

COMMISSION  
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FIGURES RELATING TO COMMUNITY REVENUE AND EXPENDITURE  
1980 - 1982

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(Commission staff paper)

Figures relating to Community revenue and expenditure 1980-1982

1. At their informal meeting in Naples on 17 and 18 May 1980 Foreign Ministers asked the Commission to produce for examination by Finance Ministers, figures relating to Community revenue and expenditure in 1980, 1981 and 1982. The Commission was requested to base their calculations for 1981 and 1982 on different hypotheses as regards expenditure in the agricultural guarantee and structural sectors of the Budget and to accompany the figures with a note of explanation.

2. In the attached tables, the Commission has, as requested, produced, in an abbreviated form, figures relating to the 1980 budget proposal (including the new agricultural figures); and for 1981 and 1982 figures resulting from two hypotheses each for agricultural guarantee and structural expenditure. Table A has been constructed in a manner designed to show the margin of potential unused Own Resources remaining after expenditure assumed in each hypothesis has been financed. Figures for 1979, the latest full and normal budget year, have been included in Table A for purposes of comparison.

3. The net positions of Member States resulting from the financing of the 1980 budget proposal and the different expenditure hypotheses for 1981 are to be found in Table B.

Figures relating to Community revenue and expenditure 1980-1982 :

Explanatory note

1. This note sets out briefly the salient characteristics of the attached tables. For a more detailed explanation, the footnotes appended to the tables should be consulted.
2. Table A contains a series of hypotheses regarding Community expenditure for the period 1980-1982. For 1981 and 1982 alternative hypotheses for agricultural guarantee and structural expenditure are shown. For agricultural guarantee the hypotheses are a 12% annual increase in expenditure over 1980 and a 18% annual increase in expenditure over 1980. For structural expenditure the hypotheses are the maintenance of its share of the budget attained in 1979 and a 20% annual increase over the 1979 level. For all the resulting columns Line G then shows the financial resources potentially remaining to the Community within the 1% VAT limit after the expenditure assumed in the hypothesis has been financed. The assumptions contained in each hypothesis are set out in detail in the footnotes attached to the tables.
3. Table B shows the net positions of Member States deriving from the expenditure hypothesis contained in Table A.
4. Table A is in no sense a forecast of policy intentions in relation to Community expenditure. Given the degree of uncertainty about the total size of the 1980 Budget, which would have to be the starting point for any forecast, the Commission has not thought it appropriate to produce revised triennial forecasts which could be highly misleading. Instead it seemed more useful to show the financial consequences for the Community budget and thus for the net positions of Member States of a variety of different combinations of possible expenditure levels in the agricultural guarantee and structural sectors. The hypotheses chosen for different expenditure levels is, necessarily, somewhat arbitrary, though experience shows that they are all within the bounds of possibility.
5. The figures for 1980 are, obviously, reasonably reliable (though it should not be forgotten that the budget authority has yet to act on the 1980 Budget proposal). Figures for 1981 and especially for 1982 are inevitably much less reliable not only because of the increasing likelihood that events will turn out differently from the hypotheses chosen but also because the techniques of calculation are, unavoidably, less accurate. (This applies with especial force to the calculation of the net balances where the financing key for 1981 has obviously had to be based on a best estimate).

Table A

6. For 1980, Table A shows that after the Commission's Budget proposal of February 1980 (updated for agriculture) has been financed, a margin of ±2150 MEUA of revenue remains potentially available for additional expenditure.

7. For 1981 and 1982, Table A shows different margins of revenue remaining potentially available for additional expenditure depending upon the expenditure hypothesis.

8. As could be expected, it can be seen clearly that it is the annual rate of increase in agricultural guarantee expenditure which has the most significant effect on the size of the margin of unused potential Own Resources. Thus if the increase in agricultural guarantee expenditure in 1981 is kept to 12% as compared with 1980, a margin of ±1900 MEUA remains (column 7) even allowing for an increase of 20% per annum over 1979 for structural expenditure. A repetition of this pattern of expenditure in 1982 results in a margin of ±1550 MEUA - column 15 (±2150 if structural expenditure is kept to its 1979 budget share - column 13). If on the other hand agricultural guarantee expenditure rises by 18% in 1981 as compared with 1980, the margin is reduced to ±1500 MEUA (column 9) even if structural expenditure is kept to its 1979 budget share (±1300 MEUA if structural expenditure rises by 20% per annum over 1979 - column 11.)

9. In 1982, a repetition of an annual 18% increase in agricultural guarantee expenditure results in the margin being brought down to 350 MEUA (column 17) even if structural expenditure is kept to its 1979 budget share. If structural expenditure is increased by 20% per annum over its 1979 level, the margin is totally exhausted and the 1% ceiling is reached.

Table B

10. Table B shows the net positions for Member States in relation, first, to the 1980 budget proposal updated to include the figures for agriculture and secondly in relation to the four columns for the 1981 hypothesis. Given the extreme uncertainty about the validity of hypotheses made in relation to 1982, the Commission has not considered it right to produce net positions for Member States for that year. To do so would have been to lend a spurious accuracy to the 1982 figures which should be regarded as giving only a general guide to a possible range of Community budgetary expenditure in that year.

COMMUNITY REVENUE AND EXPENDITURE IN PAYMENTS - 1979-1982 :

- 1979 budget outturn
- 1980 budget proposal (including new agricultural figures)
- 1981 and 1982 figures based on certain hypotheses concerning the agricultural and structural sectors

Table A

	1979		1980		1981				1982											
	Budget and three supplementary budgets	New budget proposal for agriculture guarantee	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980	Agriculture guarantee 12% Increase on 1980								
Column	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Operational expenditure Agriculture Guarantee	1725	11.9	1920	12.1	2200	12.0	2200	11.6	2200	11.6	2200	11.5	2400	11.8	2400	11.4	2400	10.8	2400	10.7
Structures development cooperation	1840	12.8	1700	10.8	2350	12.8	2650	14.3	2450	12.8	2650	13.8	2800	12.8	3200	15.3	2850	12.8	3200	14.2
Total A-D	1447	100	15800	100	18300	100	18600	100	19000	100	19200	100	20350	100	20950	100	2150	100	22500	100
Total potential own resources available within 1% VAT	16458		17950		20500		20500		20500		20500		2150		22500		22500		22500	
Margin of unused potential own resources	2011		2150		2200		1900		1500		1300		2150		1550		350		0	
VAT rate for line E	0.78		0.78		0.83		0.84		0.87		0.89		0.84		0.88		0.97		1.00	

11. For 1980, the figures in the top line of Table B differ from the latest series produced by the Commission in April (document SEC 601/2 of 19 April) because of the incidence of the additional expenditure on agricultural guarantee.

12. For 1981, it is interesting to note that the variation in the net positions of Member States resulting from the different hypotheses for that year is not great. As compared with 1980 however, the tendency is for those countries which are net beneficiaries increasingly to be so while the reverse is true of countries which are net contributors.

NET POSITIONS OF MEMBER STATES

- in relation to the 1980 budget proposal
- in relation to four expenditure hypotheses for 1981

Table B

Year	Hypothesis	Corresponding column in Table A	B	DK	D	F	IRL	I	L	N	UK
1980	New budget proposal taking account of additional 1,100 MEUA for agriculture	3	+484	+422	-1192	+15	+535	+808	+287	+425	-1784
1981	Agriculture guarantee increase 12%; structures 12.8% of budget	5	+600	+560	-1300	+30	+660	+800	+320	+560	-2240
	Agriculture guarantee increase 12%; structures increase 2% p.a. over 1979	7	+600	+560	-1360	+10	+680	+860	+320	+560	-2240
	Agriculture guarantee increase 18%; structures 12.8% of budget	9	+620	+580	-1360	+10	+700	+840	+320	+620	-2320
	Agriculture guarantee increase 18%; structures increase 20% p.a. over 1979	11	+620	+580	-1400	0	+700	+880	+320	+620	-2320

