

Brussels European Council (24–25 October 2002)

Presidency Conclusions

[...]

Budgetary and financial issues (2004-2006)

10. The ceiling for enlargement-related expenditure set out for the years 2004-2006 by the European Council in Berlin must be respected.

11. The Union's expenditure must continue to respect both the imperative of budgetary discipline and efficient expenditure, and the need to ensure that the enlarged Union has sufficient resources at its disposal to ensure the orderly development of its policies for the benefit of all its citizens.

(a) Direct payments

12. Without prejudice to future decisions on the CAP and the financing of the European Union after 2006, nor to any result following the implementation of paragraph 22 of the Berlin European Council conclusions, as well as to the international commitments which the Union has undertaken inter alia in the launching of the Doha Development Round, direct payments will be introduced in accordance with the following schedule of increments expressed as a percentage of the level of such payments in the Union:

2004: 25%

2005: 30%

2006: 35%

2007: 40%

and thereafter in 10% increments so as to ensure that the new Member States reach in 2013 the support level then applicable in the current European Union. Furthermore, the small farmers scheme should not apply.

The phasing-in will take place within a framework of financial stability, where total annual expenditure for market-related expenditure and direct payments in a Union of 25 cannot - in the period 2007-2013 - exceed the amount in real terms of the ceiling of category 1A for the year 2006 agreed in Berlin for the EU-15 and the proposed corresponding expenditure ceiling for the new Member States for the year 2006. The overall expenditure in nominal terms for market-related expenditure and direct payments for each year in the period 2007-2013 shall be kept below this 2006 figure increased by 1% per year.

The needs of producers living in the disadvantaged regions of the present European Union should be safeguarded; multifunctional agriculture will be maintained in all areas of Europe, in accordance with the conclusions of the 1997 Luxembourg European Council and the 1999 Berlin European Council.

#### (b) Overall level of allocations for Structural Operations

13. The overall commitment appropriations for the structural and cohesion funds to be added under heading 2 in view of enlargement should be a total of 23 billion euros over the period, distributed among the new Member States in accordance with the relevant European Union Common Positions which have been agreed with the candidate States.

#### (c) Own resources and budget imbalances

14. The own resources acquis will apply to the new Member States as from accession.

If the forecast cash flow balance with the Community's budget compared to the year 2003 is negative for individual candidate States in the years 2004-2006, temporary budgetary compensation will be offered. This will involve lump-sum, degressive and temporary payments on the expenditure side of the EU budget. The amounts will be determined by the end of the negotiations on the basis of the method agreed by the Council on 22 October 2002 and included in the Act of Accession. These compensations would have to remain within the annual margins left under the Berlin ceilings for commitments and payment appropriations for enlargement.

15. The general effort towards budgetary discipline laid down by the European Council in Berlin should be continued in the period beginning in 2007.

16. The European Council endorsed the other elements necessary for defining the EU Common Positions that result from the preparations in the General Affairs and External Relations Council as set out in Annex I.

[...]