budget EU-25	Initial reserve	Transfers (less reserves)	Amending budget (AB)	Carried forward, etc. from 2003	Total (incl. carried forward)
Commitments						
Appropriations	46 781		0 = (+ 2 496 – 2 496)	– 1 700	41	45 122
Implementation	44 719 (99 %)				41	44 760 99 %
Payments						
Appropriations	45 692		– 16 = (+ 2 544 – 2 560)	– 1 700	326	44 302
Implementation	43 267 (98 %)				312	43 579 98 %

NB: The third column is the net amount of appropriations approved for transfer (excluding transfers from reserve) with the aggregate movements to and from the heading in brackets.

Agricultural commitments made were EUR 44.8 billion, or in percentage terms similar to the 99 % outcome for the same period last year. For CAP-related expenditure (heading 1a), an underutilisation of EUR 270 million mainly concerns:

- EUR 140 million for *plant products (0502)*, primarily the cereals sector as the bad harvest in 2003 resulted in higher world prices in relation to the forecasts used at the time of establishing the 2004 budget, and export refunds for the sugar sector as less quantities

were exported than provided for in the budget;

- EUR 60 million for *animal products (0503)*, due to various factors affecting the dairy and meat sectors.

For rural development, subheading 1b, under-spending amounted to EUR 95 million, slightly higher than last year. Of the unused appropriations for the heading, EUR 49.5 million for rural development programmes is carried forward to 2005.

3. Structural operations (heading 2)

(million EUR)

	Initial budget EU-25	Initial reserve	Total transfers (less reserves)	AB	Carried forward, etc. from 2003	Earmarked revenue	Total (incl. carried forward and earmarked revenue)
Commitments							
Appropriations	41 035		0 = (+ 311 – 311)	– 4	7	8	41 046
Implementation	40 819 (99 %)				7	7	40 833 99 %
Payments							
Appropriations	30 822		–72 = (+ 4 322 – 4 394)	3 700	177	8	34 635
Implementation	34 156 (99 %)				42	0	34 198 99 %

NB: The third column is the net amount of appropriations approved for transfer (excluding transfers from reserve) with the aggregate movements to and from the heading in brackets.

Commitments

Almost full implementation of commitment appropriations was reached for this heading, with EUR 213 million unutilised that mainly relate to Structural Fund programmes under Objective 1 (EUR 70 million) and the Cohesion Fund (EUR 64 million). Of the unused appropriations in 2004, EUR 115.2 million is carried forward to 2005.

Payments

In November, an amending budget (AB10/2004) increased the payment appropriations for the Structural Funds by EUR 3.7 billion to cover expected additional needs for the remainder of the year. This was funded by transfers of EUR 1.7 billion from agriculture (heading 1a), an increase of EUR 1.5 billion

in the revenue forecast and a call on the Member States for new resources of EUR 500 million.

Total payments for the heading amounted to EUR 34.2 billion, or 99 % of available appropriations, an underutilisation of around EUR 435 million, of which — and excluding earmarked revenue — EUR 294 million relates to the Structural Funds mainly for programmes under Objective 1 (EUR 150 million). For the Cohesion Fund, EUR 135 million in payment appropriations was not used.

Of the unused payment appropriations under this heading in 2004, EUR 184.2 million is carried forward to 2005, of which EUR 37.9 million concerns Objective 1 programmes and EUR 133.2 million relates to the Cohesion Fund.

4. Internal policies (heading 3)

(million EUR)

	Initial budget EU-25	Initial reserve	Total transfers (less reserves)	AB	Carried forward, etc. from 2003	Earmarked revenue	Total (incl. carried forward and earmarked revenue)	
Commitments								
Appropriations	8 533	151	0 = (+ 165 – 165)	21	55	1 089	9 849	
Implementation			8 470 (97 %)		51	489	9 010	92 %
Payments								
Appropriations	7 413	97	– 78 = (+ 805 – 883)	0	108	1 451	8 991	
Implementation			6 711 (90 %)		76	468	7 255	81 %

NB: The third column is the net amount of appropriations approved for transfer (excluding transfers from reserve) with the aggregate movements to and from the heading in brackets.

Commitments

From the initial reserve of EUR 151 million, EUR 132 million was released during the year to various budget lines within the heading. In addition, through AB No 3, EUR 21 million was transferred from the EU Solidarity Fund

to cover emergency aid following the floods in France and Malta, and the forest fires in Spain.

Commitments made amounted to EUR 9 billion, or 92 % of the total available appropriations, an underutilisation of around

EUR 850 million. This compares with 93 % for the same period last year. Of the unused appropriations, EUR 600 million relates to earmarked revenue, and mostly concerns the completion of previous framework programmes under research and technological development. The remaining unused appropriations of EUR 250 million are budget appropriations that are spread across the heading.

Of the appropriations that could not be used before end-year 2004, EUR 35 million is carried forward to 2005.

Payments

EUR 76 million was released to the heading from the initial reserve of EUR 97 million. The main transfers for the heading were included in the annual global transfer as follows:

- EUR 103 million was moved from the heading to offset additional payment needs identified for pre-accession aid under heading 7. This mainly concerned EUR 100 million from *trans-European networks (0603)*, as a result of delays in establishing certain individual 2004 commitments for

trans-European transport networks (TEN-T), because of the need to adapt the procedure to the new financial regulations and to the recommendations of the Court of Auditors;

- in addition, movements across the heading amounted to EUR 233 million that mainly concerned EUR 173 million to cover additional expected payment demands for *research and technological development (0904)*, as payment demands had accelerated in 2004, catching up on the delay in payments in 2003 due to the late adoption of the calls for tender that year.

Payments made amounted to EUR 7.3 billion from available appropriations of EUR 9 billion, an implementation rate of 81 %. This compares with EUR 5.7 billion, an implementation rate of 79 % in 2003. The under-implementation is mainly accounted for by EUR 980 million for earmarked revenue that mostly relates to payments for the completion of earlier programmes under research and technological development. The remaining unused appropriations of around EUR 730 million are budget appropriations spread across the heading.

Of the total unused appropriations for the heading in 2004, EUR 36.4 million for payments is carried forward to 2005.

5. External actions (heading 4)

(million EUR)

	Initial budget EU-25	Initial reserve	Total transfers (less reserves)	AB	Carried forward, etc. from 2003	Earmarked revenue	Total (incl. carried forward and earmarked revenue)	
Commitments								
Appropriations	5 000	177	0 = (+ 144 – 144)		52	140	5 369	
Implementation			5 119 (99 %)		52	28	5 199	97 %
Payments								
Appropriations	4 833	118	– 64 = (+ 527 – 591)		22	189	5 098	
Implementation			4 526 (93 %)		10	70	4 606	90 %

NB: The third column is the net amount of appropriations approved for transfer (excluding transfers from reserve) with the aggregate movements to and from the heading in brackets.

Commitments

Of the initial EUR 177 million placed in reserve, EUR 176 million was transferred to the heading.

Almost full implementation of commitment appropriations was reached for this heading. For total available appropriations of EUR 5.4 billion, EUR 5.2 billion commitments were made. This compares with EUR 4.9 billion in 2003, with a similar implementation rate. Earmarked revenue of around EUR 112 million accounted for most of the underutilisation and is spread across the heading. Of the budget appropriations that could not be used before end-year 2004, EUR 8.9 million is carried forward to 2005.

mainly reinforcing *MEDA (190802)* by EUR 160 million, as payment demands had accelerated on previous estimates due to the combination of improvements in implementing the programmes. Appropriations became available for transfer mainly because of delays in the implementation of structural reforms, in signing finance agreements, and in finalising proposals for certain projects.

EUR 4.6 billion payments were made in 2004 from total available appropriations of EUR 5.1 billion, an implementation rate of 90 %, an all-time record and a continuing improvement on the previous record levels of 87 % in 2003 and 89 % in 2002. Of the unused appropriations, almost EUR 120 million concerned earmarked revenue that is spread across the heading.

Payments

Of the initial EUR 118 million placed in reserve, EUR 117 million was transferred to the heading. The main transfer movements for this heading were included in the annual global transfer, and concerned a net transfer of EUR 60 million from the heading to meet additional needs identified for pre-accession aid under heading 7. Furthermore, movements across the heading totalled EUR 262 million,

Of the remaining appropriations in 2004, EUR 6 million is carried forward to 2005.

Through a combination of a sustained high level of payments and a continued effort in screening old and dormant commitments, RAL (*reste à liquider*) has again been stable for this heading as has been the case for the last several consecutive years, despite the continuous increase in commitment appropriations.

6. Administration (heading 5)

(million EUR)

	Initial budget EU-25	Transfers (*)	AB	Carried forward, etc. from 2003	Earmarked revenue	Total	
Commitments							
Appropriations	6 012	26	77	1	238	6 354	
Implementation						6 126	96 %
Payments							
Appropriations	6 012	8	77	571	240	6 909	
Implementation						5 855	85 %

(*) Transfers: situation at 2.2.05 — full data from the other EU institutions not yet available.

7. Pre-accession aid (heading 7)

(million EUR)

	Initial budget	Initial reserve	Budget authority transfers (less reserves)	AB	Carried forward, etc. from 2003	Earmarked revenue	Total (incl. carried forward and earmarked revenue)	
Commitments								
Appropriations	1 692	40	0 = (+ 25-25)	1	4	100	1 837	
Implementation	1 702 (98 %)				4	11	1 717	94 %
Payments								
Appropriations	2 856		248 = (+ 479-231)		1	115	3 220	
Implementation	2 985 (96 %)					68	3 053	95 %

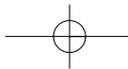
Of the initial EUR 40 million commitment appropriations placed in reserve for pre-accession instruments under Phare, EUR 25 million was released to the heading.

Almost full utilisation of commitment appropriations was achieved for the heading. From total available appropriations of EUR 1.8 billion, EUR 1.7 billion was committed, or 94 % implementation compared with 98 % for 2003. The EUR 120 million unused appropriations mainly concern earmarked revenue (EUR 90 million, essentially from programme closure).

Payments amounting to EUR 3 billion were made, an implementation rate of 95 %, com-

pared with EUR 2.3 billion or 80 % last year. Of the EUR 167 million unused appropriations, EUR 47 million concern earmarked revenue and the remainder EUR 120 million mainly relates to Phare programmes. Based on initial forecasts of the implementing authorities of the beneficiary countries, an additional EUR 113 million was transferred to this chapter during the global transfer procedure.

RAL for this heading has started a downward trend, from EUR 10.3 billion at the start of 2004 to EUR 8.2 billion for the year-end, a decrease of EUR 2 billion.



6. ENLARGEMENT: CHALLENGES, OPPORTUNITIES AND BENEFITS FOR ALL



1. History: healing the rift

The 2004 enlargement of the European Union healed the rift opened up by the East–West confrontation and the Cold War. The newcomers from central and eastern Europe, together with Malta and Cyprus, are members whose peoples share the same goals of democracy, liberty and prosperity as other EU citizens. They have met the strict criteria for joining the Union, and they will enrich the EU with their wealth of different cultures, traditions, heritage and languages.

Deepening European integration and widening EU membership have gone hand-in-hand since the foundation of the Union. Each successive enlargement — this is the fifth since

1973 — has brought benefits to Europe's citizens and new opportunities for its businesses. In between times, the EU has created a customs union, a single market and a single currency. The inclusion of 25 countries in the EU's zone of peace, prosperity and stability will enhance the security of all its citizens. Enlargement will stimulate economic growth in EU countries both new and old — for the benefit of all.

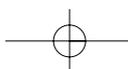
2. Challenges and opportunities

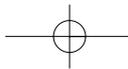
2.1. Coping with major change

Member States both old and new will benefit significantly from the EU's expansion from 15 to 25. Nevertheless, major change is always a cause for concern and the enlargement of the European Union is no exception. The experience of previous EU enlargements has shown that old and new integrate smoothly and that (if they arise) short-term strains are soon offset by long-term gains.

The new Member States have a number of things in common. They are all poorer than the average of the other 15 EU countries. Save for Malta and Cyprus, they have recently emerged from 40 years of Communist dictatorship. They have limited resources, yet major needs for infrastructure projects and social programmes. While they will, therefore, wish to obtain as much of the EU's Structural Funds as possible, their absorption capacity may be limited. They have no former colonies, but strong interests in their eastern neighbours, and can be expected to be very keen to strengthen the Union's policies towards its new neighbours.

Because of its sheer size, this enlargement raised extra questions for people on both sides about the impact on their lives and jobs. Not surprisingly, worries on one side sometimes





mirrored those on the other: these concerns are examined in the following sections.

2.2. What effect would enlargement have on jobs?

Some people in the EU-15 worried that their jobs would be threatened, if new EU citizens, willing to work for relatively low wages, moved to the EU-15 in large numbers. Or what if firms transferred production to cheaper plants in the new Member States? Others were concerned about environmental standards or the possibility of more illegal immigrants entering the EU via the new Member States.

However, a series of studies of likely immigration from central and eastern Europe suggests that it will be on a limited scale, and mostly confined to regions bordering the new Member States. The more economic growth is secured in those countries, the less attractive it will be for workers to seek employment in the other EU Member States.

And enlargement of the EU has already boosted growth and created new jobs in the European economy. The EU is the main economic partner of all of the applicant countries, and has benefited from liberalisation which has seen trade triple since 1993. The EU's trade surplus with the central and east European countries has already created more jobs for EU citizens.

With the new Member States' arrival, there is every reason to believe that the positive economic developments will continue. Economists have estimated that the existing Member States and the countries of central and eastern Europe will both gain from market integration as a result of enlargement, thus creating more jobs on both sides.

Moreover, the demographic trends in many EU countries where society is ageing, and the

need for skilled labour in certain sectors, will make free movement of workers increasingly desirable in the future to ensure that the economy continues to perform well.

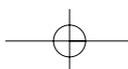
2.3. Would the new members apply lower social standards for their workforce?

The EU has established a set of conditions for membership that new Member States must fulfil. They include the requirement that each new member must implement and enforce EU law, which includes key areas of social policy such as limits on working time, minimum standards of safety in the workplace, gender equality and other measures to combat discrimination. Thus the risk of 'social dumping' will be avoided.

On the other hand, the absence of EU rules on salary levels, welfare contributions and most aspects of direct taxation means that the new members will be able to 'compete', just like any of their EU neighbours. Sustained economic growth in the new Member States is likely to lead to a reduction in the differences in these areas.

2.4. What about relocations?

EU firms have been largely free to relocate in the applicant countries of central and eastern Europe since the beginning of the transition process in 1989, and many of them, multinationals and small companies alike, have done so. In 1999, 68 % of all foreign direct investment in the applicant countries of central and eastern Europe was of EU origin. Generally, this has been to the benefit of all concerned, and has enhanced the competitiveness of EU firms in global markets.



2.5. Unfair competition?

In the new EU countries, people sometimes questioned whether their economies could withstand competition from western firms or whether their farmers could survive against counterparts bolstered by years of support from the EU's agricultural policy. Others worried that richer EU citizens would push up the price of property.

But in agriculture in 2004, where producers in the new members thought they would be overwhelmed by imports from the EU-15, their exports in 2004 actually rose substantially. At the end of 2004, farmers in the new Member States felt the first tangible benefits of EU agricultural policy in the form of a minimum grant of EUR 500 for the smallest producers. The Commission estimates ⁽¹⁾ that the increase in farmers' income for 2004 was some 50 %, and more in the Czech Republic (+ 108 %) and in Poland (+ 74 %). Agricultural income in the new Member States increased by an average of 54 %.

They benefit from support for their farmers under the common agricultural policy, but on a gradual basis. Although their farmers will receive full-scale EU support only after a 10-year transitional period, they will stand to receive Union funding worth about EUR 10 billion in the period 2004–06 and will therefore be the first direct beneficiaries of accession. Agriculture in the EU-15 has already benefited from the liberalisation of trade with the central and east European countries. In fact, the EU has a trade surplus in agriculture with most of the new countries.

There should be scope for gains as both new and old members can benefit from an enlarged single market. Rising incomes of consumers in the new Member States will also create demand for higher value-added produce.

⁽¹⁾ For more details, see Eurostat's website: <http://www.europa.eu.int/comm/eurostat/>

And the new member countries who feared a massive sell-off of their agricultural land and property will for several years be free to decide whether or not to allow sales to citizens from other EU countries. Generally the period agreed is seven years, while for Poland it was extended to 12 years.

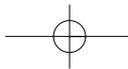
2.6. Independence and sovereignty

On a political level, some asked whether such a big enlargement might slow European integration or dilute current achievements. Others in the new member countries wondered whether they might be surrendering sovereignty to 'Brussels' so soon after shaking off the Soviet yoke.

But the experience of small countries within the EU suggests that the concern of newcomers about losing sovereignty and independence to Brussels is misplaced. Each of them, starting with tiny Luxembourg, has a greater influence in European (and world) affairs than it would on its own, thanks to the institutional framework of the EU which is specifically designed to give each country, and its citizens, their say. The EU Treaties also allow a certain number of Member States to move ahead as a group in a particular policy area, leaving the other countries to catch up later, in a process known as 'enhanced cooperation'.

2.7. Adopting the euro

The membership terms agreed by the new entrant States include a commitment to adopt the euro and accept the disciplines of economic and monetary union (EMU). But the process of joining the euro area is not automatic and no timetable has been set. As was the case with the older Member States, each will join according to its own timetable. None has an opt-out from the euro as obtained by the United Kingdom and Denmark.



Before being able to adopt the single currency, the new members will have to meet normal EMU requirements on budget deficits, debt, inflation and exchange rate stability. This means that, in practice, the first of them cannot adopt the euro before 2006 at the earliest. A number of newcomers have signalled their intention to adopt the euro as rapidly as possible.

There are considerable pros and cons to be weighed up by the newcomers before they adopt the euro and individual strategies may differ according to perceived national interests.

On the one hand, early membership will ensure monetary stability, encourage inward investment and probably lead to lower interest rates for businesses and consumers. On the other hand, keeping a currency out for a while will provide enough flexibility to manage exchange rates, deficits and inflation in a way which may deliver faster growth than might be possible under the disciplines of EMU (in particular the Stability and Growth Pact).

2.8. The Union's new borders

The newcomers have a particularly important part to play in protecting EU citizens' rights to free movement and personal security. Internal mobility and security within the EU is ensured in part by effective controls at the Union's external frontiers. Because of their geographic position, newcomers are taking over responsibility for controlling large stretches of these borders.

To support them in this task, the EU has provided considerable funding for modern equipment and personnel training and will continue to do so until 2006. Internal frontiers between the newcomers and other Union members will only be removed once external frontier protection is deemed to be adequate, based on a unanimous decision of the Member States.

2.9. No lowering of environmental standards

EU rules and standards in the field of the environment will apply to the new members in the same way as they do to current members. There will be no lowering of standards — a basic principle that applies to all aspects of the enlargement process. This is important also for the unity of the single market, to ensure a level playing field for business.

In the negotiations for membership, the EU accepted transitional periods for central and east European countries facing difficult environmental situations inherited from the past. At the same time, it has insisted on a timetable for soundly based investment plans for implementing EU standards. The size and nature of the challenge explains why the EU has invested heavily in environmental improvements in the new Member States.

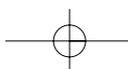
2.10. Consumers and food

Food safety has a high priority in the EU. The objective is to deliver a high level of public health and consumer protection throughout. The new countries need to ensure that they apply all food safety rules and that they have in place the appropriate control mechanisms. Enlargement will extend a common set of rules to the new members, thereby raising the overall level of safety. Consumers have to have the guarantee that only safe food will circulate freely in the enlarged Union.

3. Benefits for all

3.1. What is the impact of enlargement on daily life?

EU citizens will be able to live, travel, work and study with greater ease throughout a territory that stretches from the Baltic Sea to the



eastern Mediterranean. For instance, students from the 25 Member States can study in their university of choice in any given country.

EU legislation implemented in the new Member States will guarantee adherence to current standards on matters such as the safety of products and services, advertising, e-commerce, fair commercial practices and food safety.

There will also be a better quality of life through common EU policies for the protection of the environment. The introduction of the EU's environmental policy will help to safeguard natural habitats and the rich biodiversity of the environment in the new countries. It will also mean that Europe as a whole will be more prepared to combat global environmental threats, such as ozone depletion and climate change.

There will be more security for all European citizens through joint efforts in the fight against crime, drugs and illegal immigration. During the initial years of this enlarged Union, the Accession Treaty has foreseen transition periods so that 'old' and 'new' Member States can gradually become accustomed to the new economic and social dimensions of the EU.

Enlargement will have a number of positive consequences in the area of transport, since new Member States have to respect existing EU standards in transport and environment policy. EU policies combat the negative effects of road traffic by improved environmental and safety requirements, investment in infrastructure, and taxation and price policy. Enlargement will also lead to a higher degree of safety in maritime transport around our coasts.

At the end of the transitional period on freedom of movement for workers, people from across Europe will be able to reap the benefit of improved employment policies by increas-

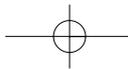
ing labour skills, labour market flexibility, mobility of workers, business climate, adaptation to new technologies and equal opportunities.

3.2. An enlarged single market

With a population of 450 million, the Union now represents the largest internal market in the world; this enlarged single market accounts for some 19 % of world trade.

The accession of 10 new countries is expected to have led to an increase of the EU-25's overall gross domestic product (GDP) by 4-5 %, while at the same time reducing the average GDP per capita to 92 % of the former EU-15. However, the impact of the new Member States on the economic restructuring of the EU-15 is likely to be much greater. Any overall loss in GDP should quickly be compensated for by the implementation of the single market rules and improved market access for business, which are expected to lead to increased efficiencies through greater competition.

Business in the enlarged EU will also benefit from improvements in the legal and regulatory environment in the new Member States as they adapt their laws to those of the Union and apply its standards of patent and design protection. The removal of these 'non-tariff barriers' to trade between old and new members will increase the size of the single market by some 75 million consumers. The resulting economies of scale will stimulate trade and further improve the competitive position of EU firms. Competitive forces appear to be increasing faster in Europe, overall, than elsewhere in the global economy and have encouraged an overhaul of the manufacturing sector together with changes in the regulatory and tax environments. The enlarged EU will also create bigger opportunities for its manufacturers and exporters in the global market.



The overall conditions for business have been improved through a largely liberalised framework for investment and macroeconomic stability. Solidarity with less-developed regions will contribute to sustainable overall economic growth.

Enlargement has encouraged a tide of inward foreign investment, particularly in portfolio capital, and stock markets across the EU-10 rose sharply in 2004.

3.3. Participation in EU governance

New members have taken part from day one in the institutional structures which run the Union. Their ministers take decisions along with their peers in the Council of the European Union. They send their elected representatives to the European Parliament, and each nominates a member of the European Commission. Their languages have become official languages of the Union.

3.4. EU economy

The impact of enlargement on the EU's economy will be significant, as a bigger and more integrated market boosts economic growth both for the newcomers and for the current Member States.

The European Commission estimates that joining the Union will add up to 1 % extra growth each year for the newcomers during the first 10 years of membership. The amount of extra growth in the other members, though lower, is still significant. The enlarged single market will provide competitive EU firms with greater business opportunities, create jobs and raise tax revenues for governments to spend on priority programmes. The experience of Ireland, Portugal, Spain and Greece shows how membership can boost growth in previously weaker economies.

The integration of the new Member States is already well under way. The trade agreements designed to pave the way for accession removed most restrictions such as tariffs and quotas on their exports to the Union, which has become by far their biggest trading partner. Two-way trade has expanded, with the EU posting an EUR 18 billion surplus in 2002. The newcomers have benefited from a wave of investment by EU companies in the retail, banking, energy and telecommunications sectors.

In the automotive sector in particular, new plants are primarily being built in the east. For example, Volkswagen of Germany has taken over the Skoda vehicle group in the Czech Republic; in a few years, Slovakia will be producing more automobiles per capita than any other country in the world.

France Telecom is a shareholder in the Polish operator TPSA; retail chains based mainly in France, Germany, the United Kingdom, Belgium and the Netherlands have set up supermarkets all across central and eastern Europe.

3.5. More inward investment

The new Member States will remain important clients for investment from the other EU countries as well as for their exports of capital and consumer goods. Some of these investments and exports will be used to improve the infrastructure of the new Member States, and to develop east-west trunk routes in addition to the existing north-south ones.

The combined injection of new technologies, know-how and financial investment has already boosted productivity as old industries restructure and new ones gain ground.

3.6. Access to EU funds

3.6.1. Integration of the new members is also driven by access to EU programmes and funds, whereby the Union's limited resources are shared out in a way that gives priority to the most needy. In the past, this has enabled the EU to provide special support to its poorest countries and regions. For the period from entry in May 2004 to the end of 2006, a total of EUR 21.75 billion from the EU's Structural Funds and Cohesion Fund has been set aside for the new members.

The disparity of wealth between current and future members of the EU is one of the most challenging aspects of this enlargement. It has been estimated that in the enlarged EU there will be a doubling of the income gaps between countries and regions.

But fears that enlargement may lead to unforeseeable or unmanageable financial burdens are unfounded. The EU budget is capped at 1.27 % of its GNP, and any change to this ceiling would require a unanimous decision by Member States.

3.6.2. How much money will be given to the new Member States?

Infrastructure ('structural actions')

- The European Union agreed a global amount of EUR 22 billion over the three years 2004–06 for what is known in EU terminology as 'structural actions'. This major investment in the new Member States will lead to direct benefits to their citizens in terms of new and improved roads, railways, water treatment plants, job creation measures, business support and so on.
- By 2006, expenditure on structural actions in the new Member States will reach 1.75 % of their GDP, on average.

- The Commission has already launched a debate on the future of the Structural and Cohesion Funds after 2006, and in that context the Union will need to discuss the future arrangements for transfers to the less-developed regions of the existing Member States.

Agriculture

- The Union agreed that financial support to farmers in the new Member States by direct payments in the new Member States would be phased in over 10 years.

Under this arrangement, farmers in new Member States will be eligible to receive 25 % of the full rate to which farmers in the current Member States are entitled in 2004, rising to 30 % in 2005 and 35 % in 2006. The new Member State authorities will be entitled to top these levels up themselves by 30 % (i.e. making them up to 55 % in 2004, 60 % in 2005 and 65 % in 2006).

From 2004–06, these top-up payments can be co-financed by up to 40 % of the EU level from the new Member States' rural development funds, the remainder being paid by the national budget, under the following conditions:

- co-financing by the EU can cover up to 80 % of the topping-up, the rest being paid from the national budget;
- up to 20 % of the yearly budget for rural development can be used for topping up direct payments. (Alternatively, a new Member State can choose to use 25 % in 2004, 20 % in 2005 and 15 % in 2006.)

From 2007, the new Member States may continue to top up EU direct payments by up to 30 % above the phasing-in level for each year, but financed entirely by national funds. However, under no circumstances may the topping-up cause the total to exceed 100 % of the full rate to which farmers in the current Member States are entitled.

- The farmers from the new Member States will have full and immediate access to common agricultural policy (CAP) market measures, such as export refunds and cereal, skimmed milk powder or butter intervention, which will contribute to stabilising their incomes.
- Over EUR 5 billion will be made available for rural development in the new Member States in the period 2004–06. This package, which is specifically adapted to their requirements and has more favourable conditions than those applied to the present EU Member States, constitutes a major investment in the rural economy of these countries and is about two times the per capita level normally available in the current EU.

The European Council also agreed to significant increases, going beyond that already agreed at the Brussels European Council of June 2002, in the level of rural development funds to be made available to Slovenia (by EUR 150 million, making a total of EUR 250 million), to the Czech Republic (by EUR 100 million, making a total of EUR 482 million) and to Slovakia (by EUR 90 million, making a total of EUR 352 million).

Internal policies

- Over EUR 2.6 billion in extra funds was made available to ensure new Member States can fully participate in these EC internal policy programmes such as the framework programme on research, education programmes such as Socrates, or the trans-European networks (TENs).
- In addition to the normal EC spending policies, the Copenhagen European Council agreed to the creation of a new Schengen facility to help the future Member States fund improvements to the protection of their external EU borders. In total, EUR

858 million has been made available in the period 2004–06 for this purpose.

- The European Council confirmed that EUR 380 million on top of the normal EC spending policies would be made available for a transitional facility to implement actions in support of institution-building in the new Member States in the period up to 2006.
- A further commitment of EUR 105 million was also agreed to support nuclear safety and decommissioning of nuclear power plants at Ignalina in Lithuania and Bohunice in Slovakia. This means in total, for the period 2004–06, some EUR 285 million will be made available for Lithuania, and EUR 90 million for Slovakia.

Payment of 'cash-flow' lump sums to certain new Member States

- The Brussels European Council in June 2002 agreed that budgetary compensation payments should be made available to ensure that no new Member State would be worse off in cash terms following accession than it was in 2003 (as a consequence of new Member States contributing to the EU budget).

At Copenhagen, EU leaders therefore agreed a total of EUR 2.4 billion should be paid to the new Member States in the period 2004–06 as so-called 'cash-flow lump sums'. These amounts would be paid directly to the new Member States in order to prevent any possible cash-flow difficulties in the first years of accession.

In 2004, all the new Member States were net beneficiaries from the budget

The following table shows the provisional net budgetary positions of the 10 new Member States (EU-10), based on the actual implementation of the 2004 budget and receipts (own resources) from the EU-10 at end-

November and the estimate receipts for December. The net budgetary balance for each of the EU-10 is positive.

Overall payments received by the EU-10 amounted to some EUR 5.980 billion.

The overall estimated receipts from the EU-10 (own resources) is EUR 3.158 billion.

Net budgetary position after enlargement of the EU-10 — payments for 2004

(million EUR)

	Czech Republic	Estonia	Cyprus	Latvia	Lithuania	Hungary	Malta	Poland	Slovenia	Slovakia	Total EU-10
EU payments made to EU-10	797.9	195.2	140.1	259.6	478.9	694.4	74.1	2 688.4	272.7	378.8	5 980
Own resources payments made by EU-10	562.8	55.1	94.7	67.1	118.7	534.4	32.9	1 303.8	169.6	218.9	3 158
Net balance	235.0	140.1	45.4	192.5	360.2	160.0	41.3	1 384.6	103.1	159.9	2 822

What does this agreement mean for current and future Member States?

The deal agreed in Copenhagen was tailor-made to the needs of the new Member States and as generous to them as possible without prejudicing the interests of the EU or deviating from the established terms and disciplines of EU membership.

The EUR 40.8 billion package of commitments agreed by the EU for accession represents almost all (96 %) of the funds potentially available following the Berlin European Council of 1999, which set aside an absolute maximum of EUR 42.6 billion for this purpose.

At the same time, the agreement committed the new Member States to take on their full responsibilities on joining the EU. There is, for instance, no phasing-in over a number of years, of new Member States' payments into the Union's own budget or 'own resources' —

although the new members were given a remission in 2004 to take account of the fact that they will join in May, not at the beginning of the year.

All new Member States will not only have been net recipients of the EC budget from the first year of accession, but will see their net budgetary positions improve significantly compared with their positions as recipients of pre-accession aid (itself a benefit that was not available to candidates in previous enlargements).

This will be achieved through a combination of more generous expenditure policies than at previous enlargements (higher per capita rates of structural actions' expenditure in the first years of accession, new Schengen facility, higher than average rural development expenditure, etc.) plus cash-flow lump-sum payments and, where applicable, budgetary compensation payments.

Summary

The benefits of enlarging the Union to include the new members are political, economic and cultural:

- the extension of the zone of peace, stability and prosperity in Europe will enhance the security of all its peoples;
- the addition of some 75 million people, in rapidly growing economies, to the EU's market of 380 million will boost economic growth and create jobs in both old and new Member States;
- there will be a better quality of life for citizens throughout Europe as the new members adopt EU policies for protection of the environment and the fight against crime, drugs and illegal immigration;
- the arrival of new members will enrich the EU through increased cultural diversity, interchange of ideas, and better understanding of other peoples;
- enlargement will strengthen the Union's role in world affairs — in foreign and security policy, trade policy, and the other fields of global governance.

Benefits are already visible:

- in central and eastern Europe, stable democracies have emerged, with democratic institutions and increased respect for minorities;
- the economic reforms in these countries have led to high rates of economic growth (higher than the EU) and better employment prospects: the new Member States saw an increase in their GDP of some 5 % in 2004 (and the World Bank expects over 4.5 % for 2005, over twice the rate of growth of the EU-15);
- this process has been helped and encouraged by the EU's financial assistance;
- as a result, the Union enjoys growing trade with these countries and this generates employment and growth in the EU-15: in 2004, exports from the new members were up by some 20 %, notably from the Czech Republic and Poland.

4. New neighbours and the wider world

4.1. How will enlargement affect the EU's relations with the rest of the world?

Enlargement will provide new opportunities for countries outside the Union, and should not erect new dividing lines within Europe.

A European Union of 25 members will in many respects resemble the Union of 15, but it will also be quite different. For one thing, its relations with its neighbours and the wider world will evolve.

Many countries, in particular those that share borders with the future Member States, are interested in the implications of enlargement. What will be the consequences of sharing a frontier with the EU? What will this mean for traditional trade flows, for cross-border cooperation, or for workers who cross the borders?

Non-member countries are particularly interested in how enlargement is likely to affect their trade relations with the future Member States.

From a political point of view, enlargement will increase political stability throughout Europe, and will enable the EU to tackle international problems more effectively.

From an economic point of view, enlargement will increase the size of the single market, in which non-member countries and their exporters will encounter a single set of tariffs and a single set of trade rules and administrative procedures.

In order to avoid creating new dividing lines within our continent, the EU has further cooperation mechanisms to offer to its neighbours: a European neighbourhood policy (ENP) has been proposed, with the vision of sharing the EU's fundamental values and objectives with a ring of countries, for example Ukraine, Moldova, Georgia and other nations in the Middle East and north Africa. The objective is to build a mutual commitment with these neighbouring countries to common values, principally within the fields of the rule of law, good governance, respect for human rights, including minority rights, promotion of good neighbourly relations, and the principles of market economy and sustainable development.

The stabilisation and association process in the western Balkans provides for trade liberalisation and close cooperation in many important areas, and the Euro-Mediterranean partnership brings the EU's Mediterranean neighbours closer to an enlarged EU. The Commission has devised a strategy to ensure that the Russian region of Kaliningrad, which will become an enclave within the enlarged EU, will be able to benefit from the greater prosperity of its neighbours.

The idea is to offer the neighbours to the east and in the Mediterranean region increasingly

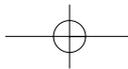
close ties with the EU in return for progress towards respect for democratic values and the implementation of political, economic and institutional reforms. The range of advantages offered by the EU include:

- participation in the EU's internal market and regulatory structures;
- preferential trading relations and market opening;
- easier cross-border cooperation, and more people-to-people exchanges in science, culture and education;
- closer cooperation against common security threats and in conflict prevention;
- integration into EU transport, energy and telecommunications networks, research programmes, etc;
- new instruments for investment promotion and protection;
- increased financial assistance.

4.2. A bigger role in the world

As an economic actor, the Union will acquire an even greater weight. It must adjust to the new situation, and so must its trading partners. On the one hand, they too can benefit from the extension of the single market that will allow them to invest in or export to the new members in the same way as they do to the rest of the EU. On the other hand, the existence of a bigger home market will generate economies of scale and other advantages for European firms competing with them on world markets.

The enlarged EU will continue to be committed to the sustainable development of developing countries and their integration into the world economy.



Enlargement will also make the European Union an even bigger player in the World Trade Organisation and other trade-related international bodies. The Union and its trading partners will need to take account of this new status.

Third countries will significantly benefit from an enlarged Union. A single set of trade rules, a single tariff, and a single set of administrative procedures will apply not only just across the existing Member States but across the single market of the enlarged Union. This will simplify dealings for third-country operators within Europe and improve conditions for investment and trade.

5. The future

Are there limits to enlargement?

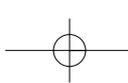
Past EU Treaties and Councils have stated that 'any European State may apply to become a member of the Union' and 'accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required'. At present, two candidate countries — Romania and Bulgaria — have closed accession negotiations with the objective of joining in 2007. Two other candidate countries — Croatia and Turkey — were admitted to opening negotiations in

March and October 2005 respectively, provided some remaining conditions are fulfilled. The Former Yugoslav Republic of Macedonia has expressed its wish to join the Union and the possibility of EU membership has also been opened up to the other countries of south-east Europe.

Part of the enlargement agenda for the next 10 years has already been written. Help for Bulgaria and Romania so that they can join by 2007 is top of the list. Then comes the review of Turkey's position and the follow-up to Croatia's application. The rest of the western Balkan countries will be encouraged to follow their respective roadmaps towards eventual EU membership.

Less clear, however, will be the impact of enlargement on the only remaining possible candidates for membership — the countries of the European Free Trade Association (EFTA), namely Iceland, Norway, Switzerland and Liechtenstein. Norway twice completed membership negotiations but these were twice rejected in a national referendum. Switzerland applied for membership in 1992 but has chosen not to pursue its application. Will they review their position? And if so, when?

What will Union membership be in 2012? One thing is sure. The 2004 enlargement may have been the biggest, but it is not the last enlargement of the European Union.



7. POLICY AREAS AND ACTIVITIES BY ACTIVITY-BASED BUDGETING (ABB)

While the official implementation of activity-based budgeting was made possible by the entry into force of the new financial regulation on 1 January 2003, the last three years have seen the gradual introduction of the approach as well as the consolidation of its link with the other components of activity-based management, including the cycle of strategic planning and programming. The 2004 budget procedure is, however, the first one where the Commission's proposal and the decisions by the budgetary authority are based entirely on the ABB structure.

It involves a new budget structure, in which budget titles correspond to policy areas and budget chapters to activities. The operational budget is completed with the necessary administrative expenditure and staff for each policy area. Activity statements are presented in the budgetary documents to describe and justify the activity concerned, together with the general objectives and, whenever possible, outputs produced as measured by relevant indicators.

This chapter of the Financial Report is a presentation of the actions of the European Union in 2004, in ABB format, and identifies the appropriations made available for each main operational policy area (and does not therefore include the Commission's internal units such as the Legal Service, infrastructure, statistics and the like). Over 98 % of these appropriations were used up as budgetary commitments. For each operational policy area, an example illustrating the use of resources in 2004 has been selected.

The intention is to give the reader:

- a description, albeit simplified, of activities which make up the main programmes and projects (i.e. the aim of the expenditure);
- actual figures of commitments made available in 2004, showing clearly the relative budgetary significance of the activity (i.e. how much was allocated to each);
- tangible examples of projects implemented, using EU budgetary and Commission staff resources, within policy areas (i.e. on what it was spent, to the benefit of the EU citizen).

In this presentation:

- number of staff comprises those in 2004 within the Commission's establishment plan, together with the support staff (temporary, auxiliary and interim staff) and the linguistic services staff attributed to the policy area;
- administrative expenditure consists of 2004 expenditure related to staff and external staff, other management expenditure, building and related expenditure, technical and administrative assistance. Data on activities without budget lines are also included.

The following table provides an overview of all the main operational policy areas.

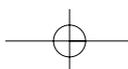
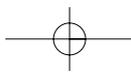
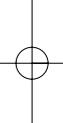
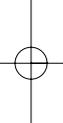
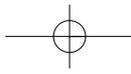


TABLE 5

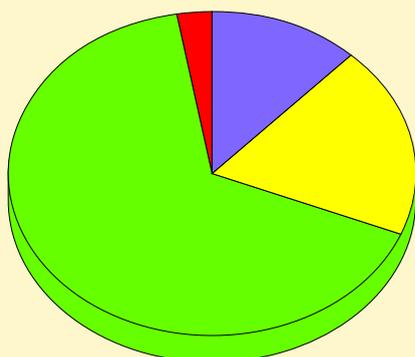
Overview of main operational policy areas

Policy area (as at approval of the 2004 budget and before the reallocation of portfolios of the Barroso Commission)	Appropriations 2004	
	Total appropriations (million EUR, rounded)	Human resources
Economic and financial affairs	475	532
Enterprise	306	944
Competition	81	766
Employment and social affairs	10 839	808
Agriculture and rural development	50 460	1 125
Energy and transport	1 346	1 077
Environment	320	634
Indirect research	3 215	1 725
Direct research	306	2 400
Information society	1 179	1 068
Fisheries	931	321
Internal market	68	535
Regional policy	26 785	646
Taxation and customs union	106	502
Education and culture	951	713
Press and communication	173	781
Health and consumer protection	469	860
Justice and home affairs	507	376
External relations	3 526	2 404
Trade	74	554
Development and relations with ACP countries	1 176	1 446
Enlargement	1 284	310
Humanitarian aid	507	167
Fight against fraud	54	375



Economic and financial affairs

Activities 2004 — Commitment appropriations



Number of staff: 532

Total commitment appropriations

EUR 475 million

Objective

To ensure the smooth functioning of economic and monetary union, and the provision of high-quality advice to the Commission and other Community institutions on economic and financial questions. This entails monitoring economic developments in the EU and in third countries, liaising with international organisations, and following international financial issues.

Administrative expenditure

EUR 58 million

International economic and financial questions

EUR 90 million

The financial interventions in this activity relate to macroeconomic aid in the form of grants to countries of the western Balkans not concerned by a pre-accession strategy, and to the partner countries of eastern Europe and central Asia. These are generally balance-of-payments support or general budget support measures which accompany IMF-backed

reform programmes. Macroeconomic aid is part of the CARDS and Tacis annual allocations for the regions. In 2004, preparation for enlargement and implementation of the pre-accession strategy continued for candidate countries which did not accede to the Union in that year.

■ Financial operations and instruments **EUR 315 million**

The 'Enterprise' programme promotes guarantee facilities to increase the volume of loans available to small businesses by risk-sharing through national guarantee systems and risk-capital schemes to support investment in specialised venture-capital funds focusing on

small and medium-sized enterprises (SMEs). The EUR 71 million allocated in 2004 to improving the financial environment of enterprises includes EUR 13 million for new Member States.

■ Economic and monetary union **EUR 12 million**

- Enhanced economic policy coordination, through multilateral surveillance of Member States' economic policies, preparation of the broad economic policy guidelines and the assessment of national stability and convergence programmes.
- Information on Community policies on all aspects of the rules and functions of EMU; information needs of citizens, local authorities and enterprises on the euro.

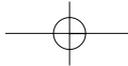
Example: Business and consumer surveys — an indispensable tool

There is an increasing interest in the use of economic surveys for predicting turning points in the economic cycle. Therefore, business and consumer surveys are a necessary complement to quantitative statistical surveys, from which they differ in methods and use. The frequency, rapidity and continuous harmonisation of the surveys in the framework of the joint harmonised EU programme of business and consumer surveys are some of their main qualities.

The data published by the Business Surveys Unit of the Economic and Financial Affairs DG are based on surveys carried out by public and private institutes in the Member

States and two applicant States in the framework of the programme. Industries, service, consumer, construction and retail trade surveys are carried out on a monthly basis, although some additional questions are asked on a quarterly basis. The investment survey for industrial sectors is carried out every six months.

These surveys allow comparisons among different countries' business cycles and have become an indispensable tool for monitoring the evolution of the EU and the euro-area economies, as well as monitoring developments in the applicant countries.



Enterprise



Number of staff: 944

Total commitment appropriations

EUR 306 million

Objective

To make the European Union the most competitive and dynamic knowledge-driven economy by making it more entrepreneurial and by getting still more from the internal market.

Administrative expenditure

EUR 113 million

Encouraging entrepreneurship

EUR 58 million

Measures in the social economy sector; assisting tourism; improving the business environment for SMEs; pilot projects.

The multiannual programme for enterprises and entrepreneurship (2001–05) aims at promoting entrepreneurship and the business environment.

Research — Promoting innovation and change

EUR 66 million

Promotion of technological innovation, the exploitation of research results, the transfer of knowledge and technologies, and the setting-up of technology businesses. The research programme 'Research and innovation' aims to

improve Europe's innovation performance by stimulating a better integration between research and innovation and by working towards a more coherent policy and regulatory environment.



Getting still more from the internal market **EUR 60 million**

This involves the smooth operation and development of the internal market, particularly concerning the implementation of the internal market directives in the fields of:

notification, certification and sectoral approximation;

standardisation and harmonisation of legislation;

a subsidy for the European Agency for the Evaluation of Medicinal Products.

Competitiveness and sustainable development **EUR 9 million**

Developing an industrial competitiveness policy for the European Union by gathering

information, promotion of industrial benchmarking and other initiatives.

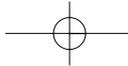
Example: The European Commission's financial instrument powers company towards success

Enterprise Europe. Skype Technologies SA, a peer-to-peer phone services provider using voice over Internet protocol, has been included in the Tornado 100 winners, which lists the 100 best-performing and innovative high-tech private companies of Europe and Israel. Through its investors, the New Tech Venture Fund of Mangrove Capital Partners (LU), Skype benefited from an European Technology Fund (ETF) Start-up facility investment made by the European Investment Fund.

The European Commission's financial instrument ETF Start-up provides equity to venture capital funds investing in young SMEs with growth potential; 50 % of a fund's capital must come from private sources.

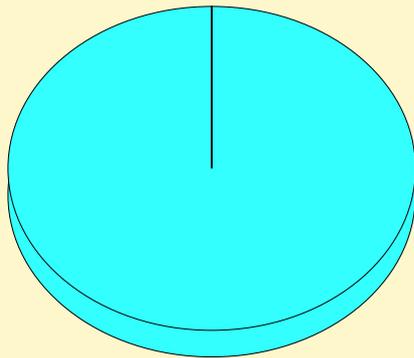
The financial instruments under the multi-annual programme for enterprise and entrepreneurship, and particularly SMEs, 2001–05 (MAP), have been designed by the European Commission to cover market gaps that have been identified in the provision of SME financing, either in the form of loans or equity. Their implementation is carried out by the European Investment Fund. The budget currently stands at more than EUR 375 million and may increase further.

The European Commission is committed in encouraging the creation and growth of European SMEs. The main tool for achieving this goal is the multiannual programme for enterprise and entrepreneurship, and particularly SMEs, 2001–05, notably its financial instruments.



Competition

Activities 2004 — Commitment appropriations



Number of staff: 766

Total commitment appropriations

EUR 81 million

Objectives

- To guarantee uniform and fair conditions for companies in the single market and to safeguard the interests of consumers by ensuring that they receive a fair share of the efficiencies possible in a more integrated market.*
- Competition enforcement is one of the Commission's central Treaty obligations and plays an essential role in economic governance within the single market.*

Administrative expenditure

EUR 81 million

- On the basis of the Treaty rules, the Commission's Competition DG exercises control over restrictive agreements and practices, mergers and State aids, thereby also contributing to market liberalisation objectives in formerly State-dominated sectors.
- In addition to decisions in individual cases, the DG prepares competition policy instruments, such as Commission block exemption regulations and guidelines, and makes proposals for Council regulations for the implementation of the Treaty.
- The DG also implements and develops bilateral and multilateral cooperation and contributes to preparations for enlargement.
- Finally, it advocates competition policy within the Community and in international forums. Enlargement will imply significant law-enforcement obligations.



**Example: The Commission's decision in February 2004
on Charleroi Airport, Belgium, promotes the activities of
low-cost airlines and regional development**

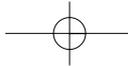
The European Commission took a major decision of significance for the future of air transport by ensuring full competition between carriers operating out of regional airports.

It authorises certain forms of aid which permit genuine development of new routes under clearly defined conditions.

The Commission thus committed itself firmly to promoting increased competition which will enable low-cost carriers to establish themselves throughout the European Union, subject to compliance with uniform rules on competition between carriers, and for the maximum benefit of consumers.

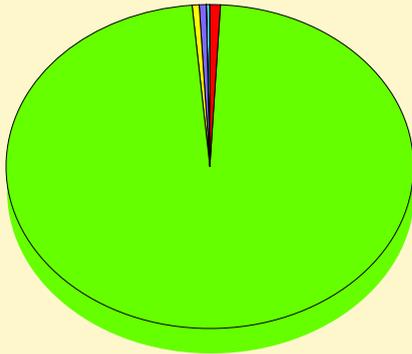
The Commission considers that the legal decision was well balanced: it brings greater transparency into contractual relations between airlines and airports, especially regional airports. It will also help the development of 'low-cost' operations, which are very clearly what consumers want, whilst also ensuring equitable conditions of competition for all airlines.

The Commission considers the decision is good for regional development and will result in increased development of low-cost airlines throughout the European Union, for the maximum benefit of consumers.



Employment and social affairs

Activities 2004 — Commitment appropriations



Number of staff: 808

Total commitment appropriations

EUR 10 839 million

Objective

To contribute to the development of a modern, innovative and sustainable European social model with more and better jobs in an inclusive society based on equal opportunities.

Administrative expenditure

EUR 98 million

Employment and European Social Fund (ESF)

EUR 10 605 million

The ESF appropriations are predetermined within the overall framework for the Structural Funds, and mainly implemented by the Member States as a part of decentralised management. The main task of the ESF is to finance:

- development and structural adjustment of less-developed regions;
- the economic and social conversion of areas in structural difficulty;

- adaptation and modernisation of policies and systems for education, training and employment;
- the EQUAL Community initiative which aids the development of human resources in a context of equal opportunities;
- a contribution to the special peace and reconciliation programme in Northern Ireland/border counties of Ireland;
- the EURES employment service.

Work organisations and working conditions **EUR 69 million**

- Financial aid is provided for:
- promoting the sectoral, multisectoral and Community aspects of the social dialogue;
 - modernising labour law and industrial relations by drawing up legal instruments;
 - promoting worker mobility throughout the EU, with special emphasis on coordinating national social security schemes;
 - health and safety at work;
 - support for the operation of the European Foundation for the Improvement of Living and Working Conditions.

Promoting an inclusive society **EUR 55 million**

- Coordination of national policies combating and preventing social exclusion.
- Implementation of the Community programme for tackling exclusion 2002–06.
- Support for the European Monitoring Centre on Racism and Xenophobia.
- The modernisation of social protection systems by supporting increased cooperation between the Member States in this field.
- Combating and preventing discrimination.
- Free movement of workers, coordination of social security systems, measures for migrants.

Equal opportunities for women and men **EUR 11 million**

Application of the framework strategy on gender equality and the corresponding Community programme to achieve equality between men and women.

Performance facility **EUR 1 million**

Application of the framework strategy on gender equality and the corresponding Community programme to achieve equality between men and women.

Example: Wolverhampton, a UK Midlands town with a high level of long-term unemployment, has benefited over the past three years from a project to improve local jobseekers' employability

Focusing on fine-tuning essential skills for getting a job, such as good interview techniques, the scheme has managed to give hundreds of long-term unemployed a helping hand back into employment, often in their preferred career path

For individuals who are out of work for several months or more, through redundancy or lack of skills and experience, the job market can seem a daunting place. Often suffering from low self-confidence, they can sometimes present themselves poorly to a potential employer, and find it hard to get to, or beyond, the interview stage.

Getting through the interview

In 'Jobs for Wolverhampton', some 580 long-term unemployed were provided with an opportunity to complete a 12-month period of employment, which included customised training to enhance their prospects for mainstream work. The training varied according to individual needs, but always provided advice on employability skills, such as CV writing or interview technique. After this, as project coordinator Marie Mathews explains, 'training ranged from

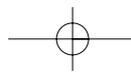
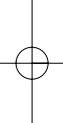
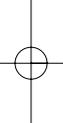
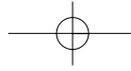
qualifications in health and safety at work through to national vocational qualifications'.

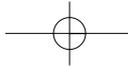
A customised approach

Beneficiaries of the project came from all walks of life, from out-of-work actors to construction workers. Says Ms Mathews, 'We held a needs assessment with each individual so that the training given fitted their future career plans. We took a customised approach towards their training, rather than an off-the-shelf one.'

Some 75 % of leavers have since moved into employment, training or education and retention rates have been high. A recent evaluation of the project found that 91 % of beneficiaries were confident about their long-term employment prospects.

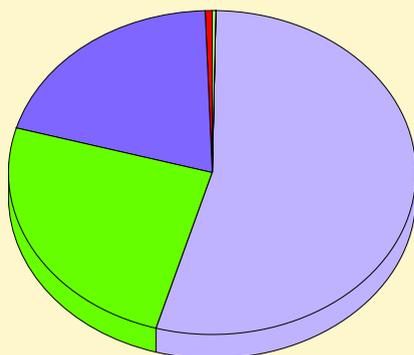
'Our first year was the hardest, as people were sceptical, viewing it as just another training programme. Once it was realised that there were job vacancies and real paid work involved, the recruitment became easier,' says Ms Mathews. Now plans are afoot to replicate the scheme at a regional level.





Agriculture and rural development

Activities 2004 — Commitment appropriations



Number of staff: 1 125

Total commitment appropriations

EUR 50 460 million

Objectives

- To stabilise markets, ensure a fair standard of living in the farming community, and guarantee security of supplies.*
- The CAP has been reformed a number of times since it was first introduced, most recently as part of Agenda 2000. The key aim of that reform was to shift the slant of the farm economy towards the market in order to make the agricultural sector more competitive.*
- Reflecting the multipurpose application of agricultural activity, the CAP must also be fully compatible with sustainable development, in particular by promoting environmentally friendly production methods and the effective use of resources.*
- Rural development, the second pillar of the CAP, aims at enhancing the competitiveness of rural areas and preserving the environment and rural heritage in order to secure the future of rural areas and promote job maintenance and creation.*

Administrative expenditure

EUR 143 million

Policy strategy and coordination

EUR 99 million



External relations **EUR 5 million**

Annual contributions to international agricultural agreements.

Plant products **EUR 27 537 million**

This activity is organised into a number of common market organisations (CMOs) for the different plant sectors (cereals, rice, food pro-

grammes, sugar and monetary measures, olive oil, wine, textile plants, fruit and vegetables, etc.) and for direct aid to arable farmers.

Animal products **EUR 12 718 million**

This activity is organised into a number of common market organisations (CMOs) for the different animal sectors (milk and milk products, beef and veal, sheepmeat and goatmeat,

pigmeat, eggs and poultry, bee-keeping, etc.). Price and market stabilisation and support of farm income measures are financed.

Rural development **EUR 10 093 million**

The development policy relating to farming and conversion to other activities aims towards:

developing complementary and alternative activities that generate employment, with a view to slowing the depopulation of the countryside and strengthening the economic and social fabric of rural areas (Leader+ Community initiative);

improving agricultural holdings;

training;

helping young farmers to set up;

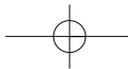
improving the processing and marketing of agricultural products;

ensuring that environmental issues are taken into account (agri-environment);

improving living and working conditions and promoting equal opportunities.

Audit of agricultural expenditure **EUR – 361 million**

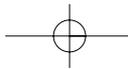
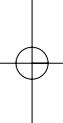
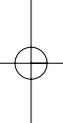
Monitoring and preventive measures, checks on application of the rules in agriculture and clearance of accounts.



 Sapard	EUR 225 million
---	------------------------

This measure ('Special accession programme for agriculture and rural development') provides aid to agriculture and rural development in the candidate countries of central and eastern Europe in the pre-accession period, as well as initiatives and measures to improve

monitoring systems in those countries. It also covers actions to increase professional contacts between young farmers in those countries and current Member States for training and exchange of best practices.



Example: State of the art monitoring technologies for EU agriculture

The fundamental reform of the common agricultural policy (CAP), adopted in September 2003, implies important changes and adaptation in the management and control systems of the Member States, for which the development and use of remote sensing, geomatics information and communication technologies are essential.

Using innovative geographic information system (GIS) technology, satellite imagery and land parcel identification systems (LPIS), the European Commission is helping to prevent agricultural subsidy irregularities. Through better monitoring of the CAP, the Commission is also ensuring that subsidies are distributed more quickly, efficiently, fairly and reliably.

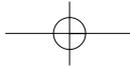
The objective of the MARS (monitoring agriculture with remote sensing) programme is to continue developing a control system which suits the CAP reform with its different schemes and to make operational high and very high resolution imagery in risk analysis, and fraud detection.

The programme is working towards allowing farmers to determine their agricultural parcel boundaries more precisely and file more accurate subsidy applications. LPIS digital data

enables the production of customised maps to be sent to farmers as part of the subsidy application procedure. This helps farmers in an expanded EU to complete their forms more accurately, reduce errors and facilitate administration.

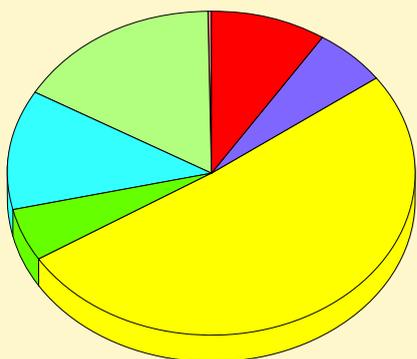
Aerial photography and high resolution satellites have been in use for a long time in remote-sensing controls of area-based subsidies. What is new is the application of very high resolution satellite data that started with a successful test phase of 15 000 km² area coverage carried out in 2003. This continued with a successful operational programme reaching 50 000 km² in 2004, and the aim is now to reach 140 000–150 000 km² in 2005. It is expected that, each year, five million farmers and farming businesses will declare more than 50 million agricultural parcels.

In 2004, 22 Member States used the Controls with Remote Sensing (CwRS) approach for their agricultural controls. More importantly, in 2005, a further 10 Member States will adopt the single payment scheme (SPS). The remaining five (France, Finland, Greece, the Netherlands and Spain) intend to do so in 2006.



Energy and transport

Activities 2004 — Commitment appropriations



Number of staff: 1 077

Total commitment appropriations

EUR 1 346 million

Objective

To reconcile energy and transport with environmental constraints, while guaranteeing economic growth, safety and security of supply, by focusing on completion of the internal market and ensuring a modal shift in transport and energy, together with safety-related measures and the development of trans-European networks.

Administrative expenditure

EUR 125 million



Inland, air and maritime transport **EUR 79 million**

- Transport safety, particularly air transport, which has become an overriding concern after the events of 11 September in the United States, and support for initiatives to protect passengers and improve the operation of the internal market.
- Sustainable mobility.
- When the Commission's mandate has been confirmed, to negotiate international 'open sky' agreements to defend the interests of European companies.
- Operation of the European Aviation Safety Agency and the European Maritime Safety Agency.

Trans-European networks **EUR 689 million**

Financial support for projects of common interest in the trans-European transport and energy networks, which is held to be a key policy for the proper functioning of the internal market and for economic and social cohesion, to:

- help define projects of common interest;
- speed up the Member States' realisation of trans-European transport network projects;
- overcome the financial obstacles which may hamper the start-up phase of a project, particularly by means of feasibility studies;
- encourage the participation of private capital in project funding, as well as public/private partnerships;
- ensure better financial arrangements for projects, minimising the use of public funding, thanks to flexible means of intervention.

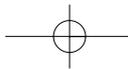
Conventional and renewable energies **EUR 70 million**

- Promotion of sustainable development, security of supply, competitiveness and environmental protection.
- Creation, promotion or enlargement of structures and instruments for sustainable energy development.
- Development of information, education and training structures; the utilisation of results, promotion and dissemination of know-how and best practices.

Nuclear energy **EUR 161 million**

Ensuring the non-proliferation of nuclear material and its peaceful use by on-the-spot safeguard inspections and training of inspectors, sampling and analysis, cooperation on nuclear

safety with the countries of central and eastern Europe and the new independent States, monitoring stocks and movements of civil nuclear fuels.

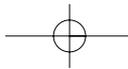
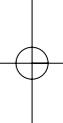
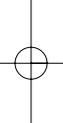


Research related to energy and transport **EUR 221 million**

Implementing the sixth framework programme of research in respect of:

- aeronautics and space;
- sustainable development, global change and ecosystems;
- supporting policies and anticipating scientific and technological needs.

Performance facility **EUR 1 million**



Example: European Commission to contribute EUR 1.4 million to encourage more widespread use of seat belts

Belgium is preparing to launch the first all-European campaign to encourage the more widespread use of seat belts in motor vehicles. In 10 Member States, the 'Euchires 2005' campaign is targeted specifically at children. In this area where information and education play as important a role as policing, the Commission is helping to systematise exchanges of experience and good practice between Member States.

The objective is to halve the number of fatalities on European roads by 2010.

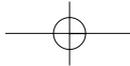
In 2003, 46 700 people were killed and almost two million injured on roads in the European Union. Changing drivers' and passengers' behaviour, particularly in terms of the mandatory use of seat belts or child safety devices, is one of the keys to improving road safety. The Commission intends to play an active role in prevention, and is now waiting for the sponsors of the 'Euchires 2005' campaign — which has today been awarded EUR 1.4 million — to provide a precise assessment of the impact of this campaign and its contribution towards improving road safety.

The 'Euchires 2005' campaign centres on the 'Goochem' or 'Armadillo' gadget, a toy

which makes wearing a seat belt more pleasant for children aged 4 to 12. Launched in the Netherlands in 2004, the campaign now extends to Belgium, the Czech Republic, Finland, Germany, Poland, Portugal, Slovenia, Spain and Sweden.

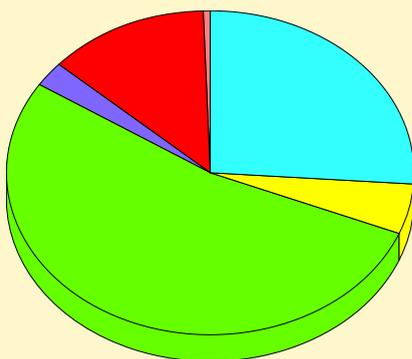
Recent studies in the various countries involved in the project have shown that the levels of use of seat belts in the front seats of vehicles are still not satisfactory (only 60 to 80 %). Rear seat belts are even less widely used (a rate of only 50 %). Child protection devices are not commonly used either. In the EU countries with the best road-safety records (the Netherlands, Sweden and the United Kingdom), the level of seat-belt use (all seats) is approximately 90 %.

All international experts agree that promoting the widespread use of safety belts is the least costly and probably most effective way of reducing the number of fatalities and serious injuries on the roads. A 90 % level of seat-belt use everywhere would save hundreds of lives each year and would drastically reduce the number of serious injuries, thus several hundred million euro each year in social costs.



Environment

Activities 2004 — Commitment appropriations



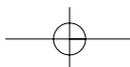
Number of staff: 634

Total commitment appropriations

EUR 320 million

Objectives

- Ensure the protection of nature.*
- Encourage efficient use of resources in production, consumption and waste management.*
- Encourage sustainable development and take account of environmental concerns in other policy areas.*
- Address global challenges, particularly the fight against climate change and the preservation of biodiversity.*
- Ensure that the actions and measures are implemented with the involvement of the parties concerned and that they tend to improve governance in the field of environment policy.*



Administrative expenditure **EUR 84 million**

Global environmental affairs **EUR 16 million**

To promote measures and influence international responses to deal with global and trans-boundary environmental problems, including contributions to international conventions, follow-up actions on Kyoto and Montreal

Protocols (climate change and protection of the ozone layer), enlargement and regional cooperation, development and the Mediterranean, biodiversity and other international issues.

Environmental programmes and projects **EUR 169 million**

LIFE III (financial instrument for the environment): LIFE Nature (EUR 75 million) specifically targets the conservation of natural habitats and of species of wild fauna and flora, whereas LIFE Environment (EUR 75 million) is aimed at contributing to the development of innovative and integrated methods to further the development of Community environment policy,

stressing sustainable industrial production and the inclusion of environmental considerations in land use and management.

Also action to help NGOs active in environmental protection; civil protection support; and promotion of sustainable urban development.

Development of new policy initiatives **EUR 8 million**

- Awareness-raising and other general actions based on the Community environment action programme.
- The actions taken will target measures to deal with challenges to the environment in

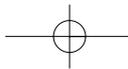
a number of areas. These will include thematic strategies on pesticides and the protection of soils, the protection of the marine environment, air quality, and the prevention and recycling of waste.

Implementation of environment policy **EUR 41 million**

Subsidy to the European Environment Agency whose mission is to provide the Community and the Member States with objective, reliable and comparable information on the

environment at European level, thus enabling them to take the requisite measures to protect the environment, assess the results of such measures and inform the public.

Performance facility **EUR 1 million**

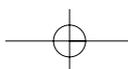


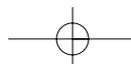
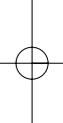
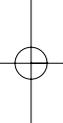
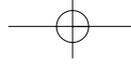
Example: Buying green: how public authorities can help save the environment and taxpayers' money

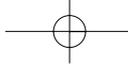
The EU's new public procurement directives, formally adopted on 31 March 2004, make clear that public authorities can in many different ways adopt environmental considerations into their procurement procedures. Yet a recent study examining procurement practices in the EU-15 Member States shows that only 19 % of all public administrations undertake a significant amount of green purchasing (by using environmental criteria in more than half of their purchases). Major barriers are the lack of knowledge to set the right environmental criteria in tender documents, budgetary constraints due to the often higher 'up front' price of green products and services, and legal uncertainty.

Public authorities have enormous purchasing power. If, for example, all public authorities in the Union switched to green electricity, it would save 60 million tonnes of CO₂, or 18 % of the EU's Kyoto commitment on cutting greenhouse gas emissions by 2012.

The European Commission has produced a *Handbook on green public procurement*. It explains in clear, non-technical terms how public purchasers, such as schools, hospitals and national and local administrations, can take into account the environment when buying goods, services and works. Each year public authorities spend some 16 % of EU GDP, around EUR 1 500 billion, on goods, services and works. If they opt for environmentally sound goods, services and works, they will help the EU reach sustainable development. Green purchasing increases demand for green goods, encourages green production and helps environmentally friendly technologies conquer the market. It also considers efficient use of energy and resources as well as waste prevention, thus contributing to saving taxpayers' money. The new handbook gives best-practice examples and provides advice all along the steps of a procurement procedure.

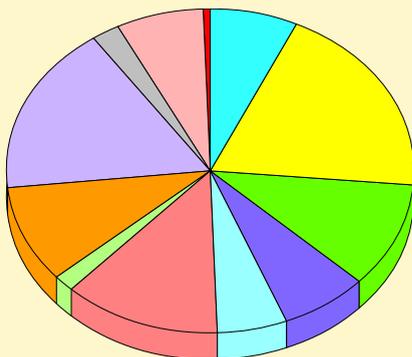






Indirect research

Activities 2004 — Commitment appropriations



Number of staff: 1 725

Total commitment appropriations

EUR 3 215 million

Objectives

- To achieve the European research area, a border-free zone for research, in which scientific resources will be better deployed and research and technology efforts improved to remain competitive in an increasingly global economy.*
- The domain contributes to implementing the Lisbon strategy for employment, international competitiveness, economic reform and social cohesion in the European Union, in particular in connection with the establishment of an area of education, training, research and innovation.*

Administrative expenditure

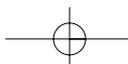
EUR 232 million

Geonomics and biotechnology for health

EUR 620 million

To help Europe to exploit, by means of an integrated research effort, the results of breakthroughs achieved in decoding the genomes of living organisms for the benefit of public

health and citizens, and to increase the competitiveness of the European biotechnology industry.



■ Nanotechnologies, intelligent materials, new production processes **EUR 337 million**

The actions carried out in this area are intended to help achieve the critical mass of capacities needed to develop and exploit, in particular for eco-efficiency and reduction of discharges of hazardous substances into the

environment, leading-edge technologies for the knowledge- and intelligence-based products, services and manufacturing processes over the years to come.

■ Aeronautics and space **EUR 224 million**

Consolidate, by integrating its research efforts, the position of the European aeronautics and space industry vis-à-vis increasingly

strong world competition, and to help exploit the potential of this sector with a view to improving safety and environmental protection.

■ Food quality and safety **EUR 178 million**

Help establish the integrated scientific and technological bases needed to develop an environmentally friendly system of production and distribution of safe and healthy food, in

line with consumer requirements, and control of food-related risks, relying in particular on biotechnology tools, as well as health risks associated with environmental changes.

■ Sustainable development, global change and ecosystems **EUR 401 million**

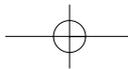
To strengthen the scientific and technological capacities Europe needs to be able to implement sustainable development and integrate

its environmental, economic and social dimensions, with particular regard to sustainable energy and transport systems.

■ Citizens and governance in a knowledge-based society **EUR 58 million**

To mobilise, in a coherent effort, research capacities in economic, political, social and human sciences that are necessary to develop

an understanding of the knowledge-based society and new forms of relationships between people and institutions.



■ Specific measures covering a wider field of research EUR 308 million

- To develop research activities in support of Community policies and to have the capability to launch research activities rapidly in response to any unforeseeable scientific and technological needs that arise.
- Part of this appropriation is intended for scientific support for: the common agricultural policy (CAP) and the common fisheries policy (CFP); sustainable development; other Community policies.

■ Structuring the European research area EUR 546 million

To promote technological innovation, the exploitation of research results, the transfer of knowledge and technologies, and the setting-up of technology businesses within the Community and all its regions.

■ Strengthening the foundations of the European research area EUR 75 million

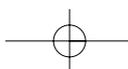
Support for the coordination of activities at national, regional and European levels to develop the knowledge base necessary for the coherent development of policies.

■ Research and training under Euratom Treaty EUR 221 million

- Controlled thermonuclear fusion (fusion energy could contribute to emission-free large-scale production of electricity).
- Radiation protection (for the population and in workplaces).
- Management of radioactive waste (sites, safety).

■ Enhancement of the European industrial potential in the field of security research EUR 15 million

Preparatory action to assess how to narrow the rapidly increasing technological and industrial gap between Europe and other regions.



Example: European research shows how diet can improve health in the elderly

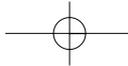
The proportion of elderly people in Europe is currently around 20 % and this is predicted to increase to 25 % by 2020 (World Health Organisation, WHO 2002). The most dramatic demographic changes are in the oldest age group (80 years and over). In Europe, it is estimated that the number of people over 80 years will grow from 21.4 million in 2000 to 35 million in 2025. A number of factors, including nutrition, have contributed to this increase in life expectancy.

Research into geriatric medicine is presently dominated by attempts to treat diseases that are quite common in the elderly population, but there is also the need to investigate genetic and environmental factors that allow people to remain healthy and active into their eighties and beyond. As a target group for specialised foods, the elderly have received little attention compared with other population groups. Foods designed to

satisfy their nutritional needs should be nutrient-dense familiar foods, available in convenient, easy-to-open packaging and reasonably priced.

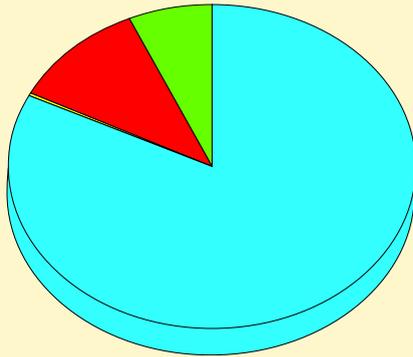
Adapting diets to reduce the occurrence of Alzheimer's or osteoporosis and more generally to improve health among the elderly are some of the possibilities revealed by EU research on nutrition and health. Research on nutrition for the elderly is revealing new possibilities for the prevention of disease and better health for improved quality of life.

Lipidiet examines how specific dietary lipids could prevent Alzheimer's disease. Optiford investigates whether a better supply of dietary vitamin D would reduce osteoporosis. Crownalife assesses the possibilities for functional foods to fulfil the specific needs of the elderly.



Information society

Activities 2004 — Commitment appropriations



Number of staff: 1 068

Total commitment appropriations

EUR 1 179 million

Objective

To make sure that Europe's business, governments and citizens continue to play a leading role in shaping and participating in the global knowledge- and information-based economy.

Administrative expenditure

EUR 126 million

Electronic communications policy

EUR 4 million

To launch initiatives designed to meet the challenges in this sector, to promote and monitor the implementation of the new regulatory framework for communication services, facilitate the transition to the information society,

particularly as a follow-up to the Lisbon summit, and enable non-member countries to pursue a policy of opening up their markets to the same extent as in the European Union.



■ Research and technological development on information society policy **EUR 971 million**

Community support under the sixth research framework programme for research in information society technologies aims to ensure European leadership in the generic and applied technologies at the heart of the knowledge-based economy, and to increase innovation and competitiveness in European

businesses and industry and contribute to greater benefits for all European citizens. Secondly, it aims to help establish a fabric of research infrastructures at the highest level in Europe and to promote their optimum use on a European scale.

■ eEurope **EUR 78 million**

Activities under the eEurope action plan include:

- facilitating the transition to the information society;
- promoting the European digital presence in global networks;

- action against illegal and harmful content on the Internet;
- trans-European telecommunications networks.

Example: Pan-European e-service for road accident victims to be developed

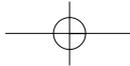
eCall, a project supported by the European Commission, aims at delivering an interoperable, pan-European, in-vehicle emergency call system.

In August 2004, the European Commission signed a memorandum of understanding (MoU) with the European association of car, truck and bus manufacturers (ACEA) and the European Road Transport Telematics Implementation Coordination Organisation (Ertico) that aims at realising eCall, a high-tech emergency call system for road crash victims.

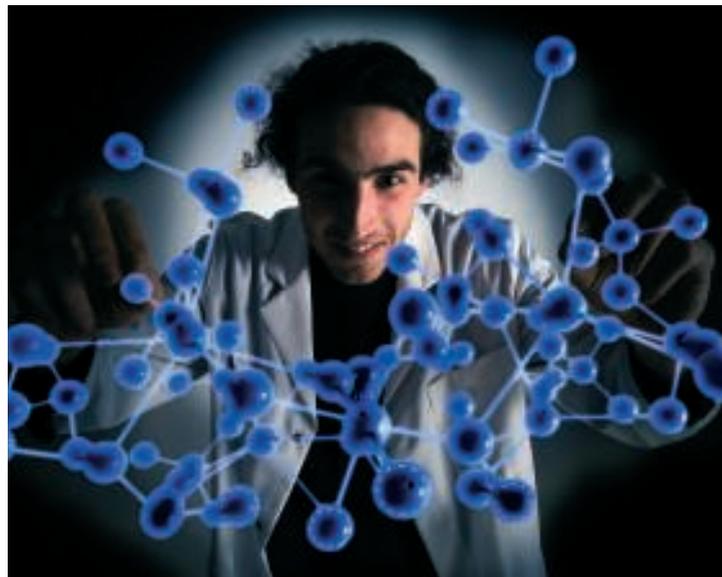
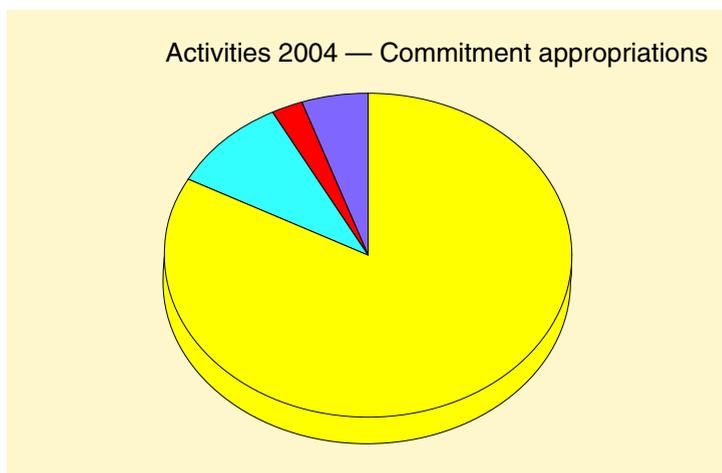
The MoU, which is expected to be joined soon by other industrial and public sector stakeholders, provides for a solid basis for vehicle makers, telecommunications operators, the EU Member States' emergency agencies, and other relevant parties to

actively contribute to the development and implementation of the eCall system in potentially all new vehicles sold in Europe.

By speeding up the response of emergency services, the future system will have the potential to greatly reduce the number of fatalities, severity of injuries and stress in post-crash situations. Activated manually or automatically after a crash, the system will establish a voice connection directly with the relevant PSAP (public safety answering point), this being either a public or a private eCall centre operating under the regulation and/or authorisation of a public body. At the same time, a minimum set of incident data — including accurate location and vehicle identification — will be sent to the eCall operator.



Direct research



Number of staff: 2 400

Total commitments appropriations

EUR 306 million

Objectives

- To provide customer-driven scientific and technical support for the conception, development, implementation and monitoring of European Union policies in both nuclear and non-nuclear areas.*
- A long-term programme of nuclear decommissioning and waste management is also included within this policy area.*

Administrative expenditure

EUR 254 million

Directly financed research operational appropriations (EC) EUR 29 million

The activity comprises direct scientific and technical support action for Community policies within the sixth framework programme on:

- food, chemical products and health (food safety, GMOs, biomedical applications);
- environment and sustainability (global change, protection of the European environment, global environmental monitoring);
- horizontal activities (public security, anti-fraud, technology foresight).



Directly financed research operational appropriations (Euratom) EUR 7 million

- JRC activities and research on radioactive waste management and safeguarding nuclear materials.
- Participation of JRC in indirect actions.
- Safety of reactors, radiation monitoring and metrology.

Decommissioning — historical liabilities EUR 16 million

In addition to the sixth framework programme, financing is provided for an action programme to cover the decommissioning of plants that have been shut down and waste from such plants.

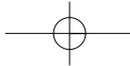
Example: Breakthrough in environmental monitoring from space

Scientists working at the Joint Research Centre of the European Commission have developed a new way to interpret data from satellites observing the Earth. The satellites monitor the nature, state and evolution of the Earth's vegetation. This enhanced monitoring capacity will make it more possible to determine the impact of major climatic events, such as the severe drought and heat-wave in western Europe in 2003. The new method involves the use of practical algorithms to interpret remote-sensing data collected by sensors in satellites.

'As our world faces greater environmental degradation and accelerating climate change, a new development like this ensures that policy decisions in Europe and throughout the world are made on the basis of sound scientific advice. And that's the best way to get the right decisions,' said Janez Potočnik, Commissioner for Science and Research.

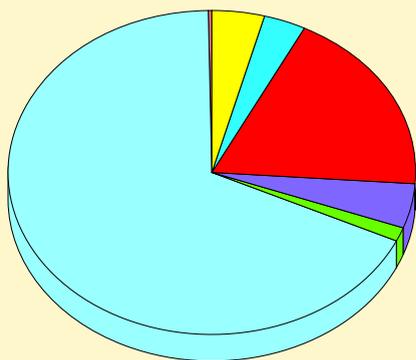
The practical usefulness of this innovative approach was amply demonstrated during the drought of spring/summer 2003. This was the hottest summer in 500 years, 35 000 casualties were attributed to the heat-wave and economic damages estimated at over EUR 10 billion. Analysis of the data leading up to, during and after the drought period carried out on the basis of this new method shows that indications were detectable as early as March 2003 in some agricultural regions (northern France, Benelux and Germany for example). This methodology could therefore be used in the future to monitor effects of such climatic events.

A prototype methodology was developed and tested, including with international partners. This methodology was then transferred to the European Space Agency for implementation. It will be used to propose new indicators of environmental stress for monitoring by the European Environment Agency.



Fisheries

Activities 2004 — Commitment appropriations



Number of staff: 321

Total commitment appropriations

EUR 931 million

Objective

To conserve marine resources by managing them responsibly, to fully implement and complete the common fisheries policy reform.

Administrative expenditure

EUR 39 million



Fisheries markets **EUR 33 million**

Expenditure relating to the common organisation of the market in fishery products and, in particular, in the intervention mechanisms, on the allowance for producer organisations and on the systems for communication and the

exchange of information between the Member States and the Commission; also covered are the additional costs of marketing certain fishery products for the outermost regions.

International fisheries **EUR 173 million**

Financing the European Community's active participation in international fisheries organisations responsible for the long-term conser-

vation and sustainable exploitation of marine fisheries resources.

Fisheries conservation, control and enforcement **EUR 42 million**

Specific measures in support of the management of fishery resources (collection of basic data and improvement of scientific advice),

inspection and surveillance of fishing activities in Community waters and elsewhere.

Fisheries research **EUR 12 million**

Supporting policies and anticipating scientific and technological needs under the sixth framework programme. The aim is to develop research activities in support of other Com-

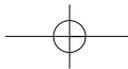
munity policies, on the one hand, and, on the other, to be able to launch research activities rapidly as unforeseeable scientific and technological needs appear.

Structural interventions for fisheries **EUR 630 million**

The Financial Instrument for Fisheries Guidance (FIFG) appropriations are predetermined within the overall framework for the Structural Funds. The FIFG is financing development and the structural adjustment of the less-developed regions, in particular the economic diversification of

regions affected by a reduction in fishing activity, as well as structural measures in the fisheries in other regions.

Innovative actions at the Community level, such as studies, pilot projects and experience-sharing, are also supported.



■ Governance of the common fisheries policy **EUR 2 million**

This appropriation is intended to strengthen the involvement of people working in fisheries in the decision-making process of the common fisheries policy, providing support

for a form of decentralisation and resource management that takes greater account of specific regional characteristics.

Example: European Commission puts spotlight on coastal erosion

Europe's coast is under growing threat from erosion. A fifth of the enlarged EU's coastline is already severely affected, with coastlines retreating by between 0.5 and 2 metres per year, and in a few dramatic cases even by 15 metres.

These are some of the findings of the most comprehensive study on the problem of human-induced erosion ever done, 'Living with coastal erosion in Europe: sediment and space for sustainability', which was commissioned by the European Commission.

Coastal erosion has dramatic effects upon the environment and on human activity. It can make houses fall into the sea and destroy roads and other infrastructure. It threatens habitats of wildlife, the safety of people living at the coast, and economic activities such as tourism.

It is largely caused by human activity in the form of intensive development and use of sand for construction and engineering purposes. Rising sea levels and increasingly frequent storms and floods have worsened the problem. To cope with it, new and sustainable forms of coastal management are needed.

Recommendations

The study 'Living with coastal erosion in Europe: sediment and space for sustainability' makes four recommendations to cope with coastal erosion in Europe:

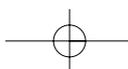
strengthen coastal resilience by restoring the sediment balance. This will require identifying areas where essential sediment processes

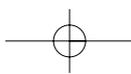
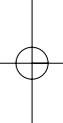
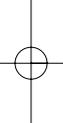
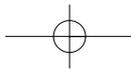
occur, and identifying 'strategic sediment reservoirs' from where sediment can be taken without endangering the natural balance;

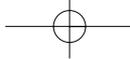
take the cost of coastal erosion into account in planning and investment decisions. Public responsibility for possible risks and damage restoration should be limited and partly transferred to the direct beneficiaries and investors. This would result in a higher degree of care. In addition, risks should be identified and incorporated into planning and investment policies. Coastal erosion concerns should be taken account of in environmental impact assessments as well as coastal management;

make responses to coastal erosion proactive and planned. Instead of the current piecemeal approach to 'fix' coastal erosion when it happens, a long-term and more planned approach is needed. It should be based on regional coastal sediment management plans aimed at restoring coastal resilience. The plans should comprehensively assess what is at stake and what the costs and consequences of different policy options (protect — do nothing — abandon the area) are;

strengthen the knowledge base of coastal erosion management and planning to ensure informed decisions and the application of best practice.

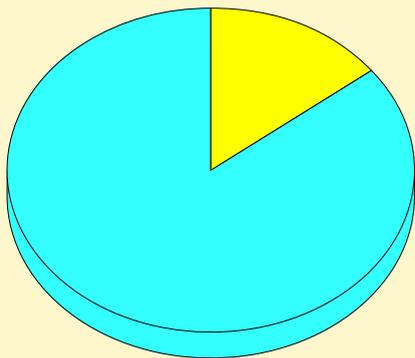






Internal market

Activities 2004 — Commitment appropriations



Number of staff: 535

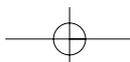
Total commitment appropriations	EUR 68 million
--	-----------------------

Objectives

- Improve prospects for employment and trade, increase the range of goods and services on offer, lower prices, encourage labour mobility and international competitiveness.*
- Ensure the smooth functioning of the European internal market.*
- Remove unjustified obstacles to the free movement of goods and services and the freedom of establishment.*
- Raise people's awareness of the rights and opportunities deriving from the internal market and provide them with information on the subject.*

■ Administrative expenditure	EUR 58 million
---	-----------------------

■ Policy strategy and coordination	EUR 10 million
---	-----------------------



Example:**What is Solvit?**

Solvit is an online problem-solving network in which EU Member States work together to solve without legal proceedings problems caused by the misapplication of internal market law by public authorities. There is a Solvit centre in every European Union Member State (as well as in Norway, Iceland and Liechtenstein). Solvit centres can help with handling complaints from both citizens and businesses. They are part of the national administration and are committed to providing real solutions to problems within 10 weeks. Using Solvit is free of charge.

Solvit has been working since July 2002. The European Commission coordinates the network (which is operated by the Member States), provides the database facilities and, when needed, helps to speed up the resolution of problems. The Commission also passes formal complaints it receives on to Solvit if there is a good chance that the problem can be solved without legal action.

Where Solvit can help

Solvit deals with cross-border problems between a business or a citizen on the one hand and a national public authority on the other, where there is possible misapplication of EU law. The policy areas Solvit has mostly dealt with so far are: recognition of professional qualifications and diplomas; access to education; residence permits; voting rights; social security; employment rights; driving licences; motor vehicle registration; border controls; market access for products; market access for services; establishment as self-employed; public procurement; taxation; free movement of capital or payments.

This is not an exhaustive list. Solvit will consider any case that meets the criteria above.

Success stories*Dutch citizen gets the papers he needs to accept job in Portugal*

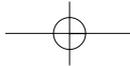
A Dutch citizen and his Portuguese wife moved from the Netherlands to start a new life in Portugal in January 2003. In February, the client applied for a Portuguese residence permit. Without a permit, he was unable to complete all the administrative procedures required to properly establish himself in Portugal. The client also found it difficult to gain suitable employment as he found that employers were reluctant to recruit someone without a valid permit. Residence permits should be granted within a maximum period of six months. However, in November, after repeated requests, the client had still not received his permit. He had also received a job offer that was conditional upon him getting his residence permit.

The Portuguese Solvit centre was able to sort out the situation and within a week the client received the permit and was able to begin work. Solution found within one week.

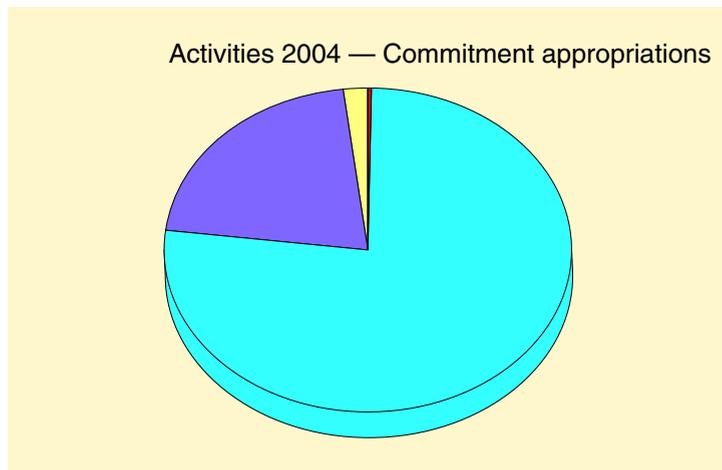
Portuguese salesman can open shop in Luxembourg

A Portuguese citizen had been living in Luxembourg for some five years. On seeing an opportunity in the market, he decided to set up his own business, selling tyres. But the Luxembourg authorities required the Portuguese authorities to provide proof of his ability to run such a business.

The Portuguese authorities convinced Luxembourg to recognise a declaration by its own Chamber of Commerce confirming the citizen's professional experience. This allowed the Portuguese salesman to open his new business. Solution found within six weeks.



Regional policy



Number of staff: 646

Total commitment appropriations	EUR 26 785 million
--	---------------------------

Objective

To strengthen economic and social cohesion by reducing disparities between levels of regional development in the European Union.

■ Administrative expenditure	EUR 71 million
---	-----------------------

■ Policy strategy and coordination	EUR 17 million
--	-----------------------

Technical assistance for the implementation of the European Regional Development Fund (ERDF) (outside the Commission).



ERDF and other regional interventions	EUR 20 565 million
--	---------------------------

Commitment appropriations are predetermined within the overall framework for the Structural Funds, as decided by the Berlin European Council in 1999. The specific level of appropriations derives directly from the programmes negotiated with the Member States. The ERDF is the major player in the financing of:

- Objective 1, to promote development and the structural adjustment of less-developed regions;
- Objective 2, to promote the economic and social conversion of areas in structural difficulty;
- the Interreg Community initiative for the promotion of cross-border, transnational and interregional cooperation;
- the URBAN Community initiative for economic and social regeneration of cities

and urban neighbourhoods in crisis, with a view to promoting sustainable urban development;

- the special programme for peace and reconciliation in Northern Ireland and the border counties of Ireland and a contribution to the International Fund for Ireland;
- innovative action programmes and technical assistance projects are also eligible.

Activities promoted by the ERDF include in particular:

- productive investments to create and safeguard sustainable jobs;
- investment in infrastructure;
- establishment and development of trans-European networks.

Cohesion Fund	EUR 5 681 million
----------------------	--------------------------

The Cohesion Fund provides project finance assistance to Spain, Greece, Portugal, Ireland and the new Member States to implement

environmental and transportation infrastructure projects.

Pre-accession interventions related to the structural policies	EUR 451 million
---	------------------------

Within the framework of the pre-accession strategy, ISPA (Instrument for Structural Policies for Pre-Accession) supports the efforts of the accession countries of central and eastern Europe to comply with Community standards

in transportation infrastructure and environmental investments. Candidate countries which became Member States in 2004 did not benefit from ISPA support from their date of accession onwards.

Example: Structural actions in support of urban issues

The majority of European citizens live in urban areas. Cities are centres of economic growth, but can at the same time face concentrations of social, environmental and economic problems. The URBAN Community initiative is an instrument within EU cohesion policy, dedicated to the regeneration of urban areas and neighbourhoods in crisis.

Urban II is the Community initiative of the European Regional Development Fund (ERDF) for sustainable development in the troubled urban districts of the European Union for the period 2000–06.

The second round of URBAN consists of 70 programmes across the EU, covering some 2.2 million inhabitants. These areas often face quite severe deprivation and specific challenges. For example, on average unemployment and crime rates in URBAN II areas are both around twice the EU average. In addition, the proportion of immigrants is more than twice the average for EU urban areas. Finally, the proportion of green spaces — an indicator of environment and amenity — is only half the EU urban average.

Between 2001 and 2006, the European Union will invest more than EUR 728 million of ERDF money in these areas. Adding local and national co-financing, including the private sector, this makes a total investment of EUR 1.6 billion. Funding concentrates on physical and environmental regeneration,

social inclusion, training, entrepreneurship and employment.

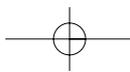
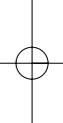
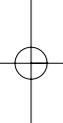
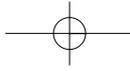
A particular feature of the URBAN initiative is the high degree of involvement at the local level. In most cases the local authority is responsible for day-to-day implementation, advised by local community groups and in partnership with the national/regional authorities and the European Commission. Another interesting feature is that there will be a network of the URBAN II programmes ('Urbact') to exchange information and experience on sustainable urban development across the European Union.

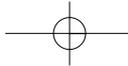
URBAN II Berlin

The European Union will actively participate in the urban renewal of Berlin by co-financing the URBAN II programme for the urban districts of Lichtenberg and Friedrichshain (Berlin) during the 2000–06 period. The total budget for the programme is EUR 19.842 million, of which EUR 14.870 million will be provided by European funds.

Action priorities

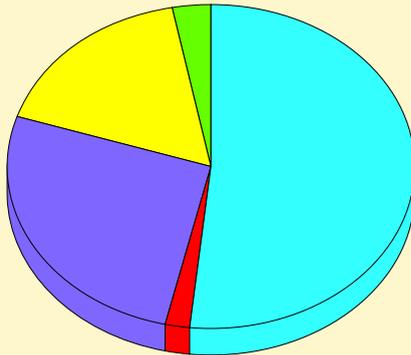
The programme revolves around four development priorities. The overall objective of the action priorities is to strengthen prosperity, employment and competitiveness, to promote equal opportunities and social integration, to give new life to historically valuable facilities, and to conserve the protected architectural heritage.





Taxation and customs union

Activities 2004 — Commitment appropriations



Number of staff: 502

Total commitments

EUR 106 million

Objective

To remove harmful tax competition as well as to apply common rules at the external borders of the single market.

Administrative expenditure

EUR 55 million

International aspects of taxation and customs

EUR 2 million

Customs cooperation and international assistance (Customs 2007). This appropriation is intended to finance actions to coordinate the training and technical assistance and cooperation actions carried out by the Community

and the Member States with third countries' administrations, to ensure the consistency of Community actions, both external and internal.



■ Customs policy **EUR 28 million**

The Customs 2007 programme has the goal of ensuring that customs authorities apply Community legislation in such a way as to ensure

the smooth operation of the internal market in an enlarged Community, in particular via the financing of joint actions, IT actions and others.

■ Taxation policy **EUR 18 million**

New Fiscalis 2007 programme to improve the operation of indirect taxation systems in the internal market by improving cooperation between the relevant departments and officials

in the Member States, and identifying obstacles to such cooperation in areas like legislation and administrative practices so that they can be removed.

■ Policy strategy and coordination **EUR 3 million**

Example: Customs agreement with United States on expanding cooperation to trade security

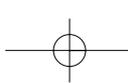
The agreement of April 2004 aims to improve cargo security on a reciprocal basis for both the EU and the United States, whilst ensuring equal treatment of US and EU ports and operators. For example, the new agreement will provide for the exchange of relevant information and best practices and the establishment of common standards of risk assessment, inspection and screening methods.

The agreement, which the Commission has negotiated with the United States on behalf of the European Union, complements US initiatives launched after the attacks of 11 September 2001 to integrate security checks in normal customs controls before goods leave a country.

The reciprocal agreement also covers the security of cargo containers from all loca-

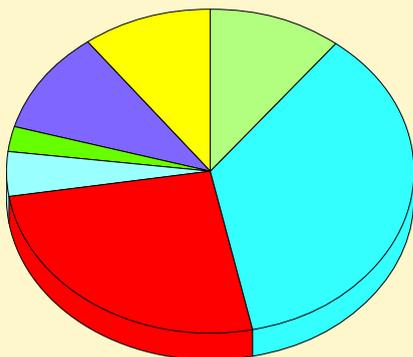
tions that are imported into, transhipped through, or transit the EU and the United States. The Commission fully shares US concerns about improving cargo security and considers that the most effective means to meet these concerns is by cooperation at EU level with the United States.

The new agreement is based on the principle that substantially greater security of legitimate trade can be achieved through a system where the customs authority of the importing country works collaboratively with customs authorities involved in earlier parts of the supply chain to use timely information and inspection technology to target and screen high-risk containers before they are shipped from their ports or places of loading or transhipment.



Education and culture

Activities 2004 — Commitment appropriations



Number of staff: 713

Total commitment appropriations

EUR 951 million

Objective

To reinforce the human dimension of Europe by developing the feeling for a European citizenship and by contributing to the creation of a European space for education and training.

Administrative expenditure

EUR 102 million

Education

EUR 343 million

- Support for activities and bodies active at European level in the field of education (College of Europe, Florence, Maastricht, etc.)
- General and higher education, notably the Socrates programme which supports: the transnational mobility of persons in the field of education in Europe; the use of information and communication technolo-

gies in the field of education; the creation of transnational cooperation networks to facilitate the exchange of experience and good practice. the promotion of language skills and understanding of different cultures; innovative pilot projects based on transnational partnerships designed to encourage innovation and the quality of education.



Vocational training **EUR 245 million**

The Leonardo da Vinci programme is intended to support the transnational mobility of persons in vocational training, promote language skills and understanding of different cultures, improve the quality and increase the impact of initial and continuing possibilities for vocational training, with a view to developing personal abilities and skills, while look-

ing to encourage innovation in the training field (including university/industry cooperation).

Also covered are contributions to the European Training Foundation and the European Centre for the Development of Vocational Training.

Culture and language **EUR 42 million**

Support for bodies active at European level in the field of culture.

Framework programme in support of culture: sharing and exploiting, at European level, common cultural heritage of European importance; financing conservation

and restoration operations in respect of shared cultural heritage sites of European importance; stressing the role of culture in social and economic development; encouraging intercultural dialogue and European and non-European culture and citizenship.

Dialogue with citizens **EUR 25 million**

Community financing for activities and bodies active at European level in the field of active

European citizenship (town-twinning, special annual events and action for civil society).

Youth **EUR 97 million**

The Youth programme's objectives are:

support young people's transnational mobility;

support for the use of information and communication technologies in the field of youth;

support for the development of cooperation networks at European level, permitting a reciprocal exchange of experiences and good practices;

support for transnational projects that promote European citizenship and young people's participation in its development;

promotion of language skills and understanding of different cultures;

support for pilot projects based on transnational partnerships designed to encourage innovation and quality in the field of youth;

creation at European level of methods for analysing and following up youth policies and their development and methods for the dissemination of good practices.

 Audiovisual policy and sports	EUR 97 million
--	-----------------------

MEDIA Plus and MEDIA Training programmes promote the development of, and vocational training in, the audiovisual industry; in sport, appropriations covered activities related to the 2004 European Year of Education through Sport.

Example: Opening doors to learning and working in Europe – Europass

Whether you are planning to enrol in an education or training programme, looking for a job, or getting experience abroad, it is important to be able to make your skills and competences clearly understood.

**What is Europass?
What purpose does it serve?**

The Europass initiative aims at helping citizens make their qualifications and competences clearly and easily understood throughout Europe. Europass is the name given to a coordinated portfolio of documents, which will in particular improve the communication between job applicants and employers, regardless of borders. This will facilitate occupational mobility — between countries as well as between sectors — and will promote and add value to mobility in education and training.

Which documents are included in Europass?

There are five European transparency documents. Two Europass instruments can be completed directly by all citizens:

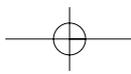
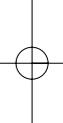
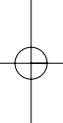
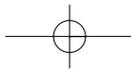
- the Europass CV, which is the backbone of the whole portfolio. With a common structure in all languages, it helps people highlight their competences. Citizens can complete it directly through the Europass Internet portal, with the support of online help and examples;
- the Europass Language Portfolio, which allows a detailed description of language skills and their development, since in today's Europe languages are more important than ever. A part of this document, called the Europass Language Passport, has the form of a simple template and can also be completed online through the Europass portal.

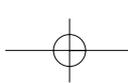
The other three Europass instruments are issued by competent organisations to citizens who have achieved a particular learning experience:

- the Europass Mobility is a record of experiences of transnational mobility for learning purposes — in vocational training as well as in higher education. It is completed by the home and host organisations that are involved in the mobility project;
- the Europass Diploma Supplement is issued along with a higher education diploma, by the same university or institution. It outlines the student's educational pathway, making it easier to understand, in particular by potential employers;
- the Europass Certificate Supplement is issued along with a vocational education and training certificate, to clarify the competences acquired by the persons who hold that certificate.

How does Europass contribute to increasing mobility in the European Union?

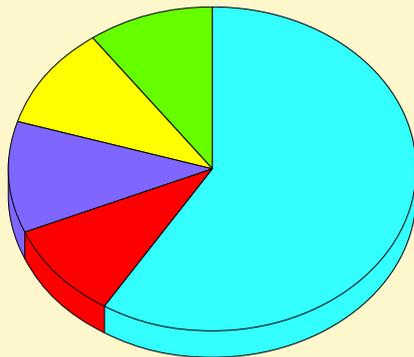
Europass makes qualifications and competences easier to understand, which is particularly helpful when people move from one country to another, for either learning or occupational purposes, or from one sector to another. As far as occupational mobility is concerned, Europass makes communication easier between employer and job applicant, as its various elements focus on the competences of the applicant and they have the same format in all languages. Europass also promotes mobility in education and training, giving it more value through the Europass Mobility and facilitating communication in admission procedures for people who apply for an education or training initiative.





Press and communication

Activities 2004 — Commitment appropriations



Number of staff: 781

Total commitment appropriations

EUR 173 million

Objective

To inform the media and citizens about the activities of the Commission, communicate the objectives of its policies and actions, and inform the Commission about the evolution of public opinion in Member States.

Administrative expenditure

EUR 102 million

Provision of information to the media on the decisions and the policies of the Commission

EUR 17 million

Provision of citizens' information via the media with the aim of providing all Europeans with general information on the work of the Community institutions, on decisions

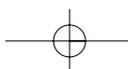
taken and on the different stages of European integration (Internet, Europe by Satellite, Euronews).

Analysis of public opinion trends and development of general information for the citizens

EUR 19 million

Public opinion analysis (Eurobarometer) and proximity actions (organisation of, or partici-

pation in, European events, public relations campaigns).



Integrated management of means of communication (at central and local level) EUR 18 million

Tools for information to the citizen via production of information, dissemination of brochures, direct communication targeted at general public and journalists, including the Europa site.

Prince (the role, principles and values espoused by the EU on the world stage, and issues such as globalisation, sustainable development).

Coordination of information relays and networks in the European Union EUR 17 million

Financing of information and documentation outlets throughout Europe: Info Points;

coordination and animation activities of the network.

Example: Survey shows European public is largely at ease with euro three years after adoption

The third annual Flash Barometer survey to measure public opinion on the euro and EMU since 2002 was conducted in November 2004 in the 12 euro-area countries and covered the practical aspects of using the euro, future expectations, use of the euro outside the euro area, social and economic consequences of the euro, and the broader framework for EMU.

Three years after the single currency was introduced in 12 EU countries, the public is increasingly at ease with Europe's currency, with most people saying they have no difficulty using coins (72 %) or banknotes (93 %), according to the Flash Eurobarometer carried out in November 2004.

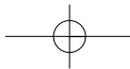
A majority of euro-area citizens (52 %) now mentally calculate in euro for their everyday purchases and the number of people who continue to think in their national currencies when considering buying a house or a car has decreased by five points to 49 % compared with the 2003 survey. Irish consumers are the ones most likely to calculate

in euro for exceptional purchases (72 %), the least likely being the French (14 %), Portuguese (13 %) and Belgian (12 %).

The Eurobarometer survey reveals that a large majority (72 %) now considers the euro an international currency like the dollar or the yen. Close to half of all respondents correctly evaluate the euro/dollar ratio (+ 13 points on 2003) and declare themselves 'not at all' concerned with it (51 %).

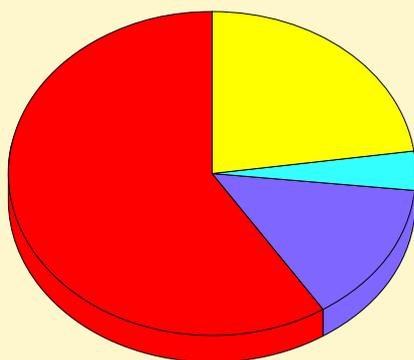
Surprisingly, only 38 % know that there are no supplementary fees when making a purchase with a bank card in another euro-area country as compared with national operations. Such fees as well as those for cash withdrawals were abolished in July 2002.

In another practical aspect of the euro, a majority considers the number of coins (eight) to be adequate. When asked, around 60 % would not mind no longer using the 1 or 2 cents but at the same time fear a rise in prices. Only a minority (29 %) would like a 1-euro note to be issued.



Health and consumer protection

Activities 2004 — Commitment appropriations



Number of staff: 860

Total commitment appropriations

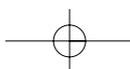
EUR 469 million

Objective

To ensure a high level of protection of consumers' health, safety and economic interests as well as of public health at the level of the European Union.

Administrative expenditure

EUR 107 million



■ Consumer policy	EUR 19 million
--------------------------	-----------------------

Community action in favour of consumers: the multiannual 2000–06 strategy for consumer protection sets out three objectives:

- | | |
|---|--|
| <input type="checkbox"/> a high, harmonised level of consumer protection across the EU; | <input type="checkbox"/> effective enforcement of consumer protection rules; |
| <input type="checkbox"/> involvement of consumer organisations in EU policies. | |

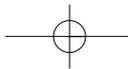
■ Public health	EUR 66 million
------------------------	-----------------------

The main objectives of the framework programme of Community action in the field of public health (2003–08) are:

- | | |
|---|--|
| <input type="checkbox"/> improving health information and knowledge by developing and operating a comprehensive information system; | capacity to tackle communicable diseases and by strengthening the capacity to tackle other health threats; |
| <input type="checkbox"/> responding rapidly and in a coordinated way to health threats by enhancing the | <input type="checkbox"/> addressing health determinants through promotion and disease-prevention measures. |

■ Food safety, animal health, animal welfare and plant health	EUR 277 million
--	------------------------

- | | |
|---|---|
| <input type="checkbox"/> Animal disease eradication and monitoring of animals that could pose a public-health risk and in particular the measures to be taken in the context of BSE and foot-and-mouth disease. | <input type="checkbox"/> Plant health measures. |
| <input type="checkbox"/> Other measures in the veterinary, animal, welfare and public health fields. | <input type="checkbox"/> Emergency fund for veterinary complaints and other risks to public health. |
| | <input type="checkbox"/> Contribution to the European Food Safety Authority. |



Example: **Health: better health and healthcare
through the use of information and
communications technologies**

An action plan adopted by the European Commission in May 2004 shows how information and communication technologies can be used to deliver better quality healthcare Europe-wide.

The 'e-Health action plan' covers everything from electronic prescriptions and computerised health records to using new systems and services to cut waiting times and reduce errors. The proposals will contribute to better care at the same or lower cost. The action plan sets out the objective of a 'European e-health area' and identifies practical steps to get there through work on electronic health records, patient identifiers and health cards, and the faster rollout of high speed Internet access for health systems to allow the full potential of e-health to be delivered.

To add momentum, Member States should develop national and regional e-health strategies and work needs to progress to allow measurement of the impact of e-health technologies on the quality and efficiency of services, as well as overall productivity.

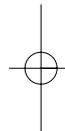
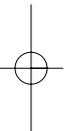
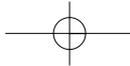
By the end of the decade, e-health will become commonplace for health professionals, patients and citizens. The action plan is the third element of the Commission's recent activities in the health area. The two other activities address patient mobility and the benchmarking of national reforms in healthcare, long-term care and social protection.

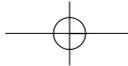
The challenges facing healthcare in Europe today require a bold response. The greater use of technologies and services — such as the Internet — as a partner in improving healthcare must be encouraged. The plan helps to do this because new technologies and services make access faster and easier, reduce errors, and improve the effectiveness of healthcare systems. This area that covers both healthcare and e-health technologies is where Europe and European business is strong, and these strengths must be further supported.

Patients need to contact their family doctors, doctors need to talk to hospitals, and hospitals need to interact with clinics and research centres, all with the aim of providing better care for patients and effective solutions for healthcare systems.

Patients will benefit from the use of information and communication technologies in healthcare. With the adoption of the e-health action plan yet another element is in place to address the many issues that confront health services throughout the EU.

European Community research funding has supported e-health to the tune of EUR 500 million since the early 1990s, with total investment due to co-financing being around twice that amount. Many of today's success stories have emerged from that research. All this has helped to create a new e-health industry with a turnover of EUR 11 billion. By 2010, estimates suggest that up to 5 % of health budgets will be invested in e-health systems and services.





Justice and home affairs



Number of staff: 376

Total commitment appropriations	EUR 507 million
--	------------------------

Objective

To make the entire European Union territory an 'area of freedom, security and justice'. EU citizens must be able to move and settle wherever and whenever they wish and they must enjoy the principles, protection, and obligations of living in a State governed by the rule of law.

Administrative expenditure	EUR 43 million
-----------------------------------	-----------------------

Policy strategy and coordination	EUR 15 million
---	-----------------------



■ Establishing a genuine European area of justice in criminal and civil matters **EUR 14 million**

Judicial cooperation programmes in civil and commercial matters, including support for the operation of Eurojust. The aim of the area of freedom, security and justice is to establish the free movement of European Union citizens and non-EU nationals throughout the

Union within the next five years, while guaranteeing public security, and combating all forms of organised crime (trafficking in human beings, sexual exploitation of children, vehicle, arms and drug trafficking, corruption, fraud) and terror.

■ Common immigration and asylum policies **EUR 72 million**

The activity mainly comprises the European Refugee Fund involving support for Member States' structural measures for reception of refugees and displaced persons, their integration and voluntary repatriation; it also covers emergency measures in the event of a sudden influx of refugees or displaced persons to cover reception and accommodation, subsistence funds,

medical and other assistance. Funding is also provided to the European Migration Monitoring Centre for statistical work on asylum and immigration, and for the funding of preparatory measures for the integration of third-country nationals, as well as for cooperation with third countries in the field of immigration.

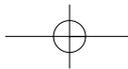
■ Coordination in the field of drugs **EUR 12 million**

Support for the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) in Lisbon.

■ External borders, visa policy and free movement of people **EUR 330 million**

To help beneficiary Member States between the date of accession and the end of 2006 to finance actions at the new external borders of the European Union for the implementation of the Schengen *acquis* and external border

control; secondly to cover additional costs entailed by the creation of a facilitated transit document for use between mainland Russia and Kaliningrad.

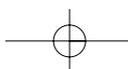
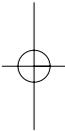
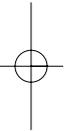


 **Law enforcement, cooperation and prevention of and fight against general and organised crime** **EUR 20 million**

AGIS project: judicial cooperation in general and criminal matters including training; cooperation between law-enforcement authorities in preventing and fighting crime, organised or otherwise; exchange programme for judicial authorities; pilot project for the victims of terrorist acts.

 **Citizenship and fundamental rights** **EUR 1 million**

Measures for combating violence against children, adolescents and women (Daphne programme); research and evaluation programme on respect for fundamental rights.



**Example: Commission evaluation report:
the European arrest warrant (EAW) has broadly achieved its objectives**

The EAW was established by the Council framework decision of 13 June 2002 and is the first and most symbolic measure giving effect to the mutual recognition principle. Since 1 January 2004, the EAW has replaced the extradition procedure between the Member States.

The EAW is now implemented and applied in all the Member States except Italy.

The surrender of wanted persons between Member States is now an entirely judicial procedure under the framework decision, and there is no review by executive authorities. The Member States have broadly followed this principle, even though the role conferred on the central authorities sometimes extends beyond what the framework decision allows. The decision's general aim is to reduce the number of grounds for refusal to surrender people between Member States and to seriously limit the forms of crime for which the double criminality rule applies (the rule that the facts must constitute an offence both in the Member State where the person is located and the Member State seeking that person). This has been achieved, even though a wide variety of legal situations are still allowed, depending on the choice of transposal in each Member State (variable number of grounds for refusal and of guarantees required).

The effectiveness of the EAW can be gauged provisionally from the 2 603 warrants issued, the 653 persons arrested and the 104 persons surrendered up to September 2004. The surrender of nationals, a major innovation in the framework deci-

sion, is now a fact, though most Member States have chosen to apply the condition that, in the case of their nationals, the sentence should be executed on their territory.

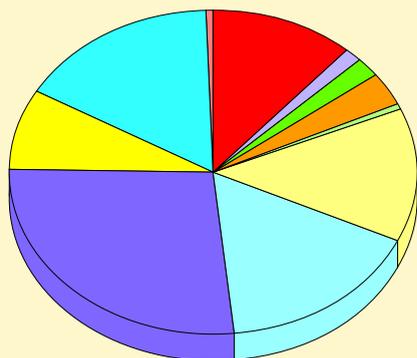
Apart from the fact that the procedure is quicker now that there is no executive discretion involved, the speed of the EAW procedure flows from the combined effect of there being a single form in all the official languages, several modes of transmitting an arrest warrant, and rules setting procedural deadlines that did not exist in the extradition context. On the whole, the Member States have transposed these points quite well, even if they still impose differing requirements on points of detail that can in practice generate delays and even failed procedures.

Since the framework decision came into operation, the average time taken to execute a warrant is provisionally estimated to have fallen from more than nine months to 45 days. This does not include those frequent cases where the person consents to surrender, for which the average time taken is 18 days.

But the EAW is not only quicker and more efficient than the extradition procedure, it also fully respects fundamental individual guarantees. A judicial authority can always refuse to execute an arrest warrant if it sees that the procedure is vitiated by infringement of Article 6 of the Treaty on European Union, which secures fundamental rights. So far such cases have been few and far between.

External relations

Activities 2004 — Commitment appropriations



Number of staff: 2 404

Total commitment appropriations

EUR 3 526 million

Objective

To support the objectives of the EU external policy by means of cooperation, development aid, conflict prevention and human rights programmes and projects, including promotion of the EU's identity on the international stage, notably through implementation of the common foreign and security policy. In the context of an enlarged Union, one of the key objectives of this policy area is to propose a stable and comprehensive political framework for the EU's neighbouring countries.

Administrative expenditure

EUR 404 million

Multilateral relations and general external relations matters

EUR 53 million

Enhancing the Community/EU role in multi-lateral relations through conflict prevention and crisis management measures, action on anti-personnel mines, rapid reaction mechanism, cooperation with third countries on

migration, participation in certain international organisations and forums, and increasing the visibility of the Community and its activities by communication and information.

Common foreign and security policy (CFSP) EUR 63 million

Actions undertaken under the common foreign and security policy, *inter alia* the follow-up on legal and institutional aspects, conflict prevention and resolution, non-proliferation

of weapons of mass destruction and disarmament, support for the peace process and stabilisation, emergency measures.

Democracy and human rights EUR 126 million

The goals pursued are the EU's promotion of human rights and democratisation in third countries with a focus on four key thematic areas: (1) the promotion and defence of human rights and fundamental freedoms; (2) support for the democratisation process, strengthening the rule of law and good governance; (3) support for measures promoting re-

spect for human rights and democratisation; (4) fostering the establishment of groupings of democratic countries within the UN and other organisations. Funding is also provided for the victims of human rights abuses, and for the activities of the International Criminal Court.

Relations with non-EU OECD countries EUR 17 million

Cooperation with industrialised non-member countries — USA, Canada, Japan, South Korea, Australia and New Zealand.

Relations with eastern Europe, Caucasus and central Asian republics EUR 467 million

Relations with and assistance to east European and central Asian partner States, over and above programmes with each of the partner countries, cross-border cooperation, nuclear safety and the Chernobyl Shelter Fund.

The measures cover assistance measures at government, institutional, NGO and private sector level designed to support transition to a market economy, and to strengthen democracy and the rule of law in these States.

Relations with western Balkans **EUR 579 million**

The stabilisation and association process (SAP) is a framework in which a new contractual relationship — stabilisation and association agreements — and an assistance programme (CARDS) help western Balkan countries, Serbia and Montenegro, and Kosovo. Measures covered include reconstruction; assistance in the return of refugees and displaced persons; the establishment of an insti-

tutional and legislative framework to support democracy, the rule of law, human rights and minority rights; sustainable economic development and market-economy-oriented reforms; social development, in particular poverty alleviation, gender equality, education, teaching, and training and environmental rehabilitation; regional, transnational, cross-border and interregional cooperation.

Relations with the Middle East and southern Mediterranean **EUR 953 million**

The Barcelona process is the Union's main instrument to help promote stability and prosperity in the Union's Mediterranean neighbours. In the MEDA II programme (2000–06), this goal will be attained by the enhancement of the relations with the partners in the Mediterranean region: this includes the development of a free-trade area, enhanced region-

al cooperation, economic dialogue, justice and home affairs, the social dimension, human rights and democracy.

Also covered under this heading are actions to help the Palestinian population of the Occupied Territories, UNRWA, and aid for the rehabilitation and reconstruction of Iraq.

Relations with Latin America **EUR 284 million**

The strategic sectors of the Community intervention in Latin America are: fight against poverty and social exclusion; institutional support, the consolidation of the democratic process, and promotion and protection of

human rights; aid to uprooted people, support for regional integration; the promotion of sustainable development; support for economic reforms and for insertion into the world economy and the facilitation of trade.

Relations with Asia **EUR 562 million**

Within overall financial and technical cooperation with Asian developing countries, the main strategic axes of intervention will continue to be basic education and health. Where appropriate, efforts will be made to mainstream the poverty focus in the other objectives of the Asia strategy, such as trade and

investment relations, promotion of democracy, human rights, rule of law and governance. Aid to uprooted people is also made available. Contributing to the reconstruction of Afghanistan is a major part of the expenditure undertaken under this activity.

 Policy strategy and coordination	EUR 18 million
---	-----------------------

Comprises evaluation activities and information programmes.

Example: MEDA: over EUR 700 million in 2004 to support the EU's Mediterranean partners

In 2004, the European Commission is providing, under the MEDA programme, EUR 709 million for cooperation and external aid operations with its Mediterranean partners.

This assistance illustrates the EU's commitment to support development in the region focused on reforms based on common values. Algeria (EUR 55 million), Egypt (EUR 164.5 million), Jordan (EUR 36.5 million), Lebanon (EUR 19.5 million), Morocco (EUR 156 million), Syria (EUR 55 million), Tunisia (EUR 24 million), and the West Bank and Gaza Strip (EUR 73.5 million) and the region as a whole (EUR 125.5 million) are benefiting from this new package that brings the MEDA assistance to the region to over EUR 6.156 billion in bilateral and regional cooperation programmes since the Barcelona process was launched in 1995.

The total Community budget for the Palestinians in 2004 will be over EUR 250 million. Apart from the MEDA expenditure, further support is given through a separate budget line, which entails emergency support to the health and higher education sector (EUR 22.75 million), specific actions for Gaza (EUR 20 million), implementation of the Palestinian Authority's reform agenda (EUR 5 million), and technical assistance action in favour of the Palestinian Authority (EUR 3 million). In addition, around EUR 128 million have been provided for emer-

gency assistance, comprising a contribution to the UN agency in charge of Palestinian refugees, UNRWA, as well as food aid, and humanitarian aid through the Commission's humanitarian office, ECHO.

Regional cooperation: EUR 125.5 million

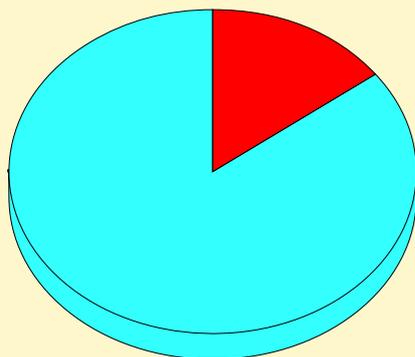
The regional MEDA programmes complement and reinforce bilateral programmes.

In the economical and infrastructure area, the programmes to be supported are: new approaches to telecommunication policy II (NATP II) (EUR 4 million), third regional Euro-Mediterranean environment programme (EUR 15 million), programme to improve the energy efficiency in the Mediterranean construction sector (EUR 4 million), enhancing energy cooperation within the Mediterranean countries (EUR 14 million), Euro-Mediterranean satellite navigation programme (EUR 4.5 million), Euro-Mediterranean cooperation on maritime safety and prevention of pollution from ships (EUR 4.5 million), and EIB risk capital (EUR 28 million).

In the social and cultural areas, the programmes are: improvement of employability of young Palestinian refugees (EUR 4 million), promoting the role of women in economic life (EUR 5 million), programme II for Euro-Mediterranean audiovisual cooperation (EUR 12.5 million), and education and training for employment (EUR 5 million).

Trade

Activities 2004 — Commitment appropriations



Number of staff: 554

Total commitment appropriations

EUR 74 million

Objectives

- To contribute, in the general interest, to the harmonious development of world trade, the gradual removal of restrictions to international trade, and the reduction of customs barriers.*
- As an important pillar of the European Union's economic relations with the rest of the world, it aims to promote the economic and political interests of the European Union.*
- It covers all the main aspects of trade in goods and services (tariff and non-tariff barriers, trade protection measures, in particular in cases of dumping and subsidies, export credits) and the important issues of intellectual property, investment and competition.*

Administrative expenditure

EUR 63 million

Trade policy	EUR 11 million
---------------------	-----------------------

- Initiatives connected with conduct of new multi- and bilateral trade negotiations, in particular the Doha Development Agenda (actions aiming to ensure that EU policy conception is based on comprehensive and up-to-date expert information, and is supported by a programme of information and coalition building, so as to strengthen the Commission's negotiating position in Doha Development Agenda negotiations and build coalitions for their successful completion).
- Legal and other expert assistance required in implementation of existing trade agreements (actions to ensure that the Community's trading partners effectively adhere to and comply with obligations arising under WTO and other multilateral and bilateral agreements).
- Trade-related technical assistance/training and capacity-building actions (actions aiming to strengthen the capacity of developing countries to participate in international trade negotiations, to implement international trade agreements, and to participate in the world trading system).
- Market access activities: actions in support of the Community's market access strategy, which aims at removing or lowering barriers to trade, identifying trade restrictions in third countries and, where appropriate, removing obstacles to trade.

Example: EU strengthens fight against piracy and counterfeiting beyond its borders

Piracy and counterfeiting continue to grow every year and have become industries, increasingly run by criminal organisations. This is a serious problem for the European Union but also for third countries whose companies are also suffering the consequences of violation of their own intellectual property rights. Some of these fakes, like pharmaceuticals and foodstuffs, constitute an outright danger to the public, while others undermine the survival of the EU's most innovative sectors, confronted with the misappropriation of their creations.

In an effort to halt the increase in piracy and counterfeiting, the European Commission adopted in November 2004 a strategy for the enforcement of intellectual property rights (IPRs) in third countries.

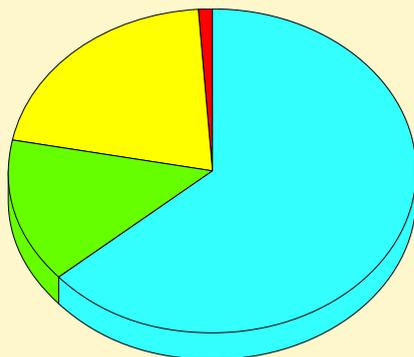
The action plan focuses on vigorous and effective implementation and enforcement of

existing IPR laws. It proposes to identify priority countries where enforcement actions should be concentrated. Stress will be put on technical cooperation and assistance to help third countries fight counterfeiting but the Commission will not hesitate to trigger all bilateral and multilateral sanction mechanisms against any country involved in systematic violations. The Commission will foster awareness-raising of users and consumers in third countries and support the creation of public-private partnerships for enforcement.

This strategy sets the guidelines for the European Commission in the coming years towards a reduction of the level of IPR violations taking place beyond the EU borders, worldwide. It follows a logical sequence of recent initiatives taken by the EU to tackle this problem within the EU and at its border.

Development and relations with ACP countries

Activities 2004 — Commitment appropriations



Number of staff: 1 446

Total commitment appropriations	EUR 1 176 million
--	--------------------------

Objectives

- Poverty eradication; sustainable economic and social development; the integration of developing countries into the world economy; contribution to developing and consolidating democracy, the rule of law and the respect for human rights and fundamental freedoms.*
- In addition to the regular EU budget appropriations, there are funds from the European Development Fund (EDF) for ACP (African, Caribbean, Pacific) countries managed by the Commission but outside the budget. In 2004, the Commission committed some EUR 3 275 million for the benefit of the ACP partners.*

Administrative expenditure	EUR 243 million
-----------------------------------	------------------------

Development cooperation policy and sectoral strategies	EUR 749 million
---	------------------------

Some development challenges require a response strategy at a thematic level rather than through the traditional country programmes for reasons of effectiveness and visibility or because the target groups are civil society rather than established government structures. This expenditure category therefore groups,

inter alia, food aid, a programme for NGO co-financing, interventions in the environment/ tropical forest management sectors, integrating gender issues into development cooperation, and support for the fight against poverty-related diseases.

 **Relations with sub-Saharan Africa, the Caribbean, Pacific and Indian Ocean and overseas countries and territories** **EUR 172 million**

The main funds for the ACP countries come from the European Development Fund (EDF), i.e. outside the EU budget, and are distributed via national indicative programmes and regional cooperation. Inside the EU budget, the Commission manages cooperation projects and programmes with South Africa (EPRD)

which contribute to that country's integration into the world economy, improving living conditions, and support for democratisation. A special programme of assistance to the ACP banana producers aims to improve their competitiveness and to help them integrate better into the multilateral trading system.

 **Policy strategy and coordination** **EUR 12 million**

Comprises activities of evaluation, coordination and promotion of awareness on development issues.

Enlargement



Number of staff: 310

Total commitment appropriations

EUR 1 284 million

Objective

- A reunited Europe, a stronger, democratic and more stable continent able to gain full advantage from an internal market of 500 million people.*
In 2004, the focus of this policy shifted towards the actions, measures and initiatives necessary to secure that the three remaining candidate countries stay on course to achieve the targets set with and for them by the European Council:
 - *to implement the accession roadmaps drawn up for Bulgaria and Romania with a view to meeting the accession date of 2007;*
 - *to strengthen the financial support granted to Bulgaria and Romania under the Phare programme;*
 - *to establish a close monitoring of Turkey's progress in meeting the Copenhagen political criteria and generally of the reform process.*

Administrative expenditure

EUR 84 million

Pre-accession assistance instruments

EUR 966 million

This activity essentially covers completion of the Phare pre-accession assistance for countries of central and eastern Europe, cross-border cooperation, pre-accession assistance for Turkey, Malta and Cyprus, and technical assistance for the approximation of legislation.

The Phare programme focuses on two priority aims: institution-building with a focus on reinforcement of administrative and judicial capacity, and investments related to the adoption and application of the *acquis communautaire*.

Transition facility for institution-building measures after accession **EUR 217 million**

The purpose of the transition facility is to continue to provide assistance to the new Member States in areas where their administrative and institutional capacity is still not able to deliver on par with present Member States.

The transition facility is to continue institution-building activities according to the same principles as funded by Phare during the pre-accession period.

Information and communication strategy **EUR 17 million**

To cover the funding of priority information measures on Community policies. It covers the 'Enlargement: a challenge for Europe' campaign. This measure is designed to be an effective channel of communication and dialogue between the people of the European

Union and the Community institutions on the issue of EU enlargement and, in close cooperation with the Member State authorities, takes account of specific national and regional characteristics.

Example: OLAF agents to provide support in Bulgaria and Romania

Two agents of the European Anti-Fraud Office (OLAF) are going to be assigned to Romania and Bulgaria on a permanent basis in view of these countries' accession to the European Union. The OLAF assistants will contribute to the strengthening of the anti-fraud coordination services in the candidate countries.

The deployment of two OLAF assistants, who will be sent to Bucharest and Sofia for a term of three years, represents a measure within the framework of the Commission's 'Action plan 2004-05 on the protection of the financial interests of the Communities'. This will be the second time that OLAF agents are sent outside of Brussels on a permanent basis, after an earlier two-year presence of the Office in Poland.

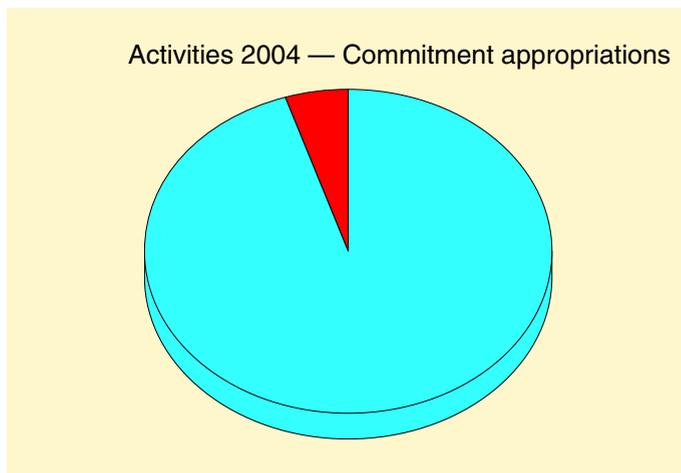
The main task of the OLAF assistants will be to support the Anti-Fraud Coordinating Services (AFCOS) in Romania and Bulgaria.

These central contact points for the coordination of all legislative, administrative and operational aspects of the protection of the EU's financial interests have been active since 2002 in all EU accession countries and have been promoted by OLAF. They cooperate closely with the Office at an operational level.

The OLAF assistants will also help further the financial, strategic and operational interests of the European Commission in matters of irregularities and fraud in the countries concerned. They will, for instance, provide technical advice, create and maintain intelligence pathways, and share best-practice experience with partners in their host countries.

The OLAF assistants will be integrated within the Delegations of the European Commission but will report to OLAF for their operational activities.

Humanitarian aid



Number of staff: 167

Total commitment appropriations

EUR 507 million

Objectives

- To provide relief to the victims of humanitarian disasters worldwide, and in doing so:*
 - *grant assistance strictly in accordance with identified humanitarian needs;*
 - *focus more directly on 'forgotten' crises not covered by other donors;*
 - *ensure a more balanced allocation of funds that takes into account the different levels of complexity of operations;*
 - *give specific attention to unstable post-crisis situations where other (national) donors may be reluctant to become involved;*
 - *strive for maximum coherence with other key players' priorities.*

Administrative expenditure

EUR 25 million

Humanitarian aid

EUR 482 million

- To cover the financing of assistance, relief, protection and emergency food aid operations to help people in the developing countries, including African, Caribbean and Pacific States, countries in Asia and Latin America and other third countries hit by natural disasters, man-made crises (wars, outbreaks of fighting, etc.) or com-

parable emergencies for as long as is necessary to meet the humanitarian needs that such situations give rise to.

- The aid is granted to victims without discrimination on the grounds of race, ethnic origin, religion, disability, sex, age, nationality or political affiliation.

Example: ECHO's disaster preparedness policy

Over 300 million people are affected by natural disasters every year. Developing countries bear the bulk of the burden in terms of lives and livelihoods lost. In economic terms, disasters reduce the output of the poorest nations by around 3 %, depriving them of resources needed to escape poverty.

Natural hazards such as earthquakes, cyclones, floods, storms and volcanic eruptions can threaten anyone in their path. However, the poorest communities are usually hurt most, because they tend to live in greater density in badly built housing on land at risk.

An estimated 97 % of natural-disaster-related deaths occur in developing countries. In addition, the economic loss suffered by developing countries after natural catastrophes (as a percentage of GDP) far exceeds that in developed countries.

ECHO's response

The European Commission's humanitarian aid office (ECHO) was set up in 1992 to provide rapid and effective support to the victims of crises outside the European Union. Recognising the importance of pre-emptive measures, ECHO launched its disaster preparedness programme, Dipecho, in 1996.

Between 1996 and 2004, Dipecho provided more than EUR 78 million for 319 projects worldwide. These demonstrate that simple and inexpensive preparatory measures, particularly those implemented by communities themselves, are extremely effective in limiting damage and saving lives when disaster strikes. Typically, Dipecho-funded projects cover training, capacity-building, awareness-raising, early-warning, and planning and forecasting measures. The programme has shown

that even simple precautions can help save lives and property when disaster strikes. The funds are directed through ECHO and implemented by aid agencies working in the regions concerned.

ECHO selects projects for funding on the basis of their potential to achieve concrete results such as spreading knowledge on disaster preparedness, and getting communities to work together. The best results are only achieved when there is effective cooperation between citizens, civil society groups and local, regional and national authorities. ECHO has found that, in most cases, community organisations and municipalities are enthusiastic and fully support project activities.

In 2004, ECHO provided EUR 13.7 million in support for projects in Central America, central Asia and south-east Asia.

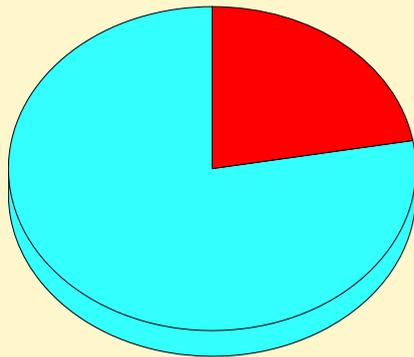
Mainstreaming disaster preparedness measures into relief operations

ECHO's contribution to disaster preparedness goes well beyond the Dipecho programme as many of ECHO's major humanitarian financing decisions include disaster preparedness or prevention as an objective. Examples of such activities include livestock shelters built after extreme cold snaps to protect against further losses of depleted herds (Peru); training and equipping of community-based fire brigades in forest-fire risk zones (Indonesia); cholera preparedness and health information (Malawi); and anti-rust measures to prevent water pollution and protect pipes from the effects of volcanic ash (Ecuador).

Disaster preparedness helps to save lives, fuels recovery and reduces the risk of future disasters. It shows that we are far from helpless in the face of natural catastrophes.

Fight against fraud

Activities 2004 — Commitment appropriations



Number of staff: 375

Total commitment appropriations

EUR 54 million

Objective

The mission of the European Anti-fraud Office (OLAF) is to help protect the interests of the European Union and to fight fraud, corruption and any other illegal activity, including misconduct within the European institutions. In pursuing this mission in an accountable, transparent and cost-effective manner, OLAF aims to provide a quality service to the citizens of Europe.

Administrative expenditure

EUR 42 million

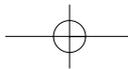
Fight against fraud

EUR 12 million

The core activities are:

- collection and analysis of information and intelligence (including all related support activities with the Member States and with third countries);
- investigations (including all operational support and coordination activities) particularly via on-the-spot-checks;
- follow-up to investigations (including judicial and financial follow-up);
- legislative initiatives and evaluation of legislation;
- financing the Pericles programme for training, exchange and assistance for the protection of the euro against counterfeiting;
- development of the anti-fraud informatics system (AFIS)

See the presentation of OLAF and the fight against fraud in this report.



8. THE FIGHT AGAINST FRAUD

OLAF's mission

The mission of the European Anti-Fraud Office (OLAF) is to protect the interests of the European Union, to fight fraud, corruption and any other irregular activity, including misconduct within the European institutions. In pursuing this mission in an accountable, transparent and cost-effective manner, OLAF aims to provide a quality service to the citizens of Europe.

OLAF achieves its mission by conducting, in full independence, internal and external investigations. It also organises close and regular cooperation between the competent authorities of the Member States and the candidate countries in order to coordinate their activities. OLAF supplies Member States with the necessary support and technical know-how to help them in their anti-fraud activities. It contributes to the design of the anti-fraud strategy and methods of the European Union and takes the necessary initiatives to strengthen the relevant legislation. OLAF activities are carried out with integrity, impartiality and professionalism, and will, at all times, respect the rights and freedoms of individuals and be fully consistent with the law.

Impact of OLAF's investigations

During the period of the OLAF report (1 July 2003 to 30 June 2004), the Office concluded 578 initial assessments, of which 275 resulted in the opening of cases. A further 272 did not fall within the competence of OLAF; 31 cases were retained for further monitoring; 443 cases were closed during the reporting period, of which 209 required further examination.

At the end of the reporting period, 182 case records registered in OLAF's case management system (CMS) were at the assessment stage, 511 cases were active (i.e. internal/external investigations, assistance or coordination cases) and 624 were in follow-up.

The total number of new case records registered during the period increased by 9 % (from 585 to 637), as indicated in the following table. This change could be interpreted as an increasing confidence in the work and professionalism of OLAF.

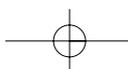
New cases recorded by reporting period ⁽¹⁾

1999-2000	2000-01	2001-02	2002-03	2003-04	Total
322	589	588	585	637	2 721

⁽¹⁾ Numbers referring to earlier years may deviate slightly from those reported last year due to data revision.

The following table shows the breakdown of cases recorded during the period July 2002 to June 2004. This breakdown tends to be rela-

tively stable from one year to another, with the exception of agriculture where a slight rise is apparent.



New cases recorded between July 2002 and June 2004

Reporting period	Agriculture	External aid	Cigarettes, alcohol and VAT	Direct expenditure	Customs	Structural Funds	Anti-corruption
2002-03	102 (17 %)	133 (23 %)	41 (7 %)	75 (13 %)	64 (11 %)	103 (18 %)	67 (11 %)
2003-04	142 (23 %)	125 (20 %)	35 (5 %)	90 (14 %)	73 (11 %)	91 (14 %)	81 (13 %)

Fight against corruption

OLAF maintained its policy of 'zero tolerance' concerning possible corruption within the European institutions. It examined all allegations received in this connection and opened an investigation each time this was considered necessary. During the reporting period, 81 new cases were recorded and 24 new investigations opened. The total number of investigations under way fell sharply during the period of the report (from 75 to 48, or around 36 %). This change could be explained by the greater rigour applied in evaluating the information. The majority of the European Community organs (institutions, bodies, offices and agencies) were covered by these investigations.

Contraband cigarettes: agreement with Philip Morris International (estimated financial impact USD 1.25 billion)

Historically, the introduction of contraband cigarettes causes a significant loss to the budget of the European Communities and the Member States. For that reason, the Community has taken vigorous action to address cigarette smuggling. European law-enforcement efforts, including those of OLAF, have resulted over the past several years in the reduction of the amount of cigarettes that enter the EU as contraband. In 2000 and 2001, the European Commission and 10 Member States (Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal

and Spain) launched a civil action in the Courts in New York against the cigarette manufacturers Philip Morris, RJ Reynolds and Japan Tobacco International alleging that they bore responsibility for cigarette smuggling, and seeking injunctive relief to prevent smuggling in the future.

On 9 July 2004, the European Commission, together with 10 Member States, and Philip Morris International (PMI) announced a multi-year anti-contraband and anti-counterfeit agreement that includes an efficient system to fight against future cigarette smuggling and counterfeiting and which ends all litigation between the parties on this issue. Through the agreement, Philip Morris International will work with the European Commission, OLAF, and law-enforcement authorities to help in the fight against contraband, including the rapidly growing problem of counterfeit cigarettes. The agreement includes substantial payments by PMI, which could total approximately USD 1.25 billion over 12 years.

Activities linked to enlargement

The period of the report was marked by the final efforts linked to enlargement of the Union to 25 Member States.

OLAF has made a major investment in preparing the new Member States and candidate countries to assume their responsibilities as to the protection of the Communities' financial interests. OLAF's activities took account of this expansion across all sectors as

a priority, and OLAF made available a variety and depth of training, support and assistance to the Anti-Fraud Coordination Services (AFCOS) in the new Member States and to their partner institutions.

As regards operational activities, OLAF carried out numerous investigations in the new

Member States and candidate countries during the period of the report. Around 18 % of all active cases concerned new Member States and candidate countries, primarily in the area of external aid, followed by cigarettes and agriculture (see following table). These investigations were carried out in liaison with AFCOS.

Active cases by new Member States/candidate country and by sector as at 30 June 2004

Country	Agriculture	Anti-corruption	Cigarettes	Customs	Direct expenditure	External aid	Precursors	VAT	Total
Czech Republic	1		1			3			5
Estonia	1		1	1		2			5
Cyprus	1		1				1		3
Latvia			2						2
Lithuania	1					2	1		4
Hungary	2			1	1				4
Poland	1	1	2		1	3			8
Slovenia	1								1
Slovakia		1	1			2		1	5
Bulgaria	1		1	1		2	1		6
Romania				1	3	7			11
Turkey				1					1
Total	9	2	9	5	5	21	3	1	55

Legislative initiatives

The 'Prodi Plan': In his speech before the European Parliament on 18 November 2003, President Prodi acknowledged certain facts and made commitments regarding the fight against fraud on the financial interests of the Community. At the heart of the speech were the problems brought to light by the 'Eurostat' affair on the level of communications between the relevant bodies, as well as on the clarity of the rules governing the operational activity of OLAF. A code of conduct ⁽¹⁾ drawn up between the Commission and OLAF in July 2003 provided a first response to one of

the main shortfalls revealed by the affair, by improving the exchange of information on Commission internal investigations. In February 2004 the Commission adopted two proposals ⁽²⁾ to establish clearer rules for the exchange of information between OLAF and the institutions, bodies and Community organisations, as well as to allow OLAF to concentrate on its operational priorities and to speed up its investigations, thus strengthening its efficiency. The proposals aim to clarify the rules in opening, closing and extending investigations, and to strengthen (i) powers of the procedural guarantees for persons the object of investigation, and (ii) the Supervisory Committee.

⁽¹⁾ SEC(2003) 871.

⁽²⁾ Proposals for regulations of the European Parliament and of the Council modifying Regulations (EC) Nos 1073/1999 and 1074/1999 (COM(2004) 103 and 104).

Cases submitted

OLAF has made an effort to reduce the length of the initial assessment phase of the cases which are submitted, as well as the overall duration of the cases (see table below). The average length of the evaluation phase has

decreased by around 50 % in one year (from 10 to 5 months) and the duration of cases from 26 to 22 months in one year. However, the figures in the table should be interpreted with some caution since they refer only to closed evaluations and not to those under way at the end of the period of the report.

Average length of cases

	1999–2000 ⁽¹⁾	2000–01	2001–02	2002–03	2003–04
Assessments completed	36	484	826	651	661
Average duration of assessments	6 months	18 months	15 months	10 months	5 months
Cases completed	217	319	747	492	443
Average duration of cases	29 months	26 months	33 months	26 months	22 months

European Public Prosecutor's Office

The draft Constitutional Treaty, on which the Intergovernmental Conference reached a political agreement in June 2004, foresees that the Council, acting unanimously and after obtaining the consent of the European Parliament, may establish a European Public Prosecutor's Office from Eurojust, to combat crimes affecting the financial interests of the Union. OLAF will contribute by assisting the Commission in drawing up an extensive impact study together with the preparation of a White Paper to create and implement a European Public Prosecutor's Office. This will also include ideas on the future functional and organisational relationship between OLAF and an independent Public Prosecutor's Office.

⁽¹⁾ Because of the change from UCLAF to OLAF, and the development and implementation of new procedures which took effect only in 2000, this first period cannot be considered representative.

Mutual administrative assistance

The effective protection of the financial interests of the Community relies of necessity on the coordination of the actions of the different competent authorities. In July 2004, the Commission proposed to the European Parliament and to the Council a draft regulation on mutual administrative assistance ⁽²⁾. The purpose of this proposal is to create a legislative framework for cooperation between the competent authorities on administrative assistance and on the exchange of information between Member States and the Commission so as to prevent and detect irregularities and fraud against the financial interests of the Community. The proposal is horizontal in nature, covering all the sectors of the fight against fraud on the Community not yet the subject of sectoral legislation. It concerns in particular the support of the Commission for cooperation between Member States against large-scale VAT fraud at intra-Community level, laundering of the proceeds of fraud against the Com-

⁽²⁾ COM(2004) 509 final.

munity, and fraud against the Structural Funds and other EU budgetary grants. The cooperation will focus on major transnational cases involving a likely loss of at least EUR 500 000 in the case of VAT fraud, and EUR 100 000 in other cases.

Other OLAF activities

The task force on recovery under EAGGF Guarantee of outstanding Community entitlements continued its work in 2004. The final result of the audit on non-recovered cases, prior to 1999 and above EUR 500 000, shows that the total amount of non-recoveries is some EUR 765 million ⁽¹⁾.

In the context of the 'fraud proofing' procedure, since 2003 the Commission has, at the preparatory stage of legislative proposals, been consulting OLAF as far upstream as possible in order to profit from its operational experience. The cases on which the Commission consulted OLAF in 2004 concerned notably agriculture, customs, macroeconomic aid to third countries, as well as direct aids such as education. The Member States have been requested to indicate to OLAF any problem linked to fraud arising out of the implementation of European law.

In February 2004, the Commission strengthened its 'early warning system' so as to ensure a better internal circulation of information on contractors and beneficiaries who might pose problems in respect of the financial interests of the Community. In the light of experience acquired, the system has been extended to register the infractions, recoveries suspended, fraud and investigations under way by OLAF or the Internal Audit Service of the Commission.

Deterring fraud by informing the public

The European Anti-Fraud Office (OLAF) organised in November 2004, in cooperation with its European Anti-Fraud Communicators Network (OAFCN), a three-day training seminar for communication experts and media representatives from all over Europe entitled 'Deterring fraud by informing the public'.

The participants of this training seminar, which was the fourth of its kind, discussed strategies and tools in the prevention of fraud and corruption by means of information and communication. The seminar was intended to serve as a platform for exchanging experiences and best practices on how to explain these issues through the media or directly to the general public.

Part of OLAF's communication strategy involves close cooperation with the spokespersons and heads of communication of OLAF's partner services in all EU Member States and candidate countries which form the OAFCN. At the seminar, the Vice-President of the European Commission, Commissioner for Administrative Affairs, Audit and Anti-Fraud, and the Chairman of the Committee on Budgetary Control of the European Parliament stressed the importance of the OAFCN as an important element which can contribute to strengthening OLAF's competence as a service platform.

⁽¹⁾ Excludes 32 cases communicated before 1999, above EUR 500 000 in amount, but which have shown inconsistencies between the data communicated and the results of the audit. These cases will be treated as a priority in 2005.

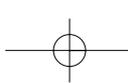
Case study: Sugar import from the Balkans

In April 2002, OLAF requested Member States to reinforce control measures on imports of sugar declared at customs clearance in the EU as originating in the western Balkans. The Greek customs authorities duly sampled such consignments imported into Greece in order to establish whether these consisted of cane or of beet sugar. The analysis indicated that most imports declared as of Croatian origin in fact consisted of a mixture of cane and beet sugar (cane sugar is not produced in Croatia). The Greek judicial authorities opened a criminal investigation and designated OLAF investigators to render assistance.

The Greek judicial authorities performed an International Rogatory Commission in

Croatia in June 2003 in which OLAF officials participated as experts. In the course of this Rogatory Commission it was established that some 24 000 tonnes of sugar had been mis-described as being of Croatian origin. These facts being confirmed by the Croatian authorities led to the cancellation of some 1 000 'EUR.1' certificates of origin. Recovery procedures started in 2004 in the Member States in relation to customs duties estimated at about EUR 10 million, and are ongoing.

Also in 2004, the Italian judicial authorities started a criminal investigation against an Italian trading company involved in the operations following the transmission of information by OLAF.



9. BORROWING AND LENDING ACTIVITIES IN 2004

121

1. BORROWING

The focus is on borrowing and lending operations included in the EU's financial balance sheet since, in addition to the measures financed by the general budget, a number of Community operations are carried out using borrowed funds. The European Communities (EC, Euratom) have developed a number of instruments, which give them access to capital markets and which are used to finance various categories of loans. In addition to these loans from borrowed funds, a smaller number of loans are granted from budget appropriations.

The new Community instrument ceilings have been almost fully reached (last disbursement in 1995) and the last borrowing was repaid in 2004. For Euratom activities outside the EU, two tranches for a total of EUR 65 million were concluded in 2004.

The funds borrowed by the Communities would be repaid from the general budget in case of default by the recipient of a loan granted by the Communities. In addition, some of the loans granted by the European Investment Bank ⁽¹⁾ (EIB) from its own resources are backed by a guarantee from the general budget.

In case of default by a non-member country on a loan granted or guaranteed by the Communities, the creditors would be repaid from the Guarantee Fund (set up by the Council regulation of 31 October 1994, as amended, for the purpose of providing a liquidity cushion for such cases).



2. LENDING IN THIRD COUNTRIES

2.1. Overview

Where third countries have concluded cooperation agreements with the Community, financial support takes a variety of forms depending on the geographical areas concerned and the objectives pursued.

In cases where the Community helps to restore the macroeconomic equilibrium in a particular country, it generally involves Community loans (macrofinancial or balance-of-payments support). In other cases, it may involve ordinary loans in the form of either direct financing for individual projects or global loans for banking institutions, which allocate them to smaller local projects.

The Commission administers macrofinancial or balance-of-payments support in accordance with the relevant Council decisions. In addition, Euratom loans are provided to Member States and certain non-member States.

⁽¹⁾ Details on the EIB activities can be found on its website (www.eib.org) or in the Bank's annual report.



In the other cases, it is essentially the EIB that administers the loans on its usual terms, very often, however, with a guarantee from the Community budget.

2.2. The Community's macrofinancial assistance

This particular assistance in the form of loans is, by its very nature, exceptional and forms part of the efforts of the international community to provide, in conjunction with the Bretton Woods institutions, balance-of-payments support to certain countries grappling with transitional difficulties.

EU assistance is targeted on neighbouring regions, such as central and eastern Europe, the western Balkans, the new independent States of the former USSR and the countries of the southern Mediterranean. Disbursements are linked to the beneficiary countries meeting objectives in terms of macroeconomic stabilisation and structural reforms. The number of operations effected each year in these circumstances is limited, and it is difficult to make valid comparisons for the assistance given from one year to the next.

As the majority of applicant countries became Member States in 2004, and as other third countries make considerable progress in terms of macroeconomic adjustment, macrofinancial assistance might decrease in future.

The Balkans region currently receives macrofinancial assistance from the Community, which includes a large grant element.

• *Macrofinancial assistance*

The Council decided on 29 April 2004 to provide macrofinancial assistance to Albania of up to EUR 25 million, comprising a loan element of up to EUR 9 million and a grant component of up to EUR 16 million. This new decision (2004/580/EC) replaces Decision 1999/282/EC.

The Council extended on 7 December 2004 (2004/862/EC) the validity of its Decision 2002/882/EC providing macrofinancial assistance to Serbia and Montenegro, as well as its Decision 2002/883/EC to Bosnia and Herzegovina (2004/861/EC).

• *Disbursements*

Disbursements of macrofinancial assistance amounted to a total of EUR 32 million of which EUR 22 million was exclusively in the form of grants.

- Assistance in the form of outright grants: EUR 10 million for Serbia and Montenegro, EUR 5.5 million for Armenia (these operations have been made on the basis of procedures initiated in 2003 but finalised in 2004) and EUR 6.5 million for Georgia.
- Assistance in the form of loans amounted to EUR 10 million in 2004 to Bosnia and Herzegovina.

2.3. Euratom loans

Based on the respective legal bases, the Commission is authorised by the Council to decide Euratom loans for Member States (1977) and for non-member States (1994). It should, however, be mentioned that several of the non-member States included in the 1994 decision have recently become Member States. That is why the Commission decided in 2002 to propose to the Council new, consolidated rules for Euratom loans. The Council has not yet taken a decision on this proposal.

Euratom loan projects for non-member States must give priority to projects improving the level of safety and efficiency of nuclear power stations and installations in the nuclear fuel cycle which are in service or under construction. Projects may also relate to the decommissioning of installations. In 2004, two tranches of EUR 35 million and of EUR 30 million were disbursed for a project in

Bulgaria for which an EUR 212.5 million Euratom loan was approved in 2000.

On 30 March, the Commission approved an EUR 223.5 million Euratom loan to finance the completion and safety upgrade of unit 2 at the Cernavoda nuclear power plant in Romania.

On 20 July, the Commission approved an amendment to a Euratom loan granted in 2000 for Khmelnitsky unit 2 and Rovno unit 4 in Ukraine, the so-called K2R4 project. The amendment takes into account the decision by Ukrainian authorities to complete the plants on their own resources and to dedicate the Euratom loan (as well as a complementary EBRD loan) to the financing of safety upgrade measures after start-up of the plants. The Euratom loan is now for the EUR equivalent of USD 83 million.

First disbursements for both loans in Romania and Ukraine are expected for 2005.

3. BUDGETARY IMPACT OF LENDING

The Community budget supports EIB lending activities by accompanying Community guarantees, interest subsidies or special conditions comparable to risk-bearing operations for the lender.

Budget guarantees

In 1999, the Council decided on a general renewal of the Community guarantee for EIB loans outside the EU for a period of seven years. Council Decision 2005/47/EC of 22 December 2004 amended this general mandate, taking account of the accession of 10 new Member States and the results of the mid-term review. The ceilings for each area, including amendments, are now as follows:

- south-eastern neighbours: EUR 9 185 million
- Mediterranean countries: EUR 6 520 million
- Latin America and Asia: EUR 2 480 million
- Republic of South Africa: EUR 825 million
- Turkey (customs union): EUR 450 million.

The overall ceiling for the guarantee is EUR 19 460 million and the Commission budget covers 65 % of that amount. The decision calls on the EIB to pursue increased risk-sharing by seeking other sources of (commercial) guarantee from its financial intermediaries where possible and sets a target rate of 30 % of the ceiling (as opposed to 25 % under the previous mandate).

This guarantee programme will expire on 31 January 2007; it may be automatically extended by six months if the loan ceiling has not been reached. The Community budget also covers 65 % of a maximum amount of EUR 600 million to Turkey (TERRA), for which no risk-sharing was asked, and 100 % of a maximum amount of EUR 100 million for certain environmental projects in the Baltic Sea basin of Russia (Northern Dimension mandate). Furthermore, Council Decision 2005/48/EC of 22 December 2004 granted a guarantee to the EIB for losses under loans for certain projects in Russia, Ukraine, Moldova and Belarus, of 100 % of a maximum amount of EUR 500 million.

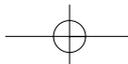
During the fifth year of the general mandate, the EIB signed loan agreements for a total of EUR 2 845 million, bringing the total amount in the new mandate to EUR 13 617 million corresponding to 70 % of the ceiling.

For the special guarantee programme TERRA, the total amount of signed loan agreements is EUR 600 million. For the Northern Dimension mandate, the total amount of signed loan agreements at end-2004 was EUR 25 million.

EU-guaranteed mandates at 31 December 2004

(million EUR)

Mandate	Lending ceiling	Total loans signed
South-eastern neighbours	9 185	4 404
Mediterranean countries	6 520	6 465
Asian and Latin American countries	2 480	1 686
Republic of South Africa	825	612
Turkey SAP	450	450
TERRA	600	600
Guaranteed at 65 %	20 060	14 217
Northern Dimension	100	25
Russia, Ukraine, Moldova and Belarus	500	0
Guaranteed at 100 %	600	25



10. TREASURY REPORT

The treasury keeps accounts with national treasuries, central banks and commercial banks.

The treasury accounts are kept in accordance with the own resources Regulation (EC) No 1150/2000 as amended by Regulation (EC) No 2028/2004, either by the treasury (Ministry of Finance) itself, or by the central bank, and receive own resources based on value added tax (VAT), gross national income (GNI) and traditional own resources (customs duties, agricultural duties and sugar levies).

Most of the Commission's payments for the European Agricultural Guidance and Guarantee Fund (EAGGF) and some other payments to government entities are made through these accounts.

For other payments and receipts, commercial bank accounts are used, which are selected by public tenders (at least one euro account in most of the Member States, additional accounts in non-euro Member State currencies). In 2004, two public tenders were launched. Contracts are for a maximum of five years.

Almost all payments are denominated in euro, even if paid to beneficiaries outside the European Union.

Exchange operations between the euro and other Member State currencies are carried out by central banks or by the treasuries (Ministry of Finance).

Commission funds which are not currently being used for payments have to be kept on the interest-free accounts with Member States' treasuries or central banks.

Once a month, transfers between the Commission's treasury and central bank accounts in different Member States are executed in order to make sure that on these accounts there is a spread of funds corresponding to the Member States' contributions to the budget.

Bank accounts may not run into debit.

For its payments, the Commission uses the international SWIFT network. The Commission has a SWIFT code of its own, like a bank. All payments and transfers between the Commission's accounts are sent electronically through SWIFT.

In 2004, 1.3 million payments were executed.

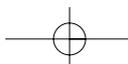
The balance on the treasury's accounts depends on payments and receipts, which are not spread equally over the year. This is particularly due to high EAGGF payments to Member States in January and February (more than 50 % of the respective budget). In order to have sufficient funds for these payments, the Commission is entitled to make additional calls on Member States for advances on own resources, which then have to be regularised later in the year.

A call for advances on own resources was made in 2004 as well as in 2005.

The final result of the year 2003 (EUR 5.47 billion) was refunded to Member States by way of an amending budget in 2004, reducing the own resources call-up

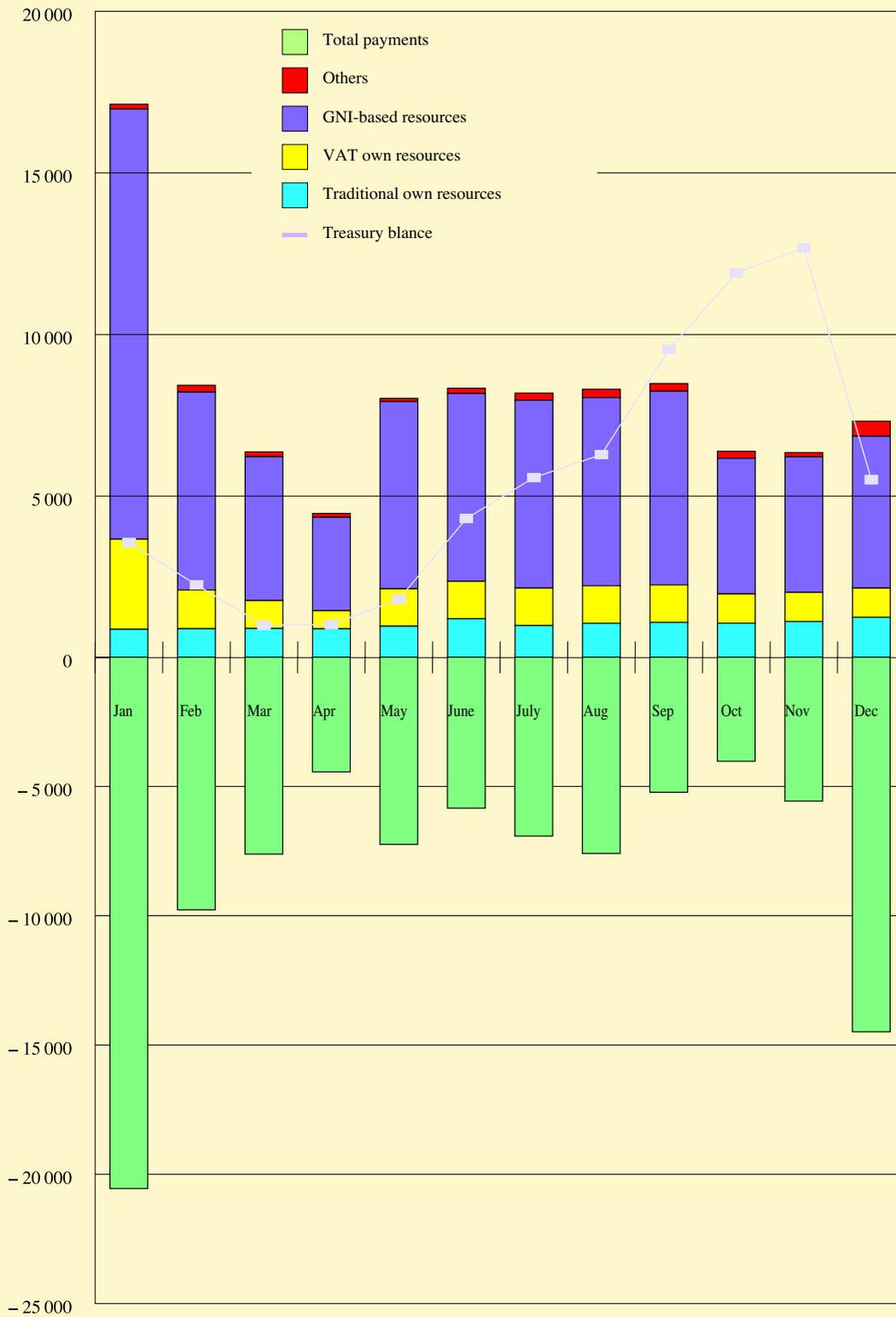
Each month the treasury establishes the cash flow of the Commission, together with a forecast for the remaining months of the year.

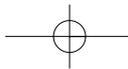
The Commission has opened special interest-bearing accounts on which it provisionally deposits fines imposed for breaches of competition regulations, which companies pay but then challenge at the European Court of Justice. Companies may choose to pay the fine immediately or to provide a bank guarantee until the Court or Court of First Instance has given its verdict. The amount deposited on these accounts at the end of 2004 totalled EUR 2 123 million.



Income and payments in 2004

(per month – million EUR)





ANNEX I

THE BUDGET OF THE EUROPEAN UNION

Historical tables (1958–2004)

(NB: Data indicated for 2004 are the latest available as at end February 2005. These data are provisional and may differ from the final data which will be published in the Final Annual Accounts 2004: the definitive figures for 2004 will be inserted into the 2005 version of this Report)



TABLE 6

Implementation of commitments and payments as at 31 December 2004

Provisional data

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)
1. AGRICULTURE											
0501 Administrative expenditure of policy area	4.9				-0.5	4.4	1.9	42	0.7	21	
0502 Plant products	27 489.4			-659.0	-20.0	26 810.4	26 669.9	99	26 653.6	99	
0503 Animal products	12 540.5			-711.0	-80.0	11 749.5	11 692.4	100	13 140.5	99	
0504 Rural development	4 803.0	41.2	1 733.0	0.0		6 577.2	6 481.9	99	4 679.7	100	
0507 Clearance of accounts	-377.5			-85.0	0.0	-462.5	-502.5	109	-383.1	105	
0507 Policy strategy and coordination of policy area 'Agriculture'	66.0			-20.0		46.0	32.9	72	31.3	47	
1102 Fisheries markets	30.2		2.9			33.1	23.9	72	22.4	92	
1701 Administrative expenditure of policy area 'Health and Consumer Protection'	1.5				-1.0	0.5			0.0	100	
1703 Vocational training	14.4					14.4	14.3	99			
1704 Food safety, animal health, animal welfare and plant health	189.0		59.0	101.0	0.3	349.3	346.0	99	316.9	100	
TOTAL AGRICULTURE	44 761.4		41.2	319.9	-0.5	0.3	45 122.3	44 760.6	99	44 462.0	99
2. STRUCTURAL OPERATIONS											
Objective 1											
0402 Employment and European Social Fund	4 942.0		786.5	85.9		5 814.3	5 765.6	99	4 924.0	100	
0504 Rural development	2 753.8	3.3	441.9	142.8	0.0	3 341.7	3 320.3	99	2 764.2	100	
1106 Structural intervention for fisheries	389.9		62.7	-0.7		451.8	451.8	100	392.5	100	
1303 European Regional Development Fund	13 866.5		2 225.6	-227.0		15 865.1	15 865.1	100	13 496.3	100	
Sub-total	21 952.1		3.3	3 516.6	1.0	0.0	25 473.0	25 402.8	100	21 576.9	100
Objective 2											
0402 Employment and European Social Fund	389.6		4.9	-44.8		349.7	349.2	100	368.2	96	
0504 Rural development											
1303 European Regional Development Fund	3 184.2		40.3	44.7		3 269.2	3 266.0	100	3 283.6	100	
Sub-total	3 573.8		45.3	-0.1		3 619.0	3 615.2	100	3 651.8	100	
Objective 3											
0402 Employment and European Social Fund	3 793.3		41.5	0.0		3 834.8	3 801.7	99	3 718.9	100	
Sub-total	3 793.3		41.5	0.0		3 834.8	3 801.7	99	3 718.9	100	
Other structural operations (outside Objective 1 regions)											
0504 Rural development					0.3	0.3	0.3	100			
1106 Structural intervention for fisheries	174.9				0.1	175.0	171.8	98	171.9	100	
Sub-total	174.9				0.4	0.0	175.3	172.1	98	171.9	100
Community initiatives											
0402 Employment and European Social Fund	518.5		59.9	0.2		578.6	572.0	99	504.3	99	
0504 Rural development	361.1	0.3		-0.4		361.1	355.4	98	346.8	98	
1106 Structural intervention for fisheries											
1303 European Regional Development Fund	1 060.6		138.5	-0.3		1 198.8	1 198.8	100	1 002.8	100	
Sub-total	1 940.2		0.3	198.5	-0.5	2 138.5	2 126.1	99	1 853.9	99	
Innovative measures and technical assistance											
0401 Administrative expenditure of policy area	9.4		3.6			13.1	7.7	59			
0402 Employment and European Social Fund	38.6		0.7	-0.4	0.3	39.1	34.0	87	32.4	86	
0449 Expenditure on administrative management									8.1	86	
0501 Administrative expenditure of policy area	5.4		-2.9	-0.1		2.4	1.7	70			
0504 Rural development					0.1	0.1	0.1	100			
0549 Expenditure on administrative management									1.4	89	
1101 Administrative expenditure of policy area	1.8		-0.7			1.2	0.9	80			
1106 Structural intervention for fisheries	2.2		0.2	0.0		2.4	0.6	27	1.9	79	
1149 Expenditure on administrative management									1.1	78	
1301 Administrative expenditure of policy area	2.0		1.2			3.2	2.8	88			
1302 Policy strategy and coordination	12.8		3.7	-0.5		16.1	12.8	80	21.9	100	

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
4.9		0.6		-0.5		4.9	1.0	20	1.1	24	0.6	1.4	0.5	0.4	-0.2	
27 489.4			-659.0	-20.0	0.0	26 810.4	26 668.2	99	26 650.9	99	1.8	1.6	0.0	26 668.2	-1.8	
12 540.5			-711.0	-80.0		11 749.5	11 692.4	100	13 140.5	99				11 692.4		
4 803.0		41.2	645.0	-16.0		5 473.2	5 377.8	98	4 679.7	100		1 104.1		5 377.8		
-377.5		0.8	-85.0	0.0		-461.7	-505.3	109	-382.3	106	0.7	3.2	0.4	-505.7		
66.0		3.6	-20.0			49.6	31.5	64	29.0	41	4.4	4.4	2.9	28.6	-1.4	
30.2		0.2	2.9			33.2	23.8	72	22.2	91	0.2	0.2	0.2	23.7		
1.5				-1.0		0.5			0.9	89						
14.4		7.7				22.1	7.9	36			7.7	13.5	7.2	0.8	-0.5	
189.0		272.3	59.0	101.0	0.3	621.6	282.2	45	237.4	45	274.8	323.9	260.0	22.2	-14.6	
44 761.4		326.4	-768.1	-16.5	0.3	44 303.3	43 579.4	98	44 379.2	98	290.2	1 452.3	271.1	43 308.4	-18.5	
4 089.1			1 141.9	-162.9		5 068.0	5 041.5	99	4 192.2	87	8 503.9	8 831.7	4 498.7	542.8	-396.3	
2 280.4			694.7	-16.0	0.0	2 959.1	2 959.1	100	2 343.4	91	5 175.6	5 469.4	2 583.8	375.2	-67.3	
321.5		54.6	58.0	0.0		434.1	342.7	79	401.7	87	664.7	770.4	314.2	28.5	-3.5	
11 639.1		34.5	2 813.5	-792.7		13 694.4	13 660.9	99	12 048.8	99	23 821.1	25 686.5	11 926.5	1 734.5	-338.7	
18 330.0		89.1	4 708.1	-971.6	0.0	22 155.7	22 004.2	99	18 986.0	95	38 165.2	40 758.0	19 323.1	2 681.1	-805.8	
356.5			2.2	209.3		568.0	567.9	100	297.8	50	1 581.3	1 104.1	567.5	0.4	-258.6	
15.7				37.9		53.6	53.6	100	66.2	66	157.0	82.1	53.6		-21.3	
2 689.0			512.2	488.0		3 689.2	3 689.2	100	3 223.0	99	7 705.0	6 996.5	3 614.8	74.5	-285.2	
3 061.2			514.4	735.2		4 310.8	4 310.7	100	3 587.0	91	9 443.2	8 182.7	4 235.8	74.9	-565.1	
3 134.8			15.8	-221.0		2 929.7	2 919.1	100	2 548.3	74	7 697.9	8 027.6	2 760.5	158.6	-552.9	
3 134.8			15.8	-221.0		2 929.7	2 919.1	100	2 548.3	74	7 697.9	8 027.6	2 760.5	158.6	-552.9	
213.8		33.7		-179.9		67.7	67.7	100	89.2	73	385.5	310.4	67.3	0.3	-7.7	
146.6		53.1			0.0	199.7	152.9	77	86.6	51	472.5	488.9	152.7	0.2	-2.6	
360.4		86.8		-179.9	0.0	267.4	220.6	82	175.9	60	858.0	799.3	220.1	0.5	-10.3	
325.3			26.8	174.6		526.6	519.2	99	232.2	41	1 700.0	1 393.8	493.8	25.4	-359.0	
215.0			20.7	112.5	0.3	348.5	345.5	99	104.9	41	986.5	955.3	344.8	0.8	-41.0	
1.2		0.5	4.0	0.7		6.4	0.6	9	0.3	4	22.6	19.7	0.6		-2.3	
667.7			113.0	331.0		1 111.6	1 099.4	99	463.7	54	3 168.7	3 093.4	1 096.9	2.5	-174.7	
1 209.2		0.5	164.4	618.7	0.3	1 993.1	1 964.7	99	801.0	48	5 877.8	5 462.2	1 936.0	28.6	-577.1	
9.4			3.6			13.1	5.5	42				2.2		5.5		
32.4			0.5		0.3	33.2	24.4	74	23.0	69	59.6	66.3	20.1	4.3	-3.0	
3.8						3.8	1.2	32	5.4	71	3.7	1.9	1.2		-0.5	
5.4			-2.9	-0.1		2.4	0.6	23				1.1		0.6		
4.1				-2.5		1.6	0.6	34	7.5	89	1.6	0.7	0.4	0.1	-0.5	
2.0			-1.3			0.6	0.3	53	1.7	49	0.6	0.3	0.3		0.0	
1.8			-0.7			1.2	0.3	25				0.6				
2.4			0.1	-0.7		1.8	1.5	79	5.7	88	2.8	1.7	1.4	0.0	-0.3	
0.6			0.3	0.3		1.2	1.0	81	0.6	64	1.4	0.2	1.0		-0.2	
2.0			1.2			3.2	2.1	66				0.7		2.1		
12.5			1.1			13.6	11.1	82	16.8	100	16.4	16.6	8.4	2.6	-1.6	

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)
1303 European Regional Development Fund	34.5		0.3				34.8	25.6	73	64.4	100
1349 Expenditure on administrative management										5.2	100
Sub-total	106.7		0.3	5.8	-0.8	0.3	112.3	86.3	77	136.4	95
Other specific structural operations											
1106 Structural intervention for fisheries										12.0	100
Sub-total										12.0	100
Cohesion fund											
1301 Administrative expenditure of policy area	0.5			1.1			1.6	1.2	72		
1304 Cohesion Fund	2784.5		3.4	2895.9		7.4	5691.2	5628.1	99	2865.3	100
Sub-total	2785.0		3.4	2897.0		7.4	5692.8	5629.3	99	2865.3	100
TOTAL STRUCTURAL OPERATIONS	34326.0		7.3	6704.7	0.0	7.7	41045.6	40833.5	99	33987.1	100
3. INTERNAL POLICIES											
Other agricultural operations											
0501 Administrative expenditure of policy area	0.1						0.1				
0504 Rural development	0.5				2.0	0.5	3.0	0.5	17	0.0	100
0507 Audit of agricultural expenditure	16.2			0.0		0.2	16.3	15.7	96	14.8	96
0508 Policy strategy and coordination of policy area	24.3			8.7		0.1	33.1	29.6	89	22.9	89
0549 Expenditure on administrative management											
1704 Food safety, animal and plant health, animal welfare and plant health							0.0	0.0			
Sub-total	41.0			8.7	2.0	0.8	52.6	45.7	87	37.8	91
Other regional operations											
1303 European Regional Development Fund	15.0					0.0	15.0	15.0	100	15.0	100
Sub-total	15.0					0.0	15.0	15.0	100	15.0	100
Transport											
0601 Administrative expenditure of policy area	1.2			0.3			1.4	0.9	61	0.8	85
0602 Inland, air and maritime transport	51.0	5.5	3.1	27.8	1.4	0.7	84.0	75.6	90	38.5	83
0649 Expenditure on administrative management											
Sub-total	52.2	5.5	3.1	28.1	1.4	0.7	85.5	76.4	89	39.3	83
Other measures concerning fisheries and the sea											
1101 Administrative expenditure of policy area	0.3			0.1			0.3	0.3	85	0.3	94
1104 Governance of the common fisheries policy	1.9			0.3			2.2	2.1	92	1.5	80
1107 Fisheries conservation, control and enforcement	41.1			0.9	35.7		77.6	68.0	88	63.2	94
1149 Expenditure on administrative management											
Sub-total	43.2			1.3	35.7		80.2	70.3	88	65.0	94
Education, vocational training and youth											
1501 Administrative expenditure of policy area	15.8			1.8	2.2	5.3	25.1	20.4	81	19.5	81
1502 Education	261.7			66.2	25.8	63.8	417.5	382.5	92	329.9	95
1503 Vocational training	189.3			38.5		46.5	274.3	246.1	90	218.6	93
1504 Culture and language						0.1	0.1				
1505 Audiovisual policy and sport	7.7			0.6		0.2	8.4	8.1	96	5.4	97
1507 Youth	69.9			25.7		18.5	114.1	103.6	91	98.0	94
1549 Expenditure on administrative management											
Sub-total	544.3			132.8	28.0	134.4	839.5	760.7	91	671.4	94
Culture and audiovisual media											
1501 Administrative expenditure of policy area	6.9			0.5	0.3	0.6	8.3	7.9	95	7.4	95
1504 Culture and language	31.3			3.7		5.8	40.8	37.4	92	35.2	86
1505 Audiovisual policy and sport	79.4			9.5	-0.3	44.8	133.4	99.8	75	87.8	88
1549 Expenditure on administrative management											
Sub-total	117.6			13.7		51.2	182.5	145.1	80	130.3	88
Information and communication											
0102 Economic and monetary union	4.0			2.0		0.0	6.0	2.8	46	1.7	56
1501 Administrative expenditure of policy area		0.1			1.6	0.1	1.6	1.1	70	1.3	88
1502 Education					3.8	0.1	3.9	3.1	78	4.0	92
1506 Dialogue with the citizens		0.1			5.7	0.1	5.7	5.1	89	8.8	93
1549 Expenditure on administrative management											
1601 Administrative expenditure of policy area	4.3			0.2			4.5	2.1	48	2.2	48
1602 Provision of information to the media	10.5			0.4	2.0	0.0	12.9	11.0	86	11.3	92

(million EUR)

Payments															Stock of RAL	Payments		Cumulative decommitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments				
							Amount	%	Amount	%								
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)			
76.3						47.9	47.9	100	80.8	100	227.6	198.5	44.6	3.3	-6.8			
3.0			-2.6		-28.4	0.4	0.4	100	4.0	100	1.0	0.1	0.4		-0.5			
155.7			-0.8		-31.3	0.3	124.0	96.8	78	145.4	90	314.7	290.9	77.9	18.9	-13.4		
69.0						69.0	39.6	57	89.0	100	69.0	29.4	39.6					
69.0						69.0	39.6	57	89.0	100	69.0	29.4	39.6					
0.5			1.1			1.6	0.7	42				0.5		0.7				
2 641.6			156.8		-21.9	2 783.9	2 642.1	95	2 195.1	100	6 847.8	9 734.3	2 376.4	265.7	-99.6			
2 642.1			157.9		-21.9	2 785.5	2 642.8	95	2 195.1	100	6 847.8	9 734.8	2 376.4	266.4	-99.6			
28 962.4		176.5	5 559.9		-71.7	8.0	34 635.1	99	28 527.8	90	69 273.6	73 284.8	30 969.4	3 228.9	-2 624.0			
0.1						0.1	11.4	94	10.3	49	27.4	14.0	11.4		-2.5			
13.0					-1.4	0.5	12.1	91	14.6	91	12.1	12.7	11.1	3.5	-0.4			
16.2			0.0		-0.3	0.2	16.1	91	14.6	91	12.1	12.7	11.1	3.5	-0.4			
23.8			5.0		-2.9	0.1	26.0	90	19.5	78	20.8	25.6	12.9	10.7	-1.3			
0.0						0.0		100										
2.0						2.0	0.1	3	0.3	11	2.1	1.4	0.1		-0.6			
55.0			5.0		-4.5	0.8	56.3	49.6	88	44.7	69	62.3	53.7	35.4	14.1	-4.8		
15.0		12.0				0.0	27.0	56	3.2	21	15.0	15.0	15.0					
15.0		12.0				0.0	27.0	15.0	56	3.2	21	15.0	15.0	15.0				
1.2			0.3			1.4	0.1	9	0.4	63		0.7		0.1				
49.9	4.5		12.4		-7.1	0.3	55.4	75	26.7	81	48.0	79.0	15.2	26.2	-3.1			
0.3					0.2	0.6	0.4	75	0.1	58	0.6	0.4	0.4		-0.1			
51.4	4.5		12.6		-6.9	0.3	57.4	73	27.2	80	48.5	79.7	15.6	26.4	-3.3			
0.3			0.1			0.3	0.2	65	0.3	91		0.1		0.2				
2.1			0.2			2.2	1.4	63	1.2	62	0.9	1.4	0.6	0.8	-0.2			
74.9			0.9		-18.8	57.0	36.7	64	32.9	48	135.5	150.7	23.5	13.2	-16.2			
0.1						0.1	0.0	43			0.2	0.0	0.0		-0.1			
77.3			1.2		-18.8	59.7	38.3	64	34.4	48	136.6	152.2	24.2	14.2	-16.4			
15.8			1.8		2.2	6.6	7.2	27	2.7	68	1.4	14.5	0.7	6.5	-0.1			
252.0			40.0		38.5	80.9	411.4	88	303.8	90	165.5	173.2	56.3	306.6	-11.8			
177.3			23.0		5.0	74.0	279.3	88	191.9	81	271.8	256.0	94.3	152.5	-15.2			
					0.1	0.1	0.3	4	0.1	9	0.6	0.4	0.0		-0.2			
6.1			0.6		0.7	0.1	7.5	89	2.1	83	3.2	4.7	2.1	4.5				
70.0			14.1		-0.5	28.7	112.3	84	90.4	84	75.7	80.7	26.7	67.5	-4.3			
10.5					0.2	0.2	11.0	86	16.4	80	14.2	3.9	9.4		-0.8			
531.7			79.4		46.3	190.7	848.1	86	607.5	86	532.5	533.4	189.6	537.7	-32.5			
6.9			0.5		0.3	0.9	8.6	44	2.3	86	0.3	4.4	0.1	3.7	0.0			
25.3			1.8		10.0	9.4	46.5	87	40.5	84	46.2	39.0	19.1	21.6	-3.9			
67.6			1.9		0.7	44.5	114.7	69	77.0	71	118.4	121.5	53.5	25.3	-17.9			
2.8					0.9	0.1	3.8	89	3.3	74	4.9	1.1	3.3		-0.5			
102.6			4.2		11.9	54.9	173.6	73	123.1	75	169.8	166.1	76.0	50.6	-22.3			
1.0		1.3	2.0		-1.4	0.0	2.9	57	4.8	40	1.4	1.9	0.7	1.0	-0.6			
					1.6	0.1	1.6	46	0.7	79		0.4		0.7				
1.9			0.1		1.8	0.1	3.9	97	3.1	85	4.6	3.9	1.4	2.4				
4.3	0.1				2.9	0.1	7.3	82	7.8	93	6.7	4.4	3.5	2.5	-1.4			
0.1					0.4		0.5	80	0.3	74	0.8	0.2	0.4		-0.2			
4.3			0.2			4.5	0.3	7	0.5	37		1.8		0.3				
8.7			0.1		2.3	0.0	11.1	89	7.7	75	13.4	14.0	6.8	3.2	-0.6			

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
1603 Analysis of public opinion trends	16.7					0.1	16.8	12.4	74	13.0	81
1604 Integrated management of means of communication	14.4			3.7		0.0	18.1	12.8	71	9.2	89
1605 Coordination of information relays and networks	14.4			2.7		0.4	17.5	9.0	52	11.1	75
1649 Expenditure on administrative management											
1808 Policy strategy and coordination	1.8			1.2			3.0	3.0	100	2.9	97
1902 Multilateral relations and general external relations matters										5.6	83
2204 Information and communication strategy	16.5					0.1	16.6	15.5	93	19.8	94
2503 Governance and institutional development	4.5						4.5	4.3	96	6.4	53
Sub-total	87.0	0.2		10.2	13.0	0.9	111.1	82.3	74	97.1	82
Social dimension and employment											
0401 Administrative expenditure of policy area	2.1			0.4	0.6	0.0	3.1	2.0	62	2.7	85
0402 Employment and European Social Fund	15.5			1.5		0.8	17.8	16.3	91	14.8	99
0403 Work organisations and working conditions	60.1			7.7		2.2	70.0	66.6	95	62.9	96
0404 Promoting an inclusive society	23.3			3.1	1.0	2.1	29.5	27.0	92	21.6	85
0405 Equal opportunities for women and men	9.7			1.2		1.6	12.5	10.9	87	9.1	93
0449 Expenditure on administrative management											
1701 Administrative expenditure of policy area	6.6			0.8	-3.4	0.2	4.2	3.7	89	1.9	63
1703 Public health	45.6			5.7	3.4	5.9	60.6	57.2	94	50.7	94
1704 Food safety, animal and plant health, animal welfare and plant health	26.9			2.1		0.1	29.1	29.1	100	13.1	100
1749 Expenditure on administrative management											
2601 Administrative expenditure of policy area	0.2						0.2				
Sub-total	190.0			22.7	1.6	12.9	227.1	212.9	94	176.8	94
Energy											
0601 Administrative expenditure of policy area	1.1			2.2		0.1	3.3	1.3	40	0.5	75
0604 Conventional and renewable energies	49.8			12.8		3.9	66.6	64.0	96	53.1	96
0605 Nuclear energy				138.0			138.0	138.0	100		
0649 Expenditure on administrative management											
Sub-total	50.9			153.0		4.0	207.9	203.3	98	53.5	96
Euratom nuclear safeguards											
0601 Administrative expenditure of policy area	0.2			0.0			0.2	0.0	10	0.1	31
0605 Nuclear energy	19.1			3.8		0.1	23.0	16.0	70	13.0	70
0649 Expenditure on administrative management											
Sub-total	19.3			3.8		0.1	23.2	16.0	69	13.1	69
Environment											
0104 Financial operations and instruments				2.5			2.5				
0601 Administrative expenditure of policy area	0.5						0.5	0.0	7		
0605 Nuclear energy	0.6						0.6	0.3	42		
0649 Expenditure on administrative management										5.2	79
0701 Administrative expenditure of policy area	11.1		0.1	2.4	0.0	0.2	13.8	12.3	89	6.4	97
0703 Environmental programmes and projects	157.1		13.0	12.0	17.0	7.1	206.2	198.6	96	152.7	88
0704 Implementation of environment policy	31.5		0.2	9.7	0.5	2.4	44.3	40.8	92	26.9	99
0705 Development of new policy initiatives	8.2					0.2	8.4	6.6	78	12.7	76
0749 Expenditure on administrative management										0.1	100
1005 Historical liabilities resulting from nuclear activities	16.0					0.1	16.1	15.9	99	13.0	100
Sub-total	224.9		13.4	26.6	17.5	10.0	292.4	274.5	94	217.0	89
Consumer policy and consumer health protection											
1701 Administrative expenditure of policy area					1.1	0.0	1.2	1.0	85	0.7	96
1702 Consumer policy	17.0			2.1		0.6	19.7	17.5	89	22.3	100
1749 Expenditure on administrative management											
Sub-total	17.0			2.1	1.1	0.7	20.9	18.5	89	23.0	99
Aid for reconstruction											
0104 Financial operations and instruments	0.3						0.3	0.3	100	0.6	100
Sub-total	0.3						0.3	0.3	100	0.6	100

(million EUR)

Payments															Stock of RAL	Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments				
							Amount	%	Amount	%								
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)			
14.1					0.1	14.2	13.5	95	10.1	73	10.0	6.1	6.1	7.4	-2.9			
13.5			1.3	-2.0	0.0	12.9	9.1	70	6.5	74	7.1	9.9	5.8	3.3	-0.9			
12.9			1.8	-3.0	0.4	12.1	8.3	69	11.2	88	4.7	4.8	1.2	7.1	-0.7			
2.9						2.9	1.6	56	1.6	58	2.0	0.0	1.6		-0.4			
2.7			0.8			3.5	2.8	79	2.3	77	1.5	1.7	1.0	1.8	0.0			
									3.8	63								
19.0				-5.4	0.1	13.7	8.5	62	12.5	73	20.3	23.6	8.5		-3.7			
10.0						10.0	5.9	59	3.0	38	6.4	3.9	5.0	0.9	-0.9			
95.3	0.2	1.3	6.4	-2.9	0.9	101.0	72.4	72	75.7	70	78.9	76.6	41.9	30.5	-12.2			
2.1			0.4	0.6	0.0	3.1	0.7	22	0.0	44		1.3		0.7				
13.9			0.5	1.5	0.8	16.7	15.3	92	10.4	89	14.1	12.2	7.5	7.8	-2.9			
59.2			4.9	0.8	2.2	67.2	55.0	82	57.1	93	30.2	36.4	9.7	45.3	-5.4			
22.0			1.4	-5.5	1.9	19.7	15.0	76	16.2	77	27.2	37.0	11.1	4.0	-2.2			
10.3			0.6	-2.3	1.5	10.1	7.8	77	7.7	77	14.1	16.1	4.2	3.6	-1.1			
2.0				0.2	0.0	2.3	1.2	54	2.1	69	2.4	0.8	1.2		-0.4			
6.6			0.8	-3.4	0.2	4.2	0.7	17				3.0		0.7				
57.5			1.7	-22.8	7.2	43.6	26.2	60	31.3	67	87.8	114.4	25.4	0.7	-4.4			
25.8			2.0		0.1	27.9	22.6	81	10.8	87	3.0	9.3		22.6	-0.2			
2.8				-0.1	0.1	2.7	0.7	24	1.4	41	1.5	0.8	0.7					
0.2						0.2												
202.4			12.4	-31.1	14.0	197.8	145.2	73	137.1	81	180.1	231.2	59.8	85.4	-16.6			
1.1			2.2		0.1	3.3	0.6	19				0.7		0.6				
38.1			0.2	-20.0	6.6	24.9	17.3	69	31.1	79	92.2	135.1	17.3		-3.8			
0.4			138.0	0.2		138.6	51.3	37	0.1	32	0.6	87.3	0.5	50.8				
0.4				0.1		0.5	0.3	71	0.3	59	0.5	0.1	0.3		-0.1			
40.0			140.3	-19.8	6.7	167.2	69.5	42	31.5	78	93.4	223.3	18.1	51.4	-3.9			
0.2			0.0			0.2						0.0						
18.8			2.1	-0.7	0.1	20.3	10.9	54	10.7	58	14.6	18.7	6.7	4.2	-0.9			
0.2				0.0		0.2	0.1	41	0.1	54	0.1	0.0	0.1		0.0			
19.2			2.1	-0.7	0.1	20.7	11.0	53	10.8	58	14.7	18.8	6.8	4.2	-0.9			
			1.0			1.0												
0.5						0.5						0.0						
0.5						0.5						0.3						
11.1		0.1	2.4	0.0	0.2	13.8	3.5	25	1.1	66	0.1	8.9	0.0	3.5				
141.1		8.0	5.6	7.0	13.0	174.7	118.4	68	110.5	71	292.3	358.0	58.0	60.5	-14.4			
30.0			9.2	-0.7	2.4	40.9	38.0	93	27.5	99	20.5	17.8	11.2	26.9	-5.6			
9.2				-3.6	0.2	5.9	5.2	89	12.7	72	10.2	11.4	4.5	0.7	-0.2			
7.5				1.5		8.9	8.6	97	8.4	79	12.0	2.4	8.6		-0.9			
13.0					0.1	13.1	12.3	94	9.5	77	16.7	20.1	8.5	3.8	-0.1			
212.7		8.2	18.2	4.2	16.0	259.2	186.1	72	169.7	75	351.7	418.9	90.8	95.3	-21.2			
				1.1	0.0	1.2	0.1	10				0.9		0.1				
19.5			0.8	-1.8	0.6	19.2	15.5	81	16.0	81	28.2	27.5	14.1	1.4	-2.6			
0.6				0.0	0.0	0.6	0.6	93	0.4	60	0.9	0.1	0.6		-0.2			
20.1			0.8	-0.7	0.7	20.9	16.2	77	16.4	80	29.0	28.5	14.7	1.5	-2.9			
0.3						0.3	0.3	100	0.6	100				0.3				
0.3						0.3	0.3	100	0.6	100				0.3				

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
Internal market											
0201 Administrative expenditure of policy area	2.6						2.6	2.2	83	1.8	77
0202 Encouraging entrepreneurship						0.0	0.0				
0204 Getting still more from the internal market	52.7		0.1	7.0	1.5	4.8	66.0	56.6	86	45.5	90
0205 Competitiveness and sustainable development	7.0		0.0	1.9	-1.5	0.2	7.7	4.8	63	6.3	85
0249 Expenditure on administrative management											
0303 Mergers, antitrust and market liberalisation and cartels						0.8	0.8	0.4	54		
0814 Enhancement of the European industrial potential	9.0			6.0			15.0	15.0	100		
0901 Administrative expenditure of policy area	0.7			0.1	0.3	0.0	1.0	0.8	80	0.6	81
0902 Electronic communication policy	3.7			0.4	-2.3	0.0	1.9	1.8	96	2.9	63
0903 eEurope	24.6	0.7	6.3	3.0	6.7	2.7	43.1	36.5	85	28.4	75
0949 Expenditure on administrative management											
1201 Administrative expenditure of policy area	1.4			0.3		0.0	1.7	1.0	57	1.9	96
1202 Policy strategy and coordination	7.6		2.0	2.0		0.2	11.8	7.1	60	4.6	64
1249 Expenditure on administrative management											
1401 Administrative expenditure of policy area	0.2					0.0	0.2	0.0	4		
1402 Policy strategy and coordination	2.9					0.0	2.9	1.0	34	0.9	64
1404 Customs policy	23.5			5.0		0.4	28.9	22.2	77	22.9	89
1405 Taxation policy	14.0			4.5		0.4	18.8	14.0	75	11.3	87
1449 Expenditure on administrative management											
2002 Trade policy	1.0			0.4			1.4	1.1	76	0.3	64
2202 Pre-accession assistance instruments										16.7	98
2602 Multimedia production	21.1			7.3		2.3	30.7	30.5	99	22.0	90
Sub-total	171.9	0.7	8.4	37.8	5.5	11.0	234.6	194.9	83	165.9	85
Industry											
0813 Research programme of the Research Fund for Coal and Steel						60.2	60.2	58.9	98	59.8	100
1303 European Regional Development Fund											
Sub-total						60.2	60.2	58.9	98	59.8	100
Labour market and technological innovation											
0104 Financial operations and instruments	71.0			20.0	4.0	4.9	99.9	99.5	100	90.9	98
0201 Administrative expenditure of policy area	6.7					2.1	8.7	7.1	81	6.4	80
0202 Encouraging entrepreneurship	24.4		5.0	7.5	-4.0	7.0	39.8	25.4	64	31.4	74
0249 Expenditure on administrative management											
0401 Administrative expenditure of policy area	1.8					0.0	1.8	1.4	74	1.9	95
0402 Employment and European Social Fund	10.5			1.9		0.8	13.2	9.2	70	7.2	85
0449 Expenditure on administrative management										0.1	100
Sub-total	114.3		5.0	29.4		14.7	163.4	142.5	87	137.9	90
Statistical information											
2504 Preparatory action to encourage account to be taken of demographic change in European and national policies	0.9			0.2			1.0	0.7	65		
2901 Administrative expenditure of policy area	3.7					0.1	3.7	3.6	98	3.7	86
2902 Production of statistical information	27.9	1.9	1.7	4.1	3.7	4.6	42.0	27.1	64	20.5	60
2949 Expenditure on administrative management											
Sub-total	32.4	1.9	1.7	4.2	3.7	4.7	46.7	31.3	67	24.2	63
Trans-European networks											
0104 Financial operations and instruments										18.0	100
0201 Administrative expenditure of policy area	0.8					0.4	1.1	0.5	47	0.6	52
0202 Encouraging entrepreneurship	24.3		1.0	1.5		2.3	29.0	22.0	76	17.7	73
0249 Expenditure on administrative management											
0601 Administrative expenditure of policy area	4.1					4.1	4.1	3.3	82	3.4	85
0603 TEN	635.1		3.0	54.2	3.2	1.2	696.7	690.5	99	628.1	99
0649 Expenditure on admin. management											
0901 Administrative expenditure of policy area	0.5			0.1	0.2		0.7	0.6	83	0.5	82
0903 eEurope	38.5			4.6	4.6	0.2	47.9	47.7	100	38.2	99
0949 Expenditure on administrative management											
2901 Administrative expenditure of policy area	0.5					0.1	0.6	0.1	18	0.4	48
2902 Production of statistical information	8.3	0.6	0.1	0.8	1.1	0.2	10.4	6.1	59	6.7	89
2949 Expenditure on administrative management											
Sub-total	712.0	0.6	4.1	61.1	9.1	4.2	790.5	770.9	98	713.5	98

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
2.6						2.6	0.1	5	0.3	56		2.0		0.1		
						0.0			0.0	100	0.7	0.4			-0.3	
55.7			4.6	-4.4	4.8	60.6	47.3	78	46.6	86	32.1	37.8	13.5	33.8	-3.6	
8.1			0.7	-2.4	0.2	6.6	4.6	69	4.7	57	4.8	4.7	3.0	1.5	-0.3	
1.5				0.9		2.4	2.0	84	0.9	55	2.4	0.3	2.0		-0.1	
				0.8		0.8	0.2	24				0.3		0.2		
6.0			4.0			10.0	9.4	94				5.6		9.4		
0.7			0.1	0.3	0.0	1.0	0.5	48	0.1	47		0.3		0.5		
3.8			0.2	-0.5	0.0	3.5	2.7	78	2.1	64	3.6	2.5	2.4	0.3	-0.1	
29.1	0.2		2.0	1.3	3.1	35.4	26.5	75	22.5	78	49.7	57.1	21.5	5.0	-2.6	
0.4					0.0	0.5	0.1	20	0.4	78	0.4	0.1	0.1		-0.2	
1.4			0.3		0.0	1.7	1.7					1.0				
6.4			1.2		0.1	7.6	2.7	36	6.5	67	4.7	7.4	2.2	0.6	-1.7	
1.5						1.5	0.7	45	1.0	48	1.3	0.5	0.7		-0.1	
0.2					0.0	0.2			0.1	60		0.0				
3.3				-1.6	0.0	1.7	0.5	30	1.3	67	1.4	1.9	0.5	0.0		
24.3			1.8	-2.8	0.6	23.8	19.0	80	18.5	77	30.1	28.2	15.3	3.7	-5.1	
12.6			1.7	-3.5	0.4	11.1	9.0	81	6.5	75	15.0	16.6	4.9	4.0	-3.4	
0.1						0.1	0.0	44			0.2	0.1	0.0		-0.1	
1.0			0.4			1.4	0.7	49	0.5	67	0.8	1.1	0.6	0.1	0.0	
17.0				1.0		18.0	17.3	96	12.4	92	32.2	14.4	17.3		-0.5	
23.0			7.0	-9.5	2.3	22.8	20.9	92	18.2	68	6.7	16.2	5.3	15.6	-0.1	
198.6	0.2		23.8	-20.5	11.5	213.3	164.1	77	142.4	77	185.9	198.5	89.4	74.7	-18.2	
					49.7	49.7	39.4	79			59.8	79.3	23.9	15.5		
				2.1		2.1	2.1	100	25.1	41	2.6	0.1	2.1		-0.4	
				2.1	49.7	51.8	41.5	80	25.1	41	62.4	79.4	26.0	15.5	-0.4	
79.1					4.1	83.2	79.9	96	87.0	84	257.9	232.8	79.5	0.4	-44.9	
6.7					2.1	8.7	3.9	44	4.2	78	0.0	3.3		3.9		
30.8			2.8	-7.0	9.8	36.4	22.1	61	18.5	45	43.3	37.9	14.3	7.8	-8.7	
2.0				-0.1	0.0	1.9	1.2	60	2.1	78	2.5	0.8	1.2		-0.6	
1.8					0.1	1.9	0.6	33				0.7		0.6		
10.3		3.2	0.9		0.9	15.3	7.4	48	8.8	57	13.0	12.8	6.7	0.7	-2.1	
1.6					0.0	1.6	1.2	72	0.8	44	2.1	0.8	1.2		-0.1	
132.3		3.2	3.7	-7.1	17.0	149.1	116.1	78	121.3	69	318.9	289.0	102.8	13.3	-56.3	
0.6			0.1	-0.4		0.4						0.7				
3.7					0.1	3.7	2.3	63				1.3		2.3		
26.7	4.9		0.7	-1.0	4.5	31.0	20.7	67	26.0	81	36.6	40.9	19.2	1.5	-2.2	
1.5				-1.1	0.0	0.4	0.2	69	3.6	82	0.8	0.1	0.2		-0.5	
32.4	4.9		0.8	-2.5	4.6	35.4	23.2	66	29.6	81	37.4	42.9	19.4	3.8	-2.6	
									25.0	100						
0.8					0.4	1.1	0.2	16	0.5	34		0.3		0.2		
26.5			0.6	-1.5	2.3	27.9	19.7	71	21.9	84	29.0	30.2	17.7	2.0	-1.1	
0.5					0.0	0.5	0.3	49			0.5	0.2	0.3		-0.1	
4.1					4.1	0.4	0.4	9				3.0		0.4		
698.0			28.0	-100.0	1.2	627.2	594.3	95	550.9	93	1 233.3	1 305.0	420.0	174.3	-24.4	
4.1				-1.3	2.9	2.5	87	2.8	82		3.3	0.6	2.5		-0.2	
0.5			0.1	0.2	0.7	0.4	62					0.1		0.4		
29.2			2.8	-0.2	0.2	32.0	24.4	76	25.0	86	69.4	90.0	23.7	0.7	-2.8	
0.3					0.3	0.2	53	0.5	90		0.3	0.0	0.2		-0.1	
0.5					0.1	0.6	0.0	3				0.1		0.0		
7.6	1.4		0.1		0.2	7.9	5.9	75	4.7	75	10.4	9.8	5.7	0.2	-0.8	
0.6				-0.5	0.2	0.0	12	0.2	42		0.3	0.1	0.0		-0.1	
772.6	1.4		31.6	-103.2	4.3	705.3	648.2	92	631.6	92	1 346.4	1 439.4	470.0	178.2	-29.6	

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
Area for freedom, security and justice											
0401					1.1	0.0	1.2	0.6	56	0.7	90
0404	26.3			2.5	0.2	1.2	30.1	27.8	92	31.7	97
0449											
0901		0.0			0.2		0.2	0.1	35	0.2	95
0903	6.5			0.8		0.2	7.5	7.5	99	6.4	100
0949											
1801	1.8	0.2			0.2	0.0	2.0	0.9	43	1.4	79
1802				13.0			13.0	13.0	100		
1803	68.3	9.8		4.2		2.2	74.7	71.0	95	54.8	97
1804	1.5				7.6	0.2	9.2	8.9	97	4.6	96
1805											
	16.4			3.5		0.2	20.0	16.8	84	8.9	76
1806	11.8			2.1		0.0	13.8	12.9	94	10.7	93
1807	9.4			2.3		1.1	12.8	11.7	91	9.3	89
1808	9.7			2.4	5.0	0.1	17.2	15.1	88	4.5	80
1849											
1904	7.0				0.0		7.0	7.0	100	6.0	99
2201				0.8			0.8	0.8	100		
2202				2.5			2.5	2.5	100		
2203				21.2			21.2	14.2	67		
	Sub-total	158.6	10.0	55.3	14.3	5.1	233.3	210.8	90	139.1	94
Measures to combat fraud											
2402	9.9			2.2			12.1	11.1	92	6.7	94
	Sub-total	9.9		2.2			12.1	11.1	92	6.7	94
Transition facility for institution-building after accession											
2201				6.0			6.0				
2203				196.0			196.0	192.6	98		
	Sub-total			202.0			202.0	192.6	95		
External borders, visa policy and free movement of people											
1802				317.0			317.0	316.2	100		
	Sub-total			317.0			317.0	316.2	100		
EU Solidarity Fund											
1306				21.0			21.0	21.0	100	104.8	100
	Sub-total			21.0			21.0	21.0	100	104.8	100
Performance facility											
0450	0.6						0.6				
0650	0.8						0.8				
0750	1.2						1.2				
0950	0.1						0.1				
1150	0.0						0.0				
1250	0.2						0.2				
1450	0.0						0.0				
1650	0.3						0.3				
1850	0.2						0.2				
2950	0.5						0.5				
	Sub-total	3.9					3.9				
Research and technological development											
0201	6.5			0.7	-1.5	0.1	5.8	5.7	98	6.4	100
0203	60.0			6.6	-5.4	10.0	71.3	61.3	86	68.8	100
0249											
0601	11.8			1.4	-2.2	0.2	11.3	10.9	97	10.4	88
0606	199.0		19.3	22.1	2.2	30.0	272.5	235.2	86	228.3	97
0649											
0801	180.3			8.0	-8.9	3.2	182.7	181.8	100	170.1	100
0802	556.4			63.6	1.4	13.6	634.9	634.9	100	514.7	100
0803											
	302.7			34.8		7.4	344.9	344.9	100	288.8	100

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
					1.1	0.0	1.2	0.2	14			0.5		0.2		
30.8			1.7	-2.3	1.3	31.4	24.9	79	26.9	89	21.5	21.2	12.7	12.2	-3.2	
				0.6		0.6	0.5	84	0.5	66	0.6	0.2	0.5		0.0	
	0.0			0.2		0.2	0.1	35				0.0		0.1		
10.3			0.3	-1.9		9.0	7.3	82	3.8	55	13.7	12.6	5.9	1.4	-1.2	
0.5						0.5	0.4	83			0.4	0.0	0.4		0.0	
1.8	0.2			0.2		2.0	0.4	20	0.5	47		0.5		0.4		
			6.5			6.5	6.5	100				6.5		6.5		
62.0	9.8	10.5	2.0	-12.0	2.2	64.6	37.1	57	35.5	58	68.4	101.3	15.1	22.0	-0.9	
7.0				3.8	0.2	11.0	2.8	25	7.4	82	8.6	14.1	2.6	0.2	-0.6	
			1.9		0.2	22.0	7.5	34	6.1	49	18.3	23.3	2.6	4.9	-4.4	
13.0			1.6		0.0	14.6	11.3	78	9.0	68	7.6	6.2	1.5	9.8	-3.0	
9.4		0.5	2.3	0.3	1.1	13.6	11.9	88	9.7	84	0.7	0.3	0.2	11.7	-0.2	
6.8			1.1	2.5	0.1	10.5	0.8	8	4.0	68	6.4	20.6	0.5	0.3	0.0	
1.3						1.3	0.7	56	0.5	51	1.6	0.7	0.7		-0.2	
10.0						10.0	4.7	47	4.1	72	12.1	14.4	4.7	0.0		
			0.8			0.8	0.6	75				0.2		0.6		
			1.5			1.5	1.5	100				1.0		1.5		
			10.6	-5.6		5.0	0.0	0				14.2		0.0		
172.8	10.0	10.9	30.2	-13.1	5.2	206.0	119.1	58	108.1	68	159.8	237.7	47.3	71.8	-13.8	
9.1			1.8		0.1	10.9	5.5	51	4.1	62	5.9	10.8	3.3	2.2	-0.7	
9.1			1.8		0.1	10.9	5.5	51	4.1	62	5.9	10.8	3.3	2.2	-0.7	
			6.0			6.0										
			32.0	-22.0		10.0						192.6				
			38.0	-22.0		16.0						192.6				
			317.0			317.0	316.2	100						316.2		
			317.0			317.0	316.2	100						316.2		
			56.3	21.0		77.2	77.2	100	48.5	46	56.3		56.3	21.0		
			56.3	21.0		77.2	77.2	100	48.5	46	56.3		56.3	21.0		
0.6						0.6										
0.8						0.8										
1.2						1.2										
0.1						0.1										
0.0						0.0										
0.2						0.2										
0.0						0.0										
0.3						0.3										
0.2						0.2										
0.5						0.5										
3.9						3.9										
6.5			0.7	-1.5	0.1	5.8	3.3	57	4.4	70		2.4		3.3		
92.7			1.9	-25.7	7.9	76.8	50.6	66	71.2	85	151.2	157.6	40.0	10.7	-4.2	
1.2				0.2	0.0	1.4	0.8	56			2.1	1.2	0.8		-0.1	
11.8			1.4	-2.2	0.2	11.3	7.5	66	7.9	67		3.4		7.5		
207.8		15.8	0.6	-22.3	57.3	259.1	181.3	70	165.4	89	549.8	564.0	126.2	55.1	-39.8	
0.7				1.0	0.0	1.7	1.5	87			2.5	0.2	1.5		-0.8	
180.3			8.0	-8.9	3.2	182.7	144.7	79	140.4	78		37.1		144.7		
231.9			18.4	19.6	5.9	275.8	275.1	100	69.5	99	445.2	805.0	75.1	200.0		
115.5			5.6	24.4	3.2	148.7	148.3	100	33.2	100	255.6	451.6	79.7	68.6	-0.5	

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
0804 Aeronautics and space	200.2			23.4		4.9	228.5	228.5	100	196.4	92
0805 Food quality and safety	159.5			18.1		3.9	181.5	181.5	100	152.1	100
0806 Sustainable development, global change and the ecosystem	355.2			46.0		8.8	410.0	409.9	100	252.4	100
0807 Citizens and governance in a knowledge-based society	52.4			6.0		1.3	59.7	59.7	100	55.2	100
0808 Specific measures covering a wider field of research	260.2			47.5	7.5	7.0	322.2	322.1	100	173.3	100
0809 Strengthening the foundations of the European research area	67.7			7.8		1.7	77.2	77.1	100	72.8	100
0810 Structuring the European research area	490.6			55.7	6.9	12.1	565.3	565.3	100	487.3	100
0811 Research and training actions under the Euratom Treaty	195.4			25.6	0.0		221.0	221.0	100	190.1	100
0812 Completion of previous framework programmes						309.4	309.4	168.7	55	92.4	37
0849 Expenditure on administrative management											
0901 Administrative expenditure of policy area	68.7			7.7	-5.1	1.6	72.8	72.2	99	69.7	100
0904 Research and technological development	873.8			97.4	5.1	131.5	1 107.9	1 032.5	93	936.7	100
0949 Expenditure on administrative management											
1001 Administrative expenditure of policy area	227.7			25.2		9.5	262.4	258.8	99	238.6	98
1002 Sixth framework programme — EC	26.2			2.9	0.0	49.2	78.2	34.7	44	28.6	90
1003 Sixth framework programme — Euratom	6.2			0.7		4.3	11.2	7.8	69	6.9	88
1004 Completion of previous framework programmes						161.9	161.9	10.8	7	27.3	19
1049 Expenditure on administrative management											
1101 Administrative expenditure of policy area	1.6			0.2		0.1	1.9	1.4	77	1.3	90
1105 Fisheries research	10.5			1.1		2.7	14.3	12.1	85	12.4	100
1149 Expenditure on administrative management											
Sub-total	4 312.5		19.3	502.5	0.0	774.2	5 608.6	5 138.7	92	4 280.9	93
TOTAL INTERNAL POLICIES	6 918.3	18.9	54.9	1 635.4	132.9	1 090.0	9 831.3	9 010.0	92	7 172.7	93
4. EXTERNAL ACTION											
Food aid and support operations											
2101 Administrative expenditure of policy area	14.6					0.1	14.7	11.1	75	8.0	76
2102 Development cooperation policy and sectorial strategies	404.4					8.7	413.1	409.2	99	430.5	99
2149 Expenditure on administrative management						2.7	2.7	0.2	7		
Sub-total	419.0					11.6	430.6	420.5	98	438.5	99
Humanitarian aid											
2301 Administrative expenditure of policy area	8.0				-1.6		6.4	6.3	99	4.8	93
2302 Humanitarian aid	482.0				25.0	4.8	511.8	511.8	100	581.5	100
2349 Expenditure on administrative management											
Sub-total	490.0				23.4	4.8	518.2	518.1	100	586.3	100
Cooperation with Asian developing countries											
1901 Administrative expenditure of policy area	25.0				-1.5	0.1	23.6	20.8	88	20.2	85
1910 Relations with Asia	562.1				29.0	23.6	614.7	590.4	96	537.8	100
1949 Expenditure on administrative management						0.0	0.0			0.0	100
Sub-total	587.1				27.5	23.7	638.4	611.1	96	558.0	99
Cooperation with Latin American developing countries											
1901 Administrative expenditure of policy area	18.6				-3.1		15.5	15.2	98	13.2	87
1909 Relations with Latin America	283.6				11.4	15.3	310.3	297.0	96	328.9	98
1949 Expenditure on administrative management						0.1	0.1			0.0	7
Sub-total	302.1				8.3	15.4	325.9	312.2	96	342.1	98
Cooperation with countries of southern Africa and South Africa											
2101 Administrative expenditure of policy area	2.5						2.5	2.4	94	1.5	100
2103 Relations with sub-Saharan Africa, the Caribbean, Pacific and Indian Ocean and overseas countries	131.5					24.0	155.5	132.7	85	125.4	99
2149 Expenditure on administrative management											
Sub-total	134.0					24.0	158.0	135.0	85	126.9	99
Cooperation with the Mediterranean third countries and the Middle East											
1901 Administrative expenditure of policy area	15.2				-1.9	0.2	13.5	13.3	98	14.6	95
1908 Relations with the Middle East and southern Mediterranean	952.8				35.9	7.4	996.0	990.0	99	767.9	100
1949 Expenditure on administrative management						0.6	0.6				
2202 Pre-accession assistance instruments											
Sub-total	968.0				34.0	8.2	1 010.2	1 003.3	99	782.4	99

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
67.9			3.2	27.7	2.2	101.0	101.0	100	36.1	62	166.8	294.4	49.0	52.0		
36.9			1.7	17.8	1.2	57.7	57.6	100	13.1	91	139.1	262.9	37.4	20.3		
145.9			9.2	-13.0	3.1	145.2	145.0	100	37.1	98	287.1	551.9	69.1	75.9	-0.1	
25.9			1.4	-5.6	0.5	22.2	22.2	100	1.8	100	53.3	90.8	21.3	0.9	-0.1	
159.2			8.0	35.7	4.5	207.4	206.3	99	26.5	100	234.8	350.6	102.6	103.7	0.0	
46.8			3.2	-22.5	0.6	28.1	27.8	99	37.1	97	36.2	85.3	2.4	25.4	-0.2	
239.2			14.2	-23.2	5.0	235.2	235.2	100	36.9	97	450.4	779.2	146.5	88.7	-1.2	
127.0			9.2	-72.7		63.5	63.5	100	93.2	100	96.9	254.4	21.4	42.0	0.0	
870.5				53.3	566.3	1 490.0	1 076.4	72	1 451.0	71	3 377.4	2 381.8	1 013.2	63.2	-88.0	
16.0					0.3	16.4	16.1	98			29.8	3.7	16.1		-10.1	
68.7			7.7	-5.1	1.6	72.8	61.1	84	60.4	86		11.1		61.1		
778.8			42.6	192.8	216.0	1 230.1	1 073.9	87	676.5	96	1 845.4	1 733.6	693.5	380.4	-70.4	
9.6				-0.7	0.2	9.1	7.0	77			9.3	0.3	7.0		-2.0	
227.7			25.2		10.4	263.3	223.0	85	199.2	95	0.7	36.5	0.4	222.6	0.0	
22.6			1.2	0.0	44.0	67.8	25.7	38	9.8	77	23.7	31.6	14.2	11.5	-1.1	
6.3			0.4		2.2	8.9	7.3	82	2.5	74	4.7	5.1	3.8	3.4	-0.1	
22.9				-7.2	133.0	148.7	28.5	19	84.2	44	52.2	27.8	25.5	3.0	-6.7	
17.1				7.2	0.3	24.6	23.1	94	6.5	83	32.2	7.4	23.1		-1.7	
1.6			0.2		0.1	1.9	1.0	55	1.1	58		0.4		1.0		
35.3			0.6	-2.4	5.4	38.9	29.9	77	15.1	93	61.4	42.6	22.7	7.1	-1.1	
0.3				-0.1		0.2	0.1	55			0.2	0.0	0.1		-0.1	
3 774.5		15.8	164.5	166.5	1 074.8	5 196.0	4 244.6	82	3 279.9	79	8 308.1	8 973.8	2 592.4	1 652.1	-228.5	
6 519.1	21.1	107.6	894.0	-1.7	1 452.0	8 970.9	7 255.1	81	5 672.5	79	12 193.6	13 461.3	3 994.6	3 260.5	-487.0	
14.6					0.1	14.7	5.7	39	5.5	68		5.4		5.7		
380.0				23.5	11.0	414.5	407.1	98	434.7	99	973.0	960.0	330.4	76.7	-15.1	
5.0				2.5	2.7	10.2	6.7	65	2.8	68	17.8	9.0	6.6	0.1	-2.3	
399.6				26.0	13.9	439.5	419.5	95	443.0	99	990.7	974.4	337.0	82.5	-17.4	
8.0				-1.6		6.4	3.1	48	3.2	100		3.3		3.1		
482.0				-19.6	45.4	507.7	491.6	97	512.1	92	388.4	380.8	205.3	286.2	-27.9	
3.0						3.0	2.6	87	1.1	52	5.7	1.3	2.6		-1.8	
493.0				-21.2	45.4	517.1	497.2	96	516.4	92	394.1	385.3	208.0	289.3	-29.7	
25.0				-1.5	0.1	23.6	14.3	61	12.5	81		6.5		14.3		
477.0				29.0	23.6	529.6	505.2	95	455.5	98	1 941.2	1 939.6	439.5	65.7	-86.8	
3.0				4.7	0.0	7.7	6.6	85	1.4	73	35.1	18.9	6.6		-9.6	
505.0				32.2	23.7	560.9	526.1	94	469.4	97	1 976.3	1 965.0	446.0	80.1	-96.4	
18.6				-3.1		15.5	9.6	62	8.6	43		5.7		9.6		
262.3				35.4	15.3	313.0	299.4	96	280.0	99	1 309.7	1 268.7	276.6	22.8	-38.5	
5.4					0.1	5.5	4.9	88	1.9	43	18.7	7.6	4.9		-6.2	
286.3				32.3	15.4	334.0	313.8	94	290.4	95	1 328.4	1 282.0	281.5	32.4	-44.7	
2.5						2.5	1.8	74	0.9	91		0.5		1.8		
150.0				-25.0	24.0	149.0	114.2	77	116.4	91	439.9	434.6	86.6	27.6	-23.9	
0.6						0.6	0.5	82	0.9	90	0.9	0.4	0.5			
153.1				-25.0	24.0	152.1	116.5	77	118.2	91	440.8	435.5	87.1	29.4	-23.9	
15.2				-1.9	0.2	13.5	10.2	76	14.5	87		3.1		10.2		
752.6				342.9	7.4	1 102.8	1 100.7	100	724.7	99	2 939.7	2 726.5	742.3	358.3	-102.6	
10.7				3.9	0.7	15.2	13.7	90	3.6	90	36.1	18.7	13.7		-3.8	
									5.2	57						
778.5				344.9	8.2	1 131.5	1 124.6	99	748.1	98	2 975.8	2 748.2	756.0	368.6	-106.4	

TABLE 6 (continued)

Heading	Commitments											
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		
								Amount	%	Amount	%	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
European Bank for Reconstruction and Development												
0103 International economic and financial questions												
Sub-total												
Assistance to partner countries in eastern Europe and central Asia												
0103 International economic and financial questions	25.2		5.5		-6.1		24.6	20.6	84	7.1	40	
1901 Administrative expenditure of policy area	26.3					0.2	26.5	20.8	79	20.5	88	
1906 Relations with eastern Europe, the Caucasus and central Asian republics	466.9				17.0	8.2	492.2	483.6	98	483.8	98	
1949 Expenditure on administrative management						0.0	0.0					
Sub-total	518.4		5.5		10.9	8.5	543.3	525.0	97	511.4	96	
Cooperation with the western Balkans countries												
0103 International economic and financial questions	65.0		45.0		-48.9		61.1	61.0	100	15.0	25	
1901 Administrative expenditure of policy area	17.5					0.0	17.5	14.4	82	12.5	80	
1907 Relations with the western Balkans	579.5				61.9	25.8	667.2	648.9	97	612.9	97	
1949 Expenditure on administrative management						0.0	0.0					
Sub-total	662.0		45.0		13.0	25.8	745.8	724.3	97	640.4	91	
Other cooperation measures												
1503 Vocational training	14.7				0.4	0.4	15.5	15.1	97	13.7	97	
1901 Administrative expenditure of policy area	4.2					4.2	4.2	2.8	66	2.5	98	
1902 Multilateral relations and general external relations matters	51.5				30.0	2.5	84.0	77.1	92	59.6	90	
1905 Relations with non-EU OECD countries	16.9				1.0	0.4	18.3	17.3	95	17.6	94	
1911 Policy strategy and coordination	12.5				0.0	0.1	12.6	11.4	90	13.6	99	
1949 Expenditure on administrative management										2.3	99	
2101 Administrative expenditure of policy area	12.7				-0.7	0.1	12.0	8.7	72	0.8	73	
2102 Development cooperation policy and sectional strategies	341.6		1.2		23.2	4.8	370.8	366.2	99	348.1	99	
2103 Relations with sub-Saharan Africa, the Caribbean, Pacific and Indian Ocean and overseas countries							0.3	0.1	29	2.0	95	
2104 Policy strategy and coordination	11.8		0.1		0.2	0.1	12.2	9.8	80	10.7	97	
2149 Expenditure on administrative management						0.1	0.1			2.4	63	
Sub-total	465.8		1.3		54.0	8.8	529.9	508.4	96	473.2	97	
European initiative for democracy and human rights												
1901 Administrative expenditure of policy area	7.0						7.0	6.6	94	5.0	99	
1904 EIDHR	118.6					0.0	122.3	121.0	99	100.9	98	
1949 Expenditure on administrative management							0.1	0.1				
Sub-total	125.6				0.0	3.8	129.4	127.6	99	105.9	98	
International fisheries agreements												
1101 Administrative expenditure of policy area	1.6						1.6	1.4	84	0.7	56	
1103 International fisheries	172.6					5.1	0.0	177.7	173.6	98	185.5	100
1149 Expenditure on administrative management												
Sub-total	174.2				5.1	0.0	179.3	175.0	98	186.1	99	
External aspects of certain Community policies												
0506 External relations	5.2	0.7					5.2	4.0	77	4.7	97	
0601 Administrative expenditure of policy area	0.1						0.1	0.0	44			
0604 Conventional and renewable energies	4.9						4.9	0.4	8	2.0	100	
0701 Administrative expenditure of policy area	0.9				0.0		0.9	0.5	53	0.5	94	
0702 Global environmental affairs	16.0					0.6	16.6	13.2	80	12.5	98	
0749 Expenditure on administrative management												
1401 Administrative expenditure of policy area												
1403 International aspects of taxation and customs	1.6						0.3	1.9	1.3	67	1.0	64
1449 Expenditure on administrative management												
1502 Education	2.9						0.2	3.1	2.9	94	2.6	98
1901 Administrative expenditure of policy area	0.1				-0.1							
1902 Multilateral relations and general external relations matters	0.2					3.1	3.3	0.1	4	0.2	1	
1911 Policy strategy and coordination	5.4				0.1	0.0	5.6	5.4	98			
1949 Expenditure on administrative management												
2001 Administrative expenditure of policy area	0.4				0.1		0.5	0.4	96	0.3	73	
2002 Trade policy	9.6					0.1	9.7	5.8	60	7.3	85	
2049 Expenditure on administrative management												
2102 Development cooperation policy and sectorial strategies	3.3						3.3	3.1	94	4.7	97	

(million EUR)

Payments													Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments			
							Amount	%	Amount	%							
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)		
8.4						8.4	8.4	100	8.4	100	27.0	18.6	8.4				
8.4						8.4	8.4	100	8.4	100	27.0	18.6	8.4				
31.2				-11.5		19.7	12.1	61	7.0	21	12.6	15.5	0.1	12.0	-5.5		
26.3					0.2	26.5	13.6	51	8.8	69		7.3		13.6			
469.2				-44.0	8.2	433.4	338.6	78	378.5	93	1 454.8	1 570.0	335.6	3.0	-29.8		
12.0				-4.2	0.0	7.8	7.0	89	8.8	70	34.3	21.9	7.0		-5.5		
538.7				-59.7	8.5	487.4	371.2	76	403.2	87	1 501.7	1 614.7	342.6	28.6	-40.8		
80.0		20.0		-74.9		25.1	10.0	40	78.0	53	25.0	76.0	10.0	0.0			
17.5					0.0	17.5	7.8	44	7.3	52		6.7		7.8			
611.3				-66.5	27.1	571.8	497.9	87	418.3	69	1 005.5	1 147.6	374.4	123.5	-8.8		
6.0				-1.6	0.0	4.4	3.9	89	3.1	52	21.6	9.9	3.9		-7.8		
714.7		20.0		-143.0	27.1	618.8	519.7	84	506.7	66	1 052.1	1 240.2	388.3	131.3	-16.6		
14.7				0.4	0.4	15.5	15.1	97	14.6	97	4.7	4.7		15.1			
4.2						4.2	0.3	7	0.4	19		2.5		0.3			
84.3				-19.4	2.5	67.4	44.2	66	39.3	56	78.5	109.9	24.7	19.5	-1.5		
16.9					0.4	17.3	15.9	92	11.3	72	30.5	28.5	14.2	1.7	-3.4		
11.6				3.0	0.1	14.8	14.6	99	10.8	79	15.8	12.5	10.4	4.2	0.0		
1.5				0.1		1.6	1.1	65	0.6	44	4.7	3.0	1.1		-0.7		
12.7				-0.7	0.1	12.1	2.8	24	0.3	17		5.9		2.8			
320.6				-73.8	4.9	251.7	227.3	90	268.5	96	736.4	863.9	178.5	48.8	-11.4		
6.0				-4.0	0.3	2.3	0.6	24	3.3	54	7.9	7.3	0.6		-0.2		
13.5		1.2		-1.9	0.1	12.9	9.2	71	8.5	79	12.8	12.4	6.1	3.2	-1.0		
3.5				-1.4	0.1	2.2	2.0	90	2.3	34	4.9	2.7	2.0		-0.2		
489.4		1.2		-97.6	8.9	401.9	333.1	83	359.9	85	896.2	1 053.2	237.5	95.7	-18.3		
7.0						7.0	4.2	60	1.3	88		2.4		4.2			
102.6					3.7	106.4	85.7	81	95.0	91	231.7	252.9	78.6	7.1	-14.1		
3.5				-2.0	0.1	1.6	1.1	71	3.1	88	3.7	2.0	1.1		-0.6		
113.1				-2.0	3.8	114.9	91.1	79	99.4	91	235.4	257.3	79.7	11.3	-14.7		
1.6						1.6	0.8	51	0.2	22		0.5		0.8			
177.0	1.1			5.9	0.0	182.9	175.7	96	187.3	98	17.5	8.7	6.1	169.6	-6.7		
0.6				-0.2		0.4	0.2	66	0.2	32	0.5	0.1	0.2		-0.2		
179.2	1.1			5.7	0.0	184.9	176.7	96	187.8	97	18.0	9.3	6.4	170.4	-6.9		
5.8				-0.7		5.2	3.5	69	4.7	97		0.4		3.5			
0.1						0.1	0.0	11				0.0		0.0			
1.9				-1.7		0.2					2.0	2.4					
0.9				0.0		0.9	0.3	32	0.3	100		0.2		0.3			
12.9					0.6	13.5	11.6	86	9.0	79	18.9	19.0	6.8	4.8	-1.5		
0.6				-0.4		0.2	0.2	76	0.6	98	0.3	0.1	0.2		-0.1		
1.8				-0.3	0.4	1.8	0.7	41	0.7	41	1.6	1.7	0.7	0.0	-0.4		
3.3					0.2	3.5	2.9	83	2.6	87	5.2	5.0	1.6	1.3	-0.2		
0.1				-0.1													
3.2					3.1	6.3	0.3	5	0.2	1	21.4	18.5	0.2	0.1	-2.8		
6.2				-0.9	0.0	5.3	4.4	83			5.0	5.8	2.6	1.9	-0.2		
0.1				0.0		0.1					0.0				0.0		
0.4				0.1		0.5	0.2	38	0.2	82		0.3		0.2			
10.6				-2.0	0.1	8.7	6.1	70	6.0	75	11.9	9.2	5.3	0.8	-2.4		
0.3						0.3	0.1	30	0.3	88	0.1		0.1		0.0		
3.3		0.3				3.7	3.3	89	4.3	90	0.4		0.1	3.1	-0.2		

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
	(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)
2103 Relations with sub-Saharan Africa, the Caribbean, Pacific and Indian Ocean and overseas countries	40.0					0.0	40.0	37.3	93	40.0	100
Sub-total	90.6	0.7			0.1	4.3	95.0	74.4	78	75.7	78
Common foreign and security policy											
1903 Common foreign and security policy	62.6				0.0	0.8	63.4	63.4	100	53.5	100
Sub-total	62.6				0.0	0.8	63.4	63.4	100	53.5	100
Mediterranean countries pre-accession strategy (B7-04)											
2201 Administrative expenditure of policy area										0.5	100
2202 Pre-accession assistance instruments						0.2	0.2	0.1	44	36.6	100
2249 Expenditure on administrative management											
Sub-total						0.2	0.2	0.1	44	37.1	100
Performance facility											
0750 Performance facility for heading 4	0.1						0.1				
1150 Performance facility for heading 4	0.2						0.2				
2050 Performance facility for heading 4	0.1				-0.1						
Sub-total	0.3				-0.1		0.3				
TOTAL EXTERNAL ACTIONS	4 999.7	0.7	51.8		176.2	140.0	5 367.7	5 198.4	97	4 917.5	97
5. ADMINISTRATION											
Commission											
0101 Administrative expenditure of policy area	58.0	0.1		0.8	0.5	1.6	60.9	59.9	98	55.2	99
0102 Economic and monetary union	5.7					0.0	5.7	5.4	96	5.3	98
0201 Administrative expenditure of policy area	96.1	0.2		1.3	1.0	3.9	102.2	99.9	98	96.6	99
0301 Administrative expenditure of policy area	81.4	0.2		1.1	0.6	2.3	85.5	83.5	98	79.4	100
0401 Administrative expenditure of policy area	81.1	0.2		1.1	1.6	4.3	88.1	85.2	97	82.0	99
0403 Work organisations and working conditions	1.2				-0.1		1.2	0.7	61	1.0	99
0404 Promoting an inclusive society	0.1						0.1				
0405 Equal opportunities for women and men	0.4				0.8		1.2	1.2	100	0.9	98
0501 Administrative expenditure of policy area	130.8	0.3		1.8	2.2	7.1	141.8	138.1	97	132.3	99
0601 Administrative expenditure of policy area	104.6	0.2		1.4	1.1	3.3	110.4	108.4	98	100.9	99
0701 Administrative expenditure of policy area	69.5	0.1		0.9	0.8	2.9	74.1	72.7	98	65.0	99
0801 Administrative expenditure of policy area	43.5	0.0		0.3	0.7	1.5	46.0	44.7	97	42.9	99
0901 Administrative expenditure of policy area	48.0	0.1		0.5	0.4	1.4	50.3	49.3	98	44.5	99
1001 Administrative expenditure of policy area	0.7			0.0		0.1	0.9	0.8	92	0.8	98
1101 Administrative expenditure of policy area	33.9	0.1		0.5	0.4	1.2	35.9	35.3	98	33.6	99
1201 Administrative expenditure of policy area	57.0	0.1		0.8	0.4	2.0	60.2	59.0	98	52.8	99
1301 Administrative expenditure of policy area	64.9	0.1		0.9	1.4	2.2	69.4	67.8	98	59.6	99
1401 Administrative expenditure of policy area	55.0	0.1		0.7	0.4	3.3	59.4	57.9	97	54.9	99
1501 Administrative expenditure of policy area	77.3	0.2		1.0	1.5	5.9	85.8	81.8	95	78.7	99
1502 Education	11.7				2.3	0.2	14.1	13.4	95	12.6	98
1504 Culture and language	7.4					0.0	7.4	6.3	85	5.7	99
1506 Dialogue with citizens	24.6				0.6	0.2	25.4	22.7	89	21.7	98
1507 Youth	1.9				2.0	0.1	3.9	3.9	99	3.7	100
1601 Administrative expenditure of policy area	97.3	0.1		0.9	0.7	4.1	102.9	99.5	97	88.2	98
1602 Provision of information to the media	6.0		0.4				6.4	6.4	100	4.9	92
1603 Analysis of public opinion trends	2.4						2.4	2.4	100	1.4	100
1701 Administrative expenditure of policy area	98.4	0.2		1.3	0.5	4.4	104.6	102.5	98	95.7	99
1801 Administrative expenditure of policy area	40.9	0.1		0.5	0.4	1.3	43.1	42.1	98	35.5	99
1803 Common immigration and asylum policies					0.5	0.5	0.5	0.5	100	0.5	100
1806 Establishing a genuine European area of justice					0.3	0.3	0.3	0.3	100	0.3	100
1901 Administrative expenditure of policy area	290.8	0.4		3.3	-1.8	7.0	299.2	294.7	98	293.9	99
1902 Multilateral relations and general external relations matters	1.7						1.7	1.6	95	1.4	100
1904 EIDHR					1.7		1.7	1.7	100	1.7	100
2001 Administrative expenditure of policy area	62.3	0.1		0.8	0.4	1.9	65.4	64.5	99	60.6	99
2101 Administrative expenditure of policy area	213.7	0.2		2.3	-1.8	4.7	218.9	215.6	98	183.9	99
2201 Administrative expenditure of policy area	31.0	0.1		0.4	0.5	0.9	32.8	32.0	98	69.7	99
2202 Pre-accession assistance instruments	0.3						0.3			0.2	60
2301 Administrative expenditure of policy area	17.3	0.0		0.2	0.4	0.4	18.3	18.1	99	16.7	100
2401 Administrative expenditure of policy area	41.9			0.6	0.1	0.0	42.6	39.9	93	38.2	100

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
40.0				-26.2	0.0	13.8	6.8	49	17.3	43	147.8	178.2	6.8			
91.5		0.3		-32.2	4.4	64.0	40.3	63	46.0	46	214.5	240.6	24.3	16.0	-8.0	
62.6				-10.0	6.2	58.8	45.9	78	31.0	62	43.0	59.0	20.6	25.2	-1.5	
62.6				-10.0	6.2	58.8	45.9	78	31.0	62	43.0	59.0	20.6	25.2	-1.5	
19.0				2.6	0.2	21.8	21.1	97	15.0	82	60.8	35.9	21.1	0.1	-3.8	
0.5				0.2		0.7	0.6	98			1.3	0.6	0.6		-0.1	
19.5				2.8	0.2	22.5	21.8	97	15.0	82	62.1	36.5	21.7	0.1	-3.9	
0.1						0.1										
0.2						0.2										
0.1				-0.1												
0.3				-0.1		0.3										
4832.9	1.1	21.5		53.1	189.6	5097.0	4605.8	90	4242.6	88	12155.8	12319.5	3245.1	1360.7	-428.9	
58.0	0.1		0.8	0.5	1.6	60.9	54.0	89	54.8	92		5.9		54.0		
5.7				-0.8	0.0	4.9	0.4	8	4.3	47		5.0		0.4		
96.1	0.2		1.3	1.0	4.1	102.5	90.4	88	94.7	90	0.3	9.7		90.4	0.0	
81.4	0.2		1.1	0.6	2.3	85.5	77.0	90	78.6	92		6.5		77.0		
81.1	0.2		1.1	1.6	4.3	88.0	76.3	87	81.8	90		8.9		76.3		
1.2				-0.1		1.2	0.3	29	0.9	69		0.4		0.3		
0.1						0.1										
0.4				0.8		1.1	0.8	69	0.7	57		0.4		0.8		
130.8	0.3	0.3	1.8	2.2	7.1	142.1	126.4	89	129.6	92	0.4	11.9	0.2	126.2	-0.2	
104.6	0.2	0.1	1.4	1.1	3.5	110.6	98.5	89	100.4	91	0.4	10.1	0.2	98.3	-0.2	
69.5	0.1		0.9	0.8	3.0	74.3	66.3	89	64.6	92	0.2	6.6		66.3		
43.5	0.0		0.3	0.7	1.5	46.0	38.0	83	45.5	89		6.7		38.0		
48.0	0.1		0.5	0.4	1.4	50.3	43.7	87	46.6	90		5.6		43.7		
0.7			0.0		0.1	0.9	0.8	85	0.8	91		0.1		0.8		
33.9	0.1		0.5	0.4	1.2	35.9	32.7	91	33.5	93		2.6		32.7		
57.0	0.1		0.8	0.4	2.0	60.2	53.0	88	52.7	91		6.0		53.0		
64.9	0.1		0.9	1.4	2.2	69.4	63.4	91	59.1	93		4.4		63.4		
55.0	0.1		0.7	0.4	3.3	59.4	52.1	88	54.5	90		5.8		52.1		
77.3	0.2	0.1	1.0	1.5	7.3	87.3	74.1	85	78.2	90	2.0	9.2	0.2	73.9	-0.6	
11.7				2.3	0.2	14.1	11.6	82	11.5	82		1.8		11.6		
7.4				-3.1	0.0	4.3	3.8	87	5.0	79		2.5		3.8		
24.6				-10.4	0.2	14.4	11.3	79	16.8	52		11.4		11.3		
1.9				1.5	0.1	3.4	3.3	95	3.2	78		0.6		3.3		
97.3	0.1	1.6	0.9	0.7	4.1	104.5	89.2	85	86.5	89	2.7	12.0	1.6	87.6	-1.2	
6.0		0.4		-0.3		6.1	4.1	67	5.0	71		2.3		4.1		
2.4						2.4	0.8	32	1.4	46		1.6		0.8		
98.4	0.2		1.3	0.5	4.4	104.6	90.8	87	96.9	90		11.7		90.8		
40.9	0.1		0.5	0.4	1.3	43.1	37.8	88	35.2	92		4.3		37.8		
				0.5		0.5	0.2	51	0.4	57		0.2		0.2		
				0.3		0.3	0.2	73	0.2	43		0.1		0.2		
290.8	0.4		3.3	-1.8	7.0	299.2	259.2	87	280.8	88		35.5		259.2		
1.7				-0.3		1.3	1.2	87	1.2	74		0.4		1.2		
				0.9		0.9	0.9	100	1.5	59		0.9		0.9		
62.3	0.1		0.8	0.4	1.9	65.4	58.8	90	60.0	92		5.7		58.8		
213.7	0.2		2.3	-1.8	4.7	218.9	187.8	86	177.1	88		27.8		187.8		
31.0	0.1		0.4	0.5	0.9	32.8	29.3	89	66.9	89		2.7		29.3		
0.3				-0.3					0.2	43						
17.3	0.0		0.2	0.4	0.4	18.3	16.9	92	16.8	93		1.2		16.9		
41.9		3.6	0.6	0.1		46.3	38.0	82	36.6	86	3.9	4.6	2.8	35.3	-1.1	

TABLE 6 (continued)

Heading	Commitments										
	Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003	
								Amount	%	Amount	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)=(1+3+4+5+6)	(8)	(9) = (8)/(7)	(10)	(11)	
2402 Fight against fraud	0.4						0.4	0.4	97		
2501 Administrative expenditure of policy area	185.6	0.5		2.6	1.3	5.5	194.9	189.8	97	163.7	100
2502 Relations with civil society, openness and information	3.1				1.6	1.3	6.0	4.6	77	4.2	89
2503 Governance and institutional development											
2601 Administrative expenditure of policy area	657.7	1.1	0.5	6.2	-8.3	38.2	694.2	669.6	96	615.6	98
2701 Administrative expenditure of policy area	66.8	0.1		0.8	-4.3	1.4	64.7	61.7	95	61.8	99
2801 Administrative expenditure of policy area	9.4	0.0		0.1	-0.1	0.2	9.6	9.3	97	9.0	99
2901 Administrative expenditure of policy area	72.6	0.1		1.0	1.9	1.8	77.2	75.0	97	71.9	100
3001 Administrative expenditure of policy area	817.6			19.1	5.0		841.8	841.7	100	756.6	100
3101 Administrative expenditure of policy area											
Sub-total	3 771.6	5.0	0.9	53.1	17.6	116.4	3 959.5	3 871.4	98	3 605.4	99
Other institutions	2 240.7			24.1	8.0	122.0	2 394.8	2 255.3	94	1 940.2	98
TOTAL ADMINISTRATION	6 012.3	5.0	0.9	77.2	25.6	238.3	6 354.3	6 126.7	96	5 545.6	99
6. RESERVES											
0104 Financial operations and instruments (reserve for loans and loans guarantees to and in non-member countries, and payments to the Guarantee Fund)	221.0						221.0	181.9	82	147.9	66
3102 Reserves for financial interventions (emergency aid)	221.0						221.0				
TOTAL RESERVE	442.0						442.0	181.9	41	147.9	45
7. PRE-ACCESSION AID											
Sapard pre-accession instrument											
0501 Administrative expenditure of policy area	1.5				-1.5					0.2	100
0505 Special accession programme	225.2		3.9		1.5		230.6	229.1	99	560.0	99
0549 Expenditure on administrative management											
Sub-total	226.7		3.9				230.6	229.1	99	560.2	99
ISPA Pre-accession instrument											
1301 Administrative expenditure of policy area	2.1					0.0	2.1	1.9	90	3.2	100
1305 Pre-accession interventions related to structural policies	451.2						451.2	451.0	100	1 125.8	100
1349 Expenditure on administrative management											
Sub-total	453.3					0.0	453.3	452.8	100	1 129.0	100
PHARE Pre-accession instrument											
1503 Vocational training	2.5					0.3	2.8	2.5	89	3.5	92
2201 Administrative expenditure of policy area	39.1					0.2	39.3	30.3	77	48.0	99
2202 Pre-accession assistance instruments	728.1	15.0			25.0	99.3	852.4	759.2	89	1 652.8	97
2249 Expenditure on administrative management						0.3	0.3	0.3	100		
Sub-total	769.7	15.0			25.0	100.1	894.8	792.4	89	1 704.3	97
Pre-accession assistance for Turkey											
2201 Administrative expenditure of policy area	7.0						7.0	6.6	95	4.8	95
2202 Pre-accession assistance instruments	235.6					0.2	235.8	235.6	100	144.0	100
2249 Expenditure on administrative management											
Sub-total	242.6					0.2	242.8	242.3	100	148.8	100
EU Solidarity Fund											
1306 Solidarity Fund – management				1.0			1.0	1.0	100		
Sub-total				1.0			1.0	1.0	100		
TOTAL PRE-ACCESSION AID	1 692.3	15.0	3.9	1.0	25.0	100.3	1 822.4	1 717.5	94	3 542.1	98
27 02 TEMPORARY AND LUMP-SUM COMPENSATION NEW MEMBER STATES				1 409.6			1 409.6	1 409.6	100		
GRAND TOTAL	99 152.1	39.5	159.9	10 147.6	359.2	1 576.6	111 395.2	109 238.1	98	99 775.0	99

(million EUR)

Payments												Stock of RAL		Payments		Cumulative commitments on RAL of 01/01/2004
Initial budget	Current reserve	Carried forward and reconstituted appropriations	Amending budget	Transfers	Earmarked revenue	Authorised appropriations without current reserve	Implementation as at date of report		Implementation as at 31.12.2003		As at 01/01/2004	As at date of report	On RAL prior to 2004	On 2004 commitments		
							Amount	%	Amount	%						
(12)	(13)	(14)	(15)	(16)	(17)	(18)=(12+14+15+16+17)	(19)	(20)=(19)/(18)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
0.4						0.4	0.2	45				0.2		0.2		
185.6	0.5	1.2	2.6	1.3	5.5	196.1	177.2	90	162.6	95	1.2	13.8	1.1	176.0	-0.2	
3.1				1.6	1.3	6.0	2.4	39	4.3	60		2.3		2.4		
657.7	1.1	256.2	6.2	-8.3	38.1	950.0	780.5	82	600.3	86	265.4	104.4	215.6	565.0	-49.9	
66.8	0.1	0.4	0.8	-4.3	1.5	65.2	50.7	78	59.1	83	0.5	11.5	0.5	50.2	-0.1	
9.4	0.0		0.1	-0.1	0.2	9.6	8.6	90	8.9	92		0.7		8.6		
72.6	0.1		1.0	1.9	1.8	77.2	68.1	88	72.4	92		6.9		68.1		
817.6			19.1	5.0	0.1	841.8	840.1	100	755.3	100	0.1	1.6	0.1	840.1		
3 771.6	5.0	264.0	53.1	0.4	118.2	4 207.5	3 720.8	88	3 547.1	91	277.0	374.3	222.1	3 498.7	-53.4	
2 240.7		306.9	24.1	8.0	122.0	2 701.8	2 134.5	79	1 758.1	81	347.8	440.9	281.0	1 853.5		
6 012.3	5.0	570.9	77.2	8.5	240.2	6 909.2	5 855.3	85	5 305.2	87	624.9	815.2	503.1	5 352.2	-53.4	
221.0						221.0	181.9	82	147.9	66				181.9		
221.0						221.0										
442.0						442.0	181.9	41	147.9	40				181.9		
1.5				-1.5		573.5	573.5	100	263.4	61	1 765.4	781.6	496.1	77.4	-639.4	
400.0				173.5		0.3	0.0	7			0.1	0.0	0.0			
401.8				172.0		573.8	573.5	100	263.5	61	1 765.5	781.6	496.1	77.4	-639.4	
2.1					0.0	2.1	1.7	81	4.8	84		0.2		1.7		
653.8				-80.0		573.8	565.8	99	423.5	60	3 336.4	3 221.1	559.6	6.2	-0.5	
2.1		1.0		-2.0		1.1	0.2	14	0.7	84	5.6	4.6	0.2		-0.9	
658.0		1.0		-82.0	0.0	577.0	567.7	98	429.0	60	3 342.0	3 225.8	559.8	7.9	-1.4	
2.5					0.3	2.8	2.5	89	3.5	92	0.5	0.5		2.5		
39.1					0.2	39.3	22.4	57				8.0		22.4		
1 522.5				166.1	114.3	1 802.9	1 684.1	93	1 495.7	94	4 334.3	3 346.7	1 682.5	1.6	-62.8	
40.0				-1.7	0.3	38.6	23.8	62	48.2	94	82.3	45.1	23.5	0.3	-13.7	
1 604.1				164.4	115.1	1 883.6	1 732.8	92	1 547.3	94	4 417.1	3 400.3	1 706.0	26.8	-76.5	
7.0						7.0	4.0	57	3.5	69		2.6		4.0		
185.0				-9.5	0.2	175.7	172.9	98	39.1	97	731.9	790.3	172.8	0.0	-4.4	
0.3				1.5		1.8	1.2	66			3.2	0.8	1.2		-1.3	
192.3				-8.0	0.2	184.5	178.0	96	42.6	94	735.1	793.7	174.0	4.0	-5.7	
				1.0		1.0	1.0	100						1.0		
				1.0		1.0	1.0	100						1.0		
2 856.2		1.0		247.4	115.3	3 219.9	3 052.9	95	2 282.3	80	10 259.7	8 201.3	2 935.8	117.2	-722.9	
				1 409.6		1 409.6	1 409.6	100						1 409.6		
94 386.3	27.1	1 203.8	7 172.5	219.0	2 005.3	104 987.0	100 138.3	95	90 557.4	92	104 797.8	109 534.4	41 919.2	58 219.2	-4 334.8	

TABLE 7

Community expenditure from 1958 to 2004 (Out-turn in payments)

Heading	Financial year									
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
General budget										
EAGGF-Guarantee Section								28.7	50.7	340.0
Structural Funds, of which:				8.6	11.3	4.6	7.2	4.6	22.1	81.1
– EAGGF-Guidance Section										
– ERDF										
– ESF										
Research									0.9	0.8
External actions									50.9	53.7
Administration	7.3	18.1	21.2	25.4	30.2	35.2	39.6	43.3	0.6	0.5
Repayments and other internal policies										
<i>General budget – Total</i>	<i>7.3</i>	<i>18.1</i>	<i>21.2</i>	<i>34.0</i>	<i>41.5</i>	<i>39.8</i>	<i>46.8</i>	<i>76.6</i>	<i>125.2</i>	<i>476.1</i>
EDF			3.4	15.8	53.3	65.3	83.4	106.7	108.3	104.6
ECSC	70.3	21.8	28.2	20.8	22.3	22.6	29.1	35.7	31.0	37.7
Euratom (1)	3.7	8.5	5.8	6.9	54.8	84.7	100.1	120.0	129.2	129.5
Grand total	81.3	48.4	58.6	77.5	171.9	212.4	259.4	339.0	393.7	747.9

TABLE 11 (continued)

Community expenditure from 1958 to 2004 (Out-turn in payments)

Heading	Financial year									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
General budget										
EAGGF Guarantee Section	12 259.8	15 785.8	18 330.4	19 727.8	22 118.1	22 950.1	26 395.2	24 401.4	25 604.6	31 103.2
Structural Funds, of which:	4 570.1	4 081.3	3 220.0	3 702.9	5 664.7	5 859.6	6 419.3	7 945.1	9 591.4	13 971.0
– EAGGF Guidance Section	650.8	575.3	595.6	685.5	771.2	789.5	1 140.9	1 349.0	1 825.3	2 085.4
– ERDF	2 905.4	2 306.6	1 412.5	1 610.0	2 456.7	2 560.1	2 979.8	3 920.0	4 554.1	6 306.8
– ESF	1 013.9	1 199.4	1 211.9	1 407.4	2 436.8	2 510.0	2 298.6	2 676.1	3 212.0	4 030.0
– Cohesion Fund										
– FIFG										
– Completion of earlier programmes										
Research	437.3	1 345.5	1 660.0	677.9	775.4	964.4	1 129.5	1 517.5	1 790.3	1 706.3
External actions and pre-accession	891.2	901.3	996.5	963.8	1 057.3	809.2	768.1	1 044.3	1 430.6	2 209.6
Administration	1 048.2	1 108.2	1 212.9	1 304.8	1 533.9	1 696.9	1 906.1	2 069.8	2 332.9	2 618.7
Repayments and other internal policies	1 263.0	1 283.9	1 681.6	1 490.1	3 526.0	2 807.8	4 403.6	3 779.0	3 313.1	1 901.8
<i>General budget – Total</i>	<i>20 469.6</i>	<i>24 506.0</i>	<i>27 081.4</i>	<i>27 867.3</i>	<i>34 675.4</i>	<i>35 088.0</i>	<i>41 021.7</i>	<i>40 757.1</i>	<i>44 062.9</i>	<i>53 510.6</i>
EDF	647.2	718.8	703.0	698.0	846.7	837.9	1 196.3	1 297.1	1 256.5	1 191.3
ECSC(*)	184.0	207.7	255.2	267.9	298.1	308.9	277.2	229.9	288.6	314.3
Grand total	21 300.8	25 432.5	28 039.6	28 833.2	35 820.2	36 234.8	42 495.2	42 284.1	45 608.0	55 016.2

(i) The Euratom budget was incorporated in the general budget in 1969.

(*) Up to 23.7.2002.

The amounts shown for the years 2001–03 now reflect the actual implementation of payments carried over and not, as in previous editions of this report, appropriations made available via carry over.

(million EUR)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
	1 259.7	1 668.6	3 108.1	1 755.6	2 485.6	3 614.4	3 459.8	4 327.7	5 636.7	6 587.1	8 679.3	10 387.1	11 291.9	11 063.7
	58.5	70.8	95.4	118.0	136.9	259.1	281.8	375.3	623.8	685.5	1 388.7	1 515.5	1 808.5	3 566.8
	34.0	51.3	58.4	61.5	53.2	10.8	37.8	76.7	112.1	113.0	325.6	286.5	314.6	539.9
								150.0	300.0	400.0	525.0	699.0	793.4	2 406.5
	24.5	19.5	37.0	56.5	83.7	248.3	244.0	148.6	211.7	172.5	538.1	530.0	700.5	620.4
	73.4	59.2	63.4	64.9	76.3	70.1	110.3	115.9	127.2	180.8	266.9	267.6	364.2	311.6
	1.0	1.0	1.4	0.4	71.8	63.3	358.5	250.9	202.8	194.1	313.2	443.7	603.9	738.4
	94.7	104.3	115.3	137.8	173.6	245.3	306.2	364.0	430.7	501.6	686.6	775.6	829.9	941.8
	0.6	0.9	1.6	130.4	178.1	253.0	309.8	383.1	541.6	586.8	707.1	831.2	958.9	1 103.7
	1 487.9	1 904.8	3 385.2	2 207.1	3 122.3	4 505.2	4 826.4	5 816.9	7 562.8	8 735.9	12 041.8	14 220.7	15 857.3	17 726.0
	106.5	115.0	145.6	154.4	131.5	157.8	172.0	208.5	248.6	244.7	401.0	465.3	481.9	663.7
	32.4	45.7	45.6	49.8	51.0	40.5	58.0	76.0	84.2	95.5	67.3	87.5	115.6	139.7
	1 626.8	2 065.0	3 516.4	2 411.3	3 304.8	4 703.5	5 056.4	6 101.4	7 895.6	9 076.1	12 510.1	14 773.5	16 454.8	18 529.4

(million EUR)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	31 254.5	34 935.8	32 952.8	34 490.4	39 324.2	40 423.0	39 068.0	39 468.6	40 437.3	42 131.2	43 178.0	44 414.3	43 664.7
	18 378.3	20 478.5	15 872.1	19 223.3	24 624.1	26 285.1	28 624.1	30 377.4	25 524.3	22 618.8	25 597.7	27 407.1	34 505.7
	2 857.9	2 914.2	2 476.5	2 530.6	3 360.3	3 580.0	3 521.5	3 774.0	1 390.7	1 343.1	1 553.9	2 289.8	2 742.9
	8 564.8	9 545.6	6 331.2	8 373.6	10 610.3	11 521.4	11 779.2	14 006.5	2 751.4	8 496.7	10 199.4	13 081.9	16 070.1
	4 321.1	5 382.6	4 315.4	4 546.9	6 031.6	6 143.4	7 602.8	7 245.8	2 340.0	4 222.4	6 646.7	6 341.0	7 160.8
		795.0	851.6	1 699.3	1 872.2	2 323.0	2 336.0	2 731.7	1 682.2	1 983.4	3 148.0	2 195.1	2 775.9
			395.0	248.1	421.6	486.9	407.7	571.9	335.3	201.1	317.3	494.1	518.5
									14 638.0	4 372.6	2 076.0	1 860.8	2 824.8
	1 903.2	2 232.5	2 480.8	2 477.9	2 878.7	2 981.6	2 968.7	2 629.2	3 151.2	3 141.0	3 596.5	3 348.0	4 140.0
	2 140.6	2 857.5	3 055.2	3 406.2	3 855.0	3 822.6	4 159.7	4 729.5	4 889.8	5 648.9	6 072.9	6 524.8	8 925.9
	2 877.6	3 319.1	3 541.7	3 870.3	4 011.1	4 195.5	4 171.3	4 111.4	4 484.4	4 835.8	5 048.2	5 334.1	5 965.2
	1 935.9	960.1	1 370.5	3 079.3	2 339.0	2 111.3	1 886.4	2 175.6	1 961.9	2 182.0	2 272.5	2 349.1	2 937.4
	58 490.2	64 783.4	59 273.1	66 547.4	77 032.2	79 819.1	80 878.1	83 491.6	80 448.9	80 557.7	85 765.8	89 377.4	100 138.9
	1 941.7	1 353.6	1 859.9	1 758.1	1 508.8	1 382.3	1 595.4	1 352.3	1 640.4	1 779.5	1 922.1	2 345.0	2 464.2
	412.2	596.4	424.0	297.5	255.3	459.8	184.9	184.6	135.0	189.6	130.8		
	60 844.1	66 733.4	61 557.0	68 603.0	78 796.3	81 661.2	82 658.5	85 028.5	82 224.3	82 526.8	87 818.7	91 722.4	102 603.1

TABLE 8

Community expenditure from 1958 to 2004 (Out-turn in payments)

Heading	Financial year									
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
General budget										
EAGGF Guarantee Section								8.5	12.9	45.5
Structural Funds, of which:				11.1	6.6	2.2	2.8	1.4	5.6	10.8
– EAGGF Guidance Section										
– ERDF										
– ESF										
Research									0.2	0.1
External actions									12.9	7.2
Administration	9.0	37.4	36.2	32.8	17.6	16.6	15.3			0.1
Repayments and other internal policies										
<i>General budget – Total</i>	<i>9.0</i>	<i>37.4</i>	<i>36.2</i>	<i>43.9</i>	<i>24.1</i>	<i>18.7</i>	<i>18.0</i>	<i>22.6</i>	<i>31.8</i>	<i>63.7</i>
EDF			5.8	20.4	31.0	30.7	32.2	31.5	27.5	14.0
ECSC	86.5	45.0	48.1	26.8	13.0	10.6	11.2	10.5	7.9	5.0
Euratom ⁽¹⁾	4.6	17.6	9.9	8.9	31.9	39.9	38.6	35.4	32.8	17.3
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 8 (continued)

Community expenditure from 1958 to 2004 (Out-turn in payments)

Heading	Financial year									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
General budget										
EAGGF Guarantee Section	57.6	62.1	65.4	68.4	61.7	63.3	62.1	57.7	56.1	56.5
Structural Funds, of which:	21.5	16.0	11.5	12.8	15.8	16.2	15.1	18.8	21.0	25.4
– EAGGF Guidance Section	3.1	2.3	2.1	2.4	2.2	2.2	2.7	3.2	4.0	3.8
– ERDF	13.6	9.1	5.0	5.6	6.9	7.1	7.0	9.3	10.0	11.5
– ESF	4.8	4.7	4.3	4.9	6.8	6.9	5.4	6.3	7.0	7.3
– Cohesion Fund										
– FIFG										
– Completion of earlier programmes										
Research	2.1	5.3	5.9	2.4	2.2	2.7	2.7	3.6	3.9	3.1
External actions	4.2	3.5	3.6	3.3	3.0	2.2	1.8	2.5	3.1	4.0
Administration	4.9	4.4	4.3	4.5	4.3	4.7	4.5	4.9	5.1	4.8
Repayments and other internal policies	5.9	5.0	5.9	5.2	9.8	7.7	10.4	8.9	7.3	3.5
<i>General budget – Total</i>	<i>96.1</i>	<i>96.4</i>	<i>96.6</i>	<i>96.7</i>	<i>96.8</i>	<i>96.8</i>	<i>96.5</i>	<i>96.4</i>	<i>96.6</i>	<i>97.3</i>
EDF	3.0	2.8	2.5	2.4	2.4	2.3	2.8	3.1	2.8	2.2
ECSC	0.9	0.8	0.9	0.9	0.8	0.9	0.7	0.5	0.6	0.6
Grand total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ The Euratom budget was incorporated into the general budget in 1968.

TABLE 9

Community expenditure
in relation to the total of Member States' budgets and Community GDP

	1958	1959	1960	1961	1962	1963	
Total Community expenditure (million EUR) (including ECSC, Euratom and EDF)	81.3	48.4	58.6	77.5	171.9	212.4	2
Annual growth in nominal terms (%)		- 40.5	21.0	32.3	121.8	23.6	
Total Community expenditure (2004 prices) (million EUR)			634.5	811.8	1 721.3	2 015.8	2 3
Annual growth in real terms (%)				27.9	112.0	17.1	
Community expenditure as % of public expenditure in Member States			0.1	0.1	0.2	0.2	
Expenditure as % of Community GDP			0.0	0.0	0.1	0.1	
Expenditure per capita (EUR)			0.3	0.4	1.0	1.2	
Expenditure per capita (2004 prices)			3.7	4.7	9.8	11.3	

	1974	1975	1976	1977	1978	1979	
Total Community expenditure (EUR million) (including ECSC, Euratom and EDF)	5 056.4	6 101.4	7 895.6	9 076.1	12 510.1	14 773.5	16 4
Annual growth in nominal terms (%)	7.5	20.7	29.4	15.0	37.8	18.1	
Total Community expenditure (2004 prices) (EUR million)	25 944.5	27 341.6	31 818.4	33 130.0	41 856.2	44 935.3	44 4
Annual growth in real terms (%)	- 4.8	5.4	16.4	4.1	26.3	7.4	
Community expenditure as percentage of public expenditure in Member States	1.2	1.2	1.3	1.4	1.7	1.8	
Expenditure as percentage of Community GDP	0.5	0.5	0.6	0.6	0.8	0.8	
Expenditure per capita (EUR)	19.6	23.6	30.5	35.0	48.2	56.8	
Expenditure per capita (2004 prices)	100.7	105.9	123.0	127.9	161.2	172.7	1

	1990	1991	1992	1993	1994	1995	
Total Community expenditure (EUR million) (including ECSC, Euratom and EDF)	45 608.0	55 016.2	60 844.1	66 733.4	61 557.0	68 603.0	78 7
Annual growth in nominal terms (%)	7.9	20.6	10.6	9.7	- 7.8	11.4	
Total Community expenditure (2004 prices) (EUR million)	65 646.2	75 059.7	79 360.2	83 936.1	75 463.3	81 651.5	91 5
Annual growth in real terms (%)	2.2	14.3	5.7	5.8	- 10.1	8.2	
Community expenditure as percentage of public expenditure in Member States	2.0	2.1	2.2	2.3	2.1	2.1	
Expenditure as percentage of Community GDP	1.0	1.1	1.1	1.2	1.1	1.1	
Expenditure per capita (EUR)	139.5	159.6	175.7	191.8	176.4	184.4	2
Expenditure per capita (2004 prices)	200.7	217.7	229.1	241.3	216.2	219.5	2

1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
259.4	339.0	393.7	747.9	1 626.8	2 065.5	3 576.4	2 411.3	3 304.8	4 703.5
22.1	30.7	16.1	90.0	117.5	27.0	73.1	-32.6	37.1	42.3
2 353.6	2 961.2	3 331.9	6 169.2	13 053.8	15 770.1	25 614.6	16 140.0	20 809.8	27 246.9
16.8	25.8	12.5	85.2	111.6	20.8	62.4	- 37.0	28.9	30.9
0.3	0.3	0.3	0.6	1.1	1.3	2.0	1.2	1.4	1.3
0.1	0.1	0.1	0.2	0.4	0.5	0.7	0.4	0.5	0.5
1.4	1.9	2.1	4.1	8.8	11.1	19.0	12.7	17.3	18.3
13.1	16.3	18.2	33.5	70.4	84.4	136.1	85.0	108.9	106.1

1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
16 454.8	18 529.4	21 300.8	25 432.5	28 039.6	28 833.2	35 820.2	36 234.8	42 495.2	42 284.1
11.4	12.6	15.0	19.4	10.3	13.4	68.2	1.2	17.3	- 0.5
44 448.8	45 174.0	47 209.6	52 191.5	54 131.4	52 761.6	62 071.1	60 316.5	67 756.3	64 209.3
- 1.1	1.6	4.5	10.6	3.7	7.5	59.2	- 2.9	12.3	- 5.2
1.7	1.6	1.7	1.9	1.9	1.8	2.0	2.0	2.2	2.0
0.8	0.8	0.9	0.9	1.0	0.9	1.0	1.0	1.0	1.0
63.0	68.3	78.5	93.7	103.3	106.2	111.3	112.3	131.3	130.1
170.2	166.4	173.9	192.2	199.4	194.3	192.8	187.0	209.3	197.5

1996	1997	1998	1999	2000	2001	2002	2003	2004
78 796.3	81 661.2	82 658.5	85 028.5	82 224.3	82 526.8	87 818.7	91 722.4	102 603.1
14.9	3.6	1.2	2.9	- 3.3	0.4	6.4	4.4	11.9
91 585.5	93 237.1	92 616.1	93 679.1	88 036.5	86 883.4	90 376.0	93 923.7	102 603.1
12.2	1.8	- 0.7	1.1	- 6.0	- 1.3	4.0	3.9	9.2
2.3	2.3	2.3	2.2	2.0	2.0	2.0	2.0	2.1
1.2	1.1	1.1	1.1	1.0	0.9	1.0	1.0	1.0
211.2	218.3	220.5	226.3	218.1	217.8	229.8	239.8	224.1
245.5	249.2	247.0	249.4	233.5	229.3	236.5	245.5	224.1

TABLE 10

Community revenue from 1970 to 2004

(million EUR)

Type of revenue	1970		1971		1972		1973		1974		1975		1976		1977		1978		1979	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
– Agricultural duties	–	–	487.2	13.6	484.7	15.3	483.1	10.5	242.7	5.3	443.4	7.0	871.4	11.7	1 851.9	17.9	1 872.7	15.4	1 678.6	11.5
– Sugar levies	–	–	95.5	2.7	167.7	5.3	95.0	2.1	82.7	1.8	70.8	1.1	112.5	1.5	233.8	2.3	410.6	3.4	464.9	3.2
– Customs duties	–	–	439.0	12.3	779.4	24.7	1 444.3	31.5	2 530.6	55.6	3 118.5	49.5	3 860.1	52.0	4 652.6	45.0	4 390.9	36.0	5 189.1	35.5
– Compensation to Member States for TOR collection costs	–	–	<i>recorded as expenditure</i>																	
TOR (Traditional own resources) payments	–	–	1 021.7	28.6	1 431.8	45.3	2 022.4	44.1	2 856.1	62.7	3 632.6	57.7	4 844.0	65.2	6 738.3	65.2	6 674.2	54.8	7 332.6	50.2
VAT-based own resource payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4 737.7	32.4
Member States contributions	3 913.4	99.7	1 163.6	32.6	1 142.7	36.2	2 472.7	53.9	1 564.5	34.4	2 307.1	36.6	2 255.0	30.4	3 216.0	31.1	5 329.7	43.8	2 302.1	15.8
Other (including previous exercise's surplus)	11.2	0.3	1 388.0	38.8	584.5	18.5	93.2	2.0	132.3	2.9	358.1	5.7	324.9	4.4	377.2	3.7	177.8	1.5	230.2	1.6
Total	3 924.6	100.0	3 573.3	100.0	3 159.1	100.0	4 588.2	100.0	4 553.0	100.0	6 297.8	100.0	7 423.9	100.0	10 331.5	100.0	12 181.7	100.0	14 602.7	100.0
<i>Compensation to Member States for TOR collection costs (recorded as expenditure)</i>	–	–	–85.9		–127.0		–187.9		–222.2		–269.6		–367.8		–509.1		–607.5		–721.1	

(million EUR)

Type of revenue	1980		1981		1982		1983		1984		1985		1986		1987		1988		1989			
	Amount	%	Amount	%																		
– Agricultural duties	1 535.4	9.7	1 264.9	6.9	1 522.0	7.1	1 347.1	5.4	1 260.0	4.8	1 121.7	4.0	1 175.5	3.5	1 626.1	4.5	1 504.6	3.6	1 282.7	2.8		
– Sugar levies	466.9	2.9	482.5	2.6	705.8	3.3	948.0	3.8	1 176.4	4.5	1 057.4	3.8	1 111.5	3.3	1 471.8	4.1	1 390.7	3.3	1 381.6	3.0		
– Customs duties	5 905.7	37.1	6 392.3	34.6	6 815.3	31.8	6 988.6	28.2	7 960.8	30.6	8 310.1	29.6	8 173.0	24.3	8 936.5	25.0	10 344.7	24.7	11 458.8	25.0		
– Compensation to Member States for TOR collection costs	<i>recorded as expenditure</i>		–1 325.0	–3.2	–1 412.3	–3.1																
TOR (Traditional own resources) payments	7 908.1	49.7	8 139.8	44.1	9 043.1	42.2	9 283.7	37.5	10 397.2	39.9	10 489.2	37.3	10 460.0	31.1	12 034.3	33.6	11 915.0	28.5	12 710.8	27.7		
VAT-based own resource payments	7 354.5	46.2	9 884.2	53.6	12 121.1	56.6	13 729.9	55.4	14 482.9	55.6	15 570.2	55.4	22 781.5	67.7	23 313.9	65.2	24 978.4	59.7	26 935.1	58.7		
GNP-based (4th) own resource payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4 241.1	10.1	4 369.5	9.5		
UK rebate payments	–	–	–	–	–	–	–	–	–	–	21.4	0.1	29.2	0.1	0.9	0.0	–251.2	–0.6	313.9	0.7		
Other (including previous exercise's surplus)	640.8	4.0	425.1	2.3	263.2	1.2	1 751.9	7.1	1 172.4	4.5	2 004.3	7.1	396.5	1.2	434.2	1.2	960.1	2.3	1 570.4	3.4		
Total	15 903.4	100.0	18 449.1	100.0	21 427.4	100.0	24 765.5	100.0	26 052.4	100.0	28 085.1	100.0	33 667.2	100.0	35 783.3	100.0	41 843.4	100.0	45 899.8	100.0		
<i>Compensation to Member States for TOR collection costs (recorded as expenditure)</i>	–802.5		–814.0		–907.6		–928.5		–1 038.3		–1 048.8		–1 045.4		–760.0		–442.7					

(million EUR)

Type of revenue	1990		1991		1992		1993		1994		1995		1996		1997		1998		1999	
	Amount	%																		
— Agricultural duties	1 173.4	2.5	1 621.3	2.9	1 206.8	2.0	1 115.3	1.7	922.5	1.4	844.3	1.1	810.1	1.0	1 025.2	1.3	1 102.2	1.3	1 187.3	1.4
— Sugar levies	910.7	2.0	1 141.8	2.0	1 002.4	1.7	1 029.1	1.6	1 382.1	2.1	1 316.4	1.8	1 213.7	1.5	1 114.0	1.4	1 070.1	1.3	1 203.6	1.4
— Customs duties	11 427.9	24.6	12 751.1	22.7	12 547.9	21.0	12 284.0	18.7	12 420.0	18.8	13 898.4	18.5	13 069.1	16.1	13 607.7	16.9	13 506.2	16.0	13 006.5	15.0
— Compensation to MS for TOR collection costs	-1 351.2	-2.9	-1 552.1	-2.8	-1 477.0	-2.5	-1 442.8	-2.2	-1 472.4	-2.2	-1 605.9	-2.1	-1 509.3	-1.9	-1 574.7	-2.0	-1 567.9	-1.9	-1 539.7	-1.8
TOR (Traditional own resources) payments	12 160.7	26.2	13 962.0	24.8	13 280.2	22.2	12 985.5	19.8	13 252.2	20.1	14 453.2	19.3	13 583.6	16.7	14 172.3	17.6	14 110.7	16.7	13 857.6	15.9
VAT-based own resource payments	29 159.6	62.8	31 589.0	56.2	34 763.2	58.2	34 689.3	52.8	33 217.9	50.3	39 127.3	52.1	36 535.0	45.0	34 351.5	42.6	33 086.5	39.1	31 331.2	36.1
GNP-based (4th) own resource payments	189.7	0.4	7 316.0	13.0	8 168.0	13.7	16 414.4	25.0	17 649.3	26.7	14 169.0	18.9	21 061.1	25.9	26 884.1	33.4	34 996.7	41.4	37 511.2	43.2
UK rebate payments	-96.9	-0.2	-30.4	-0.1	50.4	0.1	-96.0	-0.1	69.5	0.1	78.1	0.1	-81.0	-0.1	-114.9	-0.1	55.4	0.1	-169.3	-0.2
Other (including previous exercise's surplus)	5 056.0	10.9	3 412.9	6.1	3 450.1	5.8	1 679.5	2.6	1 813.3	2.7	7 249.5	9.7	10 176.4	12.5	5 254.7	6.5	2 280.5	2.7	4 372.7	5.0
Total	46 469.1	100.0	56 249.4	100.0	59 711.8	100.0	65 672.7	100.0	66 002.1	100.0	75 077.1	100.0	81 275.1	100.0	80 547.7	100.0	84 529.7	100.0	86 903.5	100.0

(million EUR)

Type of revenue	2000		2001		2002		2003		2004	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
— Agricultural duties	1 198.4	1.3	1 132.9	1.2	1 180.2	1.2	1 011.8	1.1	1 313.4	1.3
— Sugar levies	1 196.8	1.3	840.0	0.9	864.8	0.9	383.2	0.4	401.6	0.4
— Customs duties	14 568.3	15.7	14 237.4	15.1	12 917.5	13.5	9 462.1	10.1	10 592.1	10.3
— Compensation to MS for TOR collection costs	-1 696.3	-1.8	-1 621.0	-1.7	-5 748.6	-6.0	Included above		Included above	
TOR (Traditional own resources) payments	15 267.1	16.5	14 589.2	15.5	9 214.0	9.7	10 857.2	11.6	12 307.1	11.9
VAT-based own resource payments	35 192.5	38.0	31 320.3	33.2	22 388.2	23.5	21 260.1	22.7	13 912.2	13.5
GNP/GNI-based (4th) own resource payments	37 580.5	40.5	34 878.8	37.0	45 947.6	48.1	51 235.1	54.8	68 981.1	66.8
UK rebate payments	-70.9	-0.1	-70.3	-0.1	148.2	0.2	280.1	0.3	-148.0	-0.1
Other (including previous exercise's surplus)	4 755.2	5.1	13 571.2	14.4	17 736.4	18.6	9 836.1	10.5	8 180.9	7.9
Total	92 724.4	100.0	94 289.3	100.0	95 434.4	100.0	93 468.6	100.0	103 233.3	100.0

NB:

- Data indicated for 2004 are the latest available as on end February 2005. These data are provisional and may differ from the final data which will be published in the 2004 Annual Accounts.
- Historical series prior to 1984 have been harmonised to present (in the same way as for the following years) the actual cash payments made each year.
- The compensation to Member States for TOR collection costs was recorded as expenditure until 1987 (+ a specific retroactive recording in 1988 of some late 1987 refund) and then as negative revenue. Pursuant to Council Decision No 2000/597/EC, as from the year 2001, the compensation increased from 10 % to 25 %. The 15 % increase corresponding to the year 2001 was budgeted and recorded in a specific way in 2002, which is why the compensation is so high for this year. Since 2003, the compensation is no longer presented separately. Instead the payments of agricultural duties, sugar levies and customs duties are recorded net. In 1973 and 1974, Denmark, Ireland and the United Kingdom did not make any TOR payments but made specific 'other own resources' payments (included under the line 'Member States contributions' for these years) of Accounting Unit (A.U.) million 390.5 in 1973 and A.U. million 63.4 in 1974).

- VAT-based own resource payments include adjustments of VAT-based payments for previous years. In 1979, when the first VAT-based own resource payments took place, only Belgium, Denmark, France, Italy, the Netherlands and the United Kingdom made such payments, while Germany, Ireland and Luxembourg paid a GNP-based contribution (included under the line 'Member States contributions' for that year).
- GNP/GNI-based own resource payments include adjustments of GNP/GNI-based payments for previous years. As from the year 2002, pursuant to Council Decision No 2000/597/EC, ESA95 GNI replaced ESA79 GNP as the reference for fourth own resource payments. For the simplicity of the presentation, restitutions paid to Greece, Spain and Portugal over 1994–2001, the recalculation — recorded in 1996 — of the SAB 1/95 according to the new Own Resources Decision 2000/597/EC and — since 2003 — the adjustment for non-participation of certain Member States in justice and home affairs policy have been included under the line 'GNP/GNI-based own resource payments'.
- All UK rebate payments, including some UK rebate payments (over 1985–93) recorded under the VAT-based own resource and some UK rebate payments (over 1988–2000) recorded under the GNP-based own resource, have been grouped under the line 'UK rebate payments'. The fact that these payments do not add up exactly to zero is due to exchange-rate differences.
- The balance from the previous exercise (usually a surplus) is included under the line 'Other' revenue. Only twice was there a deficit (ECU million 827.3 in 1984 and ECU million 819.9 in 1986), which was recorded in the following year (in 1985 partly as expenditure for ECU million 172.5 and partly as deduction of the net balance for ECU million 654.8, and in 1987 as expenditure for ECU million 819.9).

TABLE 11

Staff of the Community institutions from 1970 to 2004

	1970	1971	1972	1973	1974	1975	1976
Parliament	532	589	787	1 096	1 172	1 206	1 404
Council	618	628	980	1 218	1 330	1 481	1 501
Commission	7 801	8 025	8 239	9 247	9 573	9 987	10 641
of which: Administrative budget	5 201	5 455	5 827	6 799	7 194	7 605	7 777
Research budget	2 501	2 450	2 277	2 277	2 198	2 184	2 658
Publications Office	99	120	135	171	181	198	206
Other bodies							
Court of Justice	114	126	138	223	254	261	264
Court of Auditors	26	29	30	35	35	35	35
Economic and Social Committee and Committee of the Regions	144	156	192	252	284	292	302
Total	9 235	9 553	10 366	12 071	12 648	13 262	14 147

	1987	1988	1989	1990	1991	1992	1993
Parliament	3 360	3 405	3 405	3 482	3 565	3 686	3 790
European Ombudsman							
European data protection supervisor							
Council	2 066	2 130	2 165	2 184	2 205	2 225	2 256
Commission	15 161	15 905	16 309	16 720	17 175	17 946	18 576
of which : Administrative budget	11 622	12 328	12 611	12 887	13 157	13 975	14 540
Research budget	3 053	3 073	3 176	3 285	3 462	3 409	3 430
Publications Office	380	396	406	424	428	428	463
OLAF							
Other bodies	106	108	116	124	128	134	143
Court of Justice	646	672	733	752	794	800	825
Court of Auditors	366	375	377	379	384	394	402
Economic and Social Committee and Committee of the Regions	471	485	494	501	506	510	510
Total	22 070	22 972	23 483	24 018	24 629	25 561	26 359

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
	1 537	1 709	2 112	2 573	2 927	2 931	2 941	2 966	2 998	3 277
	1 508	1 517	1 547	1 599	1 700	1 755	1 798	1 792	1 888	2 016
	11 068	11 418	11 649	11 947	12 283	12 675	12 998	13 280	13 703	14 262
	8 048	8 378	8 580	8 885	9 173	9 565	9 852	10 037	10 369	10 881
	2 806	2 816	2 771	2 736	2 753	2 747	2 779	2 851	2 922	2 939
	214	224	237	265	284	288	292	312	331	350
			61	61	73	75	75	80	81	92
	275	288	315	363	452	474	478	480	480	571
	35	164	214	259	284	294	303	303	307	345
	305	315	325	339	374	378	391	400	405	448
	14 728	15 411	16 162	17 080	18 020	18 507	18 909	19 221	19 781	20 919

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	3 790	4 091	4 105	4 109	4 110	4 181	4 199	4 264	4 338	4 960	5 399
									27	31	38
									15		
	2 304	2 464	2 529	2 529	2 534	2 621	2 659	2 703	2 701	2 919	3 184
	19 027	20 383	21 464	22 006	22 509	22 661	23 076	24 087	24 080	24 315	25 393
	14 918	15 836	16 449	16 789	17 094	17 082	17 087	17 587	17 906	16 743	17 412
	3 497	3 497	3 694	3 712	3 712	3 712	3 704	3 731	3 556	3 606	3 672
	465	525	525	525	525	525	522	522	520	519	536
						149	224	300	300	300	329
	147	525	796	980	1 178	1 193	1 539	1 947	1 798	3 147	3 444
	837	950	953	953	953	961	1 010	1 075	1 077	1 140	1 641
	427	503	503	528	553	552	552	552	575	605	736
	599	716	727	739	739	737	751	757	764	777	1 026
	26 984	29 107	30 281	30 864	31 398	31 713	32 247	33 438	33 577	34 747	37 417

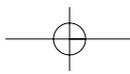
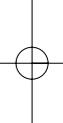
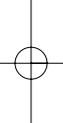
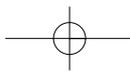
TABLE 12

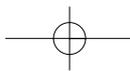
Summary of own resources by Member State from 1992 to 2004

	1992		1993		1994		1995		1996		1997	
	Amount	%										
Belgium	2 239.1	4.0	2 394.9	3.7	2 822.1	4.4	2 680.1	4.0	2 750.9	3.9	2 971.4	3.9
Czech Republic	-	-	-	-	-	-	-	-	-	-	-	-
Denmark	1 034.8	1.8	1 206.5	1.9	1 296.2	2.0	1 295.4	1.9	1 368.9	1.9	1 505.8	2.0
Germany	16 997.5	30.2	19 076.4	29.8	21 366.3	33.3	21 324.1	31.4	20 742.6	29.2	21 217.3	28.2
Estonia	-	-	-	-	-	-	-	-	-	-	-	-
Greece	728.6	1.3	1 011.2	1.6	992.3	1.5	985.2	1.5	1 106.0	1.6	1 178.4	1.6
Spain	4 828.0	8.6	5 192.6	8.1	4 718.1	7.4	3 645.2	5.4	4 547.2	6.4	5 367.6	7.1
France	10 493.4	18.7	11 545.5	18.0	12 550.9	19.6	11 876.8	17.5	12 423.3	17.5	13 185.9	17.5
Ireland	462.3	0.8	567.4	0.9	638.9	1.0	664.8	1.0	681.5	1.0	687.0	0.9
Italy	8 279.9	14.7	10 265.0	16.0	7 759.6	12.1	6 413.7	9.5	9 004.7	12.7	8 667.1	11.5
Cyprus	-	-	-	-	-	-	-	-	-	-	-	-
Latvia	-	-	-	-	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-	-	-	-	-
Luxembourg	123.5	0.2	167.0	0.3	165.4	0.3	167.6	0.2	160.7	0.2	170.7	0.2
Hungary	-	-	-	-	-	-	-	-	-	-	-	-
Malta	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	3 534.0	6.3	4 030.6	6.3	4 245.9	6.6	4 349.6	6.4	4 435.5	6.2	4 837.6	6.4
Austria	-	-	-	-	-	-	1 762.9	2.6	1 874.0	2.6	2 110.4	2.8
Poland	-	-	-	-	-	-	-	-	-	-	-	-
Portugal	838.1	1.5	909.4	1.4	1 215.6	1.9	864.9	1.3	851.7	1.2	1 077.8	1.4
Slovenia	-	-	-	-	-	-	-	-	-	-	-	-
Slovakia	-	-	-	-	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	887.4	1.3	964.0	1.4	1 061.9	1.4
Sweden	-	-	-	-	-	-	1 658.3	2.4	1 969.0	2.8	2 326.0	3.1
United Kingdom	6 702.4	11.9	7 626.6	11.9	6 417.4	10.0	9 251.6	13.6	8 218.6	11.6	8 928.1	11.9
Total	56 261 7	100	63 993 2	100	64 188 8	100	67 827 6	100	71 098 7	100	75 293 0	100

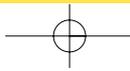
NB: 10 new Member States joined the EU on 1 May 2004 and thus contributed during two thirds of the year only to the 2004 budget.

	1998		1999		2000		2001		2002		2003		AB 10/2004	
	Amount	%												
	3 130.9	3.8	3 196.2	3.9	3 388.6	3.9	3 531.6	4.4	3 017.9	3.9	3 486.0	4.2	3 842.0	4.0
	-	-	-	-	-	-	-	-	-	-	-	-	563.1	0.6
	1 694.7	2.1	1 656.2	2.0	1 684.8	1.9	1 777.7	2.2	1 687.9	2.2	1 777.7	2.1	1 963.0	2.1
	20 633.0	25.1	21 069.0	25.5	21 774.9	24.8	19 727.2	24.4	17 582.2	22.6	19 202.6	23.0	20 785.5	21.9
	-	-	-	-	-	-	-	-	-	-	-	-	59.0	0.1
	1 310.3	1.6	1 348.8	1.6	1 333.8	1.5	1 350.1	1.7	1 337.5	1.7	1 533.7	1.8	1 709.6	1.8
	5 752.4	7.0	6 231.3	7.6	6 445.4	7.3	6 591.5	8.2	6 551.2	8.4	7 429.4	8.9	8 186.1	8.6
	13 584.3	16.5	13 993.8	17.0	14 510.9	16.5	14 471.3	17.9	14 152.3	18.2	15 153.7	18.1	16 161.2	17.0
	984.7	1.2	1 059.7	1.3	1 074.4	1.2	1 211.3	1.5	1 018.8	1.3	1 127.5	1.3	1 220.1	1.3
	10 581.4	12.9	10 765.8	13.0	10 999.9	12.5	11 612.5	14.4	11 279.5	14.5	11 758.5	14.1	13 358.2	14.1
	-	-	-	-	-	-	-	-	-	-	-	-	86.0	0.1
	-	-	-	-	-	-	-	-	-	-	-	-	65.6	0.1
	-	-	-	-	-	-	-	-	-	-	-	-	128.4	0.1
	216.7	0.3	194.2	0.2	185.4	0.2	256.5	0.3	183.8	0.2	204.5	0.2	220.4	0.2
	-	-	-	-	-	-	-	-	-	-	-	-	561.5	0.6
	-	-	-	-	-	-	-	-	-	-	-	-	34.3	0.0
	5 104.5	6.2	5 091.4	6.2	5 496.7	6.2	5 517.0	6.8	4 467.4	5.7	4 919.5	5.9	5 299.3	5.6
	2 085.8	2.5	2 053.7	2.5	2 093.6	2.4	2 091.0	2.6	1 808.7	2.3	1 935.9	2.3	2 128.2	2.2
	-	-	-	-	-	-	-	-	-	-	-	-	1 257.3	1.3
	1 104.6	1.3	1 227.6	1.5	1 255.0	1.4	1 266.0	1.6	1 187.3	1.5	1 292.9	1.5	1 347.9	1.4
	-	-	-	-	-	-	-	-	-	-	-	-	179.4	0.2
	-	-	-	-	-	-	-	-	-	-	-	-	227.7	0.2
	1 145.8	1.4	1 210.7	1.5	1 225.7	1.4	1 233.2	1.5	1 184.5	1.5	1 337.9	1.6	1 435.0	1.5
	2 382.7	2.9	2 348.8	2.8	2 632.9	3.0	2 337.7	2.9	2 086.2	2.7	2 501.3	3.0	2 644.6	2.8
	12 537.2	15.2	11 083.5	13.4	13 867.0	15.8	7 743.4	9.6	10 152.8	13.1	9 971.2	11.9	11 533.6	12.1
	82 249 2	100	82 530 8	100	87 969 2	100	80 718 1	100	77 698 0	100	83 632 5	100	94 997 0	100





ANNEX II



ACCOUNTING AND BUDGETARY PRINCIPLES

1. ACCOUNTING PRINCIPLES

1.1. Legal provisions

The accounts are kept in accordance with Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of this Financial Regulation.

1.2. The accounting principles

The accounting system of the European institutions comprises budget accounts and general accounts. These accounts shall be kept in euro on the basis of the calendar year.

The **budget accounts** give a detailed picture of the implementation of the budget. They are based on the modified cash accounting principle ⁽¹⁾.

The **general accounts** show all expenditure and revenue over the financial year and are designed to establish the financial position in the form of a balance sheet at 31 December.

Article 124 of the Financial Regulation sets out the accounting principles to be applied in drawing up the financial statements:

- going concern basis;
- prudence;
- consistent accounting methods;
- comparability of information;
- materiality;
- no netting;
- reality over appearance;
- accrual-based accounting.

⁽¹⁾ This differs from cash-based accounting because of elements such as carryovers and the establishment of entitlements.

However, the transitional provisions of the Financial Regulation indicate that these principles will apply gradually depending on technical possibilities in order to be fully effective for the budgetary year 2005.

2. GENERAL BUDGET AND TYPES OF APPROPRIATION

The general budget, the main instrument of the Communities' financial policy, is the instrument which provides for and authorises the Communities' revenue and expenditure every year.

2.1. BUDGETARY PRINCIPLES

The general budget of the Communities is governed by a number of basic principles:

unity and budget accuracy: all Communities' expenditure and revenue must be incorporated in a single budget document, must be booked on a budget line and expenditure must not exceed authorised appropriations;

universality: this principle comprises two rules:

- the rule of non-assignment, meaning that budget revenue must not be earmarked for specific items of expenditure (total revenue must cover total expenditure);
- the gross budget rule, meaning that revenue and expenditure are entered in full in the budget without any adjustment against each other;

annuality: the appropriations entered are authorised for a single year and must therefore be used during that year;

equilibrium: the revenue and expenditure shown in the budget must be in balance

(estimated revenue must equal payment appropriations);

specification: each appropriation is assigned to a specific purpose and a specific objective;

unit of account: the budget is drawn up and implemented in euro and the accounts are presented in euro;

sound financial management: budget appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness;

transparency: the budget is established and implemented and the accounts presented in compliance with the principle of transparency — the budget and amending budgets are published in the *Official Journal of the European Communities*.

2.2. BUDGET STRUCTURE

The budget consists of:

- (a) a general statement of revenue;
- (b) separate sections divided into the statements of revenue and expenditure of each institution:

2.3. STRUCTURE OF THE ACCOUNTS

Only the Commission budget contains administrative appropriations and operating appropriations. The other institutions have only administrative appropriations.

The budget distinguishes between two types of appropriation: non-differentiated appropriations and differentiated appropriations.

Non-differentiated appropriations are used to finance operations of an annual nature

(which comply with the principle of annuality). **Differentiated appropriations** were introduced in order to reconcile the principle of annuality with the need to manage multi-annual operations. They cover the total cost, during the current year, of legal obligations entered into for operations extending over more than one financial year.

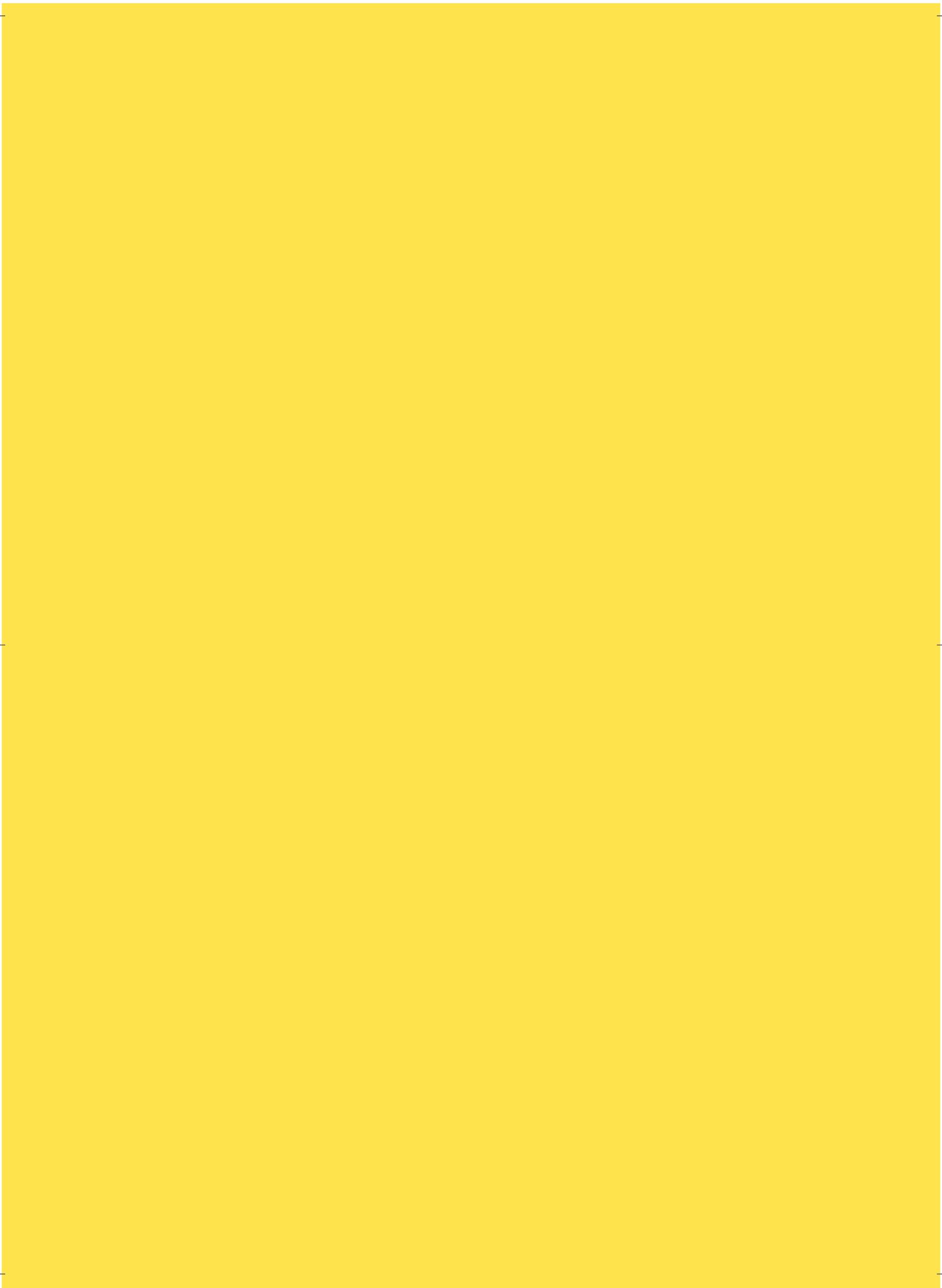
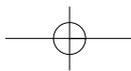
2.4. ORIGIN OF APPROPRIATIONS

The main source of appropriations is the Communities' budget for the current year. However, there are other types of appropriations resulting from the provisions of the Financial Regulation. They come from previous financial years (appropriations carried over) or outside sources (refunds, revenues from third parties, EFTA appropriations).

2.5. BUDGET IMPLEMENTATION

The actual revenue for a financial year corresponds to the revenue collected against entitlements established in the course of the year and amounts collected against entitlements still to be recovered from previous years.

As with revenue, expenditure is forecast in the initial budget. The execution of expenditure shows how appropriations for commitments and appropriations for payments are changed, used, carried over and lapse during the year.

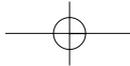


ANNEX III

163

The Final Annual Accounts of the European Communities for the financial year 2004 will be published:

- in the *Official Journal of the European Union*, series C at the latest by 30 November 2005;
- on the Europa website (http://europa.eu.int/comm/budget/infos/publications_en.htm).



European Commission

European Union Financial Report 2004

Luxembourg: Office for Official Publications of the European Communities

2004 — 164 pp. — 21 x 29.7 cm

ISBN 92-894-9142-6

