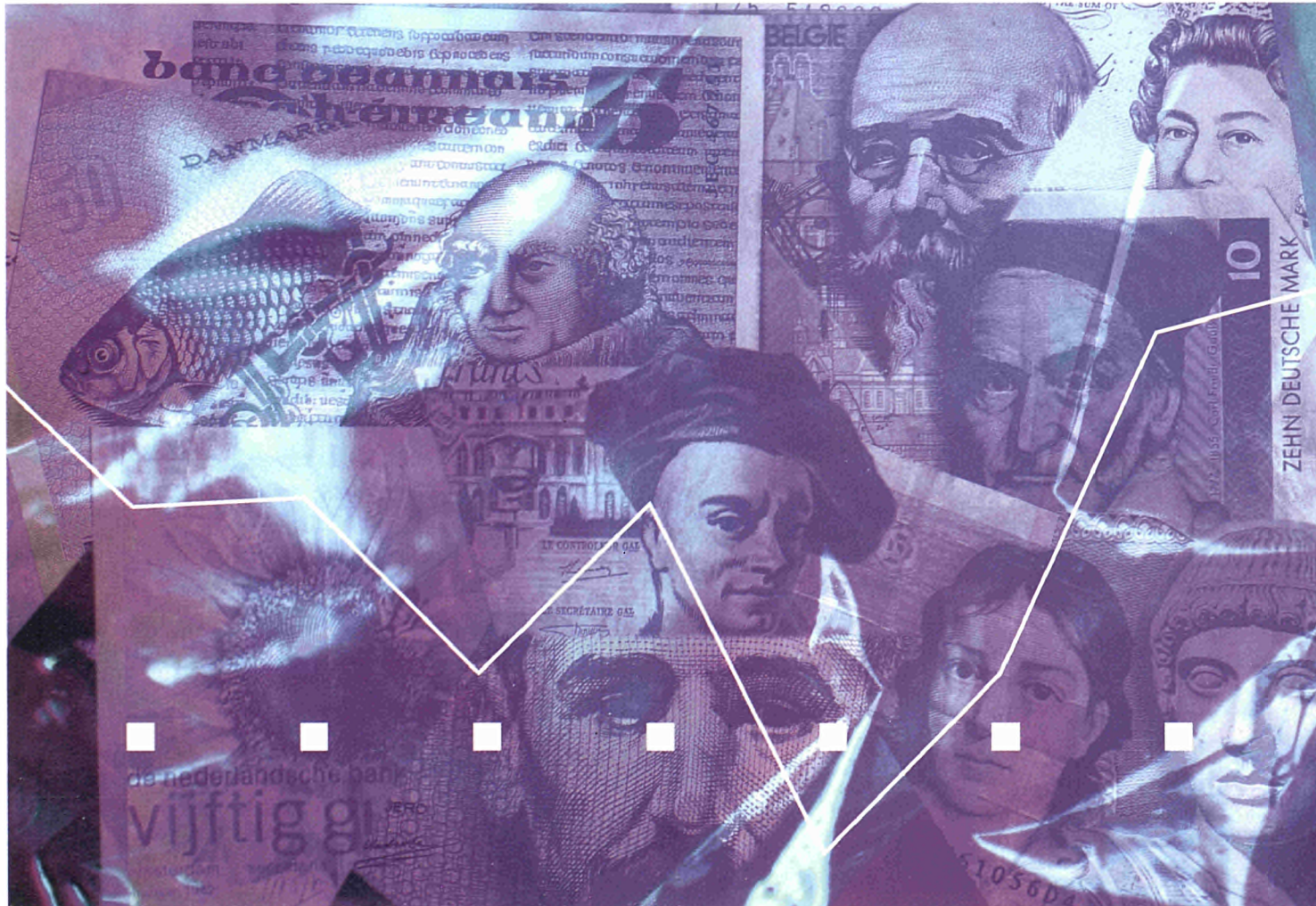




THE COMMUNITY BUDGET: THE FACTS IN FIGURES



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

Luxembourg: Office for Official Publications of the European Communities, 1995

ISBN 92-827-4338-1

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Printed in France

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Introduction

The Community's public finances are governed by a number of basic instruments:

The Treaties establishing the three Communities, and the subsequent amendments to these treaties, provide a framework for the procedure for adopting each annual budget. The main aspects are listed on page 9.

The general provisions of the Treaties have been supplemented by a number of decisions, in particular:

- the Decision of 21 April 1970 setting up the own resources system, described in detail on page 18,
- the 1982 Joint Declaration on various measures to improve the budgetary procedure,
- the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure, which is one of the key elements in the 1988 reform of the Community's public finances and is presented in greater detail on page 47,
- the new Interinstitutional Agreement of 29 October 1993 which contains the financial framework for expenditure over the period 1993 to 1999 (see '*Financial perspective 1993 to 1999*', page 57).

As stated on page 7, the Community also has several financial instruments which, for a variety of reasons, are not included in the general budget. Information on the ECSC operating

budget, the EDF and borrowing and lending activities can be found in Tables 1, 5, 35 and 36.

All the information in this edition is set out chronologically. An introductory chapter lists a number of concepts which should help readers. In particular, it describes developments affecting the financial perspective and the expenditure and revenue of the European Union. The history of the budget from its beginnings to the present day is contained in Part I which, in addition to general data on changes in revenue and expenditure (Tables 1 to 4), focuses on more specific data such as changes in the staffing levels of the institutions (Table 6) or the development of borrowing and lending activities (Table 5). The period 1988 to 1992, which is closely linked to the implementation of the Single Act, heralds the modern era of the Community's public finances. This is the subject of Part II which provides details of the financial perspective introduced in the Interinstitutional Agreement and draws a comparison between the budget and the ceilings of the financial perspective. The current period (1993 to 1995) is divided into three separate parts in order to provide particularly detailed information on the latest developments: Part III presents the new financial framework (1993 to 1999) arising from the new Interinstitutional Agreement of 29 October 1993 (including changes to take account of enlargement), Part IV gives a detailed description of the budget adopted for 1995, including supplementary and amending budget No 1/95 which was adopted in April 1995 to take account of enlargement, and, finally, Part V describes the preliminary draft budget for 1996. A glossary at the end of the volume gives the meanings of the abbreviations and acronyms used and a bibliography proposes further publications for readers seeking more detailed information.



Some important concepts

THE COMMUNITY BUDGET — BASIC PRINCIPLES

The Community budget is governed by six major principles.

1. The principle of **unity**, laid down in Article 199 of the Treaty, means that all the Community's revenue and expenditure must be brought together in a single document. In the early years of the Community, because of the autonomy enjoyed by the institutions set up under the ECSC, the EEC and the EAEC, as many as five separate budgets had to be drawn up for some financial years. Since the Treaty of Luxembourg of 22 April 1970 the development of the Community's main financial activities has contributed to a unification of these budgets and there are now only two budgets — the general budget and the ECSC operating budget. However, two categories of financial operation are not covered by this framework : the European Development Fund and borrowing and lending activities (see *'The Community budget from its beginnings'*, page 23).

2. The principle of **universality** is based on two rules: budgetary revenue may not be allocated to particular items of expenditure and all revenue and expenditure must be entered in full in the budget without any adjustment against each other.

3. **Annuality** means that budget operations relate to a given budget year in order to facilitate control of the work of the Community executive. The Community must, however, reconcile this principle with the need to engage in multiannual operations, which account for a growing proportion of the budget. The answer to this dual requirement is provided by the entry of *differentiated appropriations*, which consist of commitment appropriations and payment appropriations. The *commitment appropriations* cover the total cost in the financial year of the legal obligations entered into in respect of operations to be carried out over a period of more than one financial year. The *payment appropriations* cover expenditure, up to the amount entered in the budget, resulting from the commitments entered into during the financial year and/or earlier financial years. Unlike the differentiated appropriations, *non-differentiated appropriations* are to cover operations which should, in principle, be completed (both commitment and payment) in a single budget year. The terms 'appropriations for

commitments' and 'appropriations for payments' are used for the totals of commitment appropriations and payment appropriations corresponding to both differentiated and non-differentiated appropriations.

4. The principle of **equilibrium** requires that the estimated revenue for a financial year should be equal to the appropriations for payments of that year (see *'Revenue of the European Union'*, page 18). No funds may be borrowed to cover a budget deficit. A surplus is entered as revenue in the following year's budget and any unforeseen additional expenditure in the course of the year must be financed by a supplementary and/or amending budget which will redeploy appropriations within the budget adopted or call in additional resources (see *'Budgetary procedure'*, page 9).

5. **Specification** of expenditure means that each appropriation must have a given purpose and be assigned to a specific objective in order to prevent any confusion between appropriations, at both the authorization and the execution stage, and thus to ensure that the budget as established is quite unambiguous and that it is executed in accordance with the wishes of the budgetary authority. The principle of specification determines the horizontal structure (distinction between statement of revenue and statement of expenditure, subdivision of the statement of expenditure into five sections, one for each of the institutions) and the vertical structure of the budget (the budget nomenclature enables the type and purpose of appropriations to be identified by subdividing the sections, in particular Section III which contains all the Community's operating expenditure, into titles, chapters, articles and items) (see *'Expenditure of the European Union'*, page 12). The possibility offered under certain conditions, of transferring appropriations to reallocate funds to headings other than those they were intended for when the budget was adopted, introduces flexibility into the principle of specification. These transfers are provided for in the Treaty so that budget appropriations can be used as effectively as possible.

6. The Union's monetary unit is the **European Currency Unit (ECU)** which represents a 'basket' of the twelve Community currencies. The estimates of expenditure and revenue in the budget are drawn up in ecus. However, much of the expenditure is still effected in national currency, leading to exchange rate differences which sometimes pose problems in the event of currency realignments, especially for agricultural and administrative expenditure.

DEFINITIONS

Compulsory expenditure**Non-compulsory expenditure**

The distinction between compulsory expenditure and non-compulsory expenditure is essentially political in that it determines the division of power over the budget between Parliament and the Council (Parliament has the last word on non-compulsory expenditure and the Council on compulsory expenditure).

The rather vague definition of the two concepts contained in the Treaty was clarified in 1982 in a Joint Declaration by the three institutions stating that compulsory expenditure is expenditure which the budgetary authority is obliged to enter in the budget to enable the Community to meet its obligations, both internally and externally, under the Treaties and acts adopted in accordance therewith. All other expenditure is non-compulsory.

Under the 1982 Declaration, the Presidents of the three institutions hold a triologue meeting before the Council establishes its draft budget in order to determine the classification of new budget headings and of any for which the legal basis might have changed. The 1993 Interinstitutional Agreement also laid down an *ad hoc* conciliation procedure to determine the level of compulsory expenditure (see '*Financial perspective 1993 to 1999*', 3. *Negotiation of the new Interinstitutional Agreement*, page 59).

Maximum rate of increase for non-compulsory expenditure

Article 203 of the EEC Treaty sets out the procedure for establishing the budget. Article 203 (9) allows Parliament, in certain circumstances, to increase the amount of non-compulsory expenditure by amending the Council's draft budget subject to a maximum rate

of increase in relation to the previous financial year. This maximum rate of increase is calculated by the Commission on the basis of various macroeconomic data and may be exceeded only if the Council agrees. Application of these rules was a frequent source of conflict between the two arms of the budgetary authority before the Interinstitutional Agreements were concluded to mitigate this (see '*Some important concepts : the financial perspective*', page 10).

Token entries and dashes

Budget items carry one of three possible types of entry:

- A given amount is entered: this is the normal state of affairs.
- The item carries a token entry (p.m.). This situation arises when the legal basis determining the principle and the arrangements for the expenditure does not exist when the budget is adopted (in particular, this is the case with the appropriations entered in the reserve in Subsection B0) or when the budgetary authority wants implementation of a measure to be temporarily suspended. The token entry thus means that the budgetary authority accepts expenditure in principle under the heading concerned, subject to a number of conditions.
- A dash (—) is entered against a budget heading. This is used to indicate headings which have ceased to be operational but which have to be kept in the budget for historical or accounting reasons, for instance in order to complete the implementation of payment appropriations for previous financial years.

Budget execution

All the statistical series on the implementation of expenditure relate to annual appropriations which are actually committed or paid in the same financial year or, in the case of carryovers, in the following financial year.

THE BUDGETARY PROCEDURE

1. Main stages of the procedure

The budgetary procedure is set out in Article 203 of the EEC Treaty which stipulates the sequence of stages and the time limits which must be respected by the two arms of the budgetary authority : the Council and Parliament. The budgetary procedure, as defined in the Treaty, extends from 1 September to 31 December of the year preceding the budget year in question.

In practice, however, a 'pragmatic' timetable has been applied by the three institutions since 1977. The different stages of the procedure are now as follows:

— *Establishment of the preliminary draft budget by the Commission and transmission to the budgetary authority by no later than 15 June*

The Commission prepares its 'statement of estimates' by compiling the requests of all spending departments and arbitrating between conflicting claims on the basis of the priorities set for the year in question. It also receives the estimates of the other institutions and puts them all together in a preliminary draft budget, which is the overall forecast of revenue and expenditure for a given year. This preliminary draft is adopted by the Commission early in May and sent to the budgetary authority in all Community languages by no later than 15 June.

The preliminary draft can subsequently be amended by the Commission by means of a letter of amendment to allow for new information which was not available when the preliminary draft was established.

— *Establishment of the draft budget by the Council*

The Council conducts its first reading of the preliminary draft and, on this basis and after a conciliation meeting with a delegation from Parliament, establishes, before 31 July, the draft budget, which it sends to Parliament in the first half of September.

— *First reading by Parliament*

Parliament conducts its first reading in October on the basis of the Council's draft; amendments to non-compulsory expenditure require the votes of an absolute majority of members. Proposed modifications to compulsory expenditure require an absolute majority of votes cast.

— *Second reading by the Council*

The Council conducts this second reading during the third week of November, after a conciliation meeting with a delegation from Parliament. The draft budget is amended in the light of Parliament's amendments (non-compulsory expenditure) or proposed modifications (compulsory expenditure). As a rule the Council's decisions on second reading relating to compulsory expenditure determine the final amount: unless the entire budget is subsequently rejected by Parliament, the Council has the 'last word' on this category of expenditure. The draft budget as amended is returned to Parliament around 22 November.

— *Second reading by Parliament and adoption of the budget*

As the Council has had the last word on compulsory expenditure, Parliament devotes most of its December part-session to reviewing non-compulsory expenditure, for which it can accept or refuse the Council's proposals.

Acting by a majority of its members and three-fifths of the votes cast, Parliament then adopts the budget. The President of Parliament declares the budget adopted and it can then be implemented.

2. Supplementary and amending budgets

In the event of unavoidable, exceptional or unforeseen circumstances, the Commission may propose during the year that the budget as adopted be amended; it does this by submitting preliminary draft supplementary and/or amending budgets.

These are subject to the same procedural rules as the general budget.

FINANCIAL PERSPECTIVE

1. Why is there a financial perspective ?

The political and institutional balance of the Community's system of finance gradually deteriorated in the eighties when increasing tension caused more and more difficulties in the annual budgetary procedure and resources were increasingly unable to meet requirements. The succession of budget crises prompted the Community institutions to agree on a method designed to ensure application of budgetary discipline and to improve the budgetary procedure. In concluding an Interinstitutional Agreement, Parliament, the Council and the Commission agree in advance on the main budgetary priorities for the following period and establish a framework for Community expenditure in the shape of a financial perspective. This financial perspective shows the maximum amount and the composition of foreseeable Community expenditure.

The first Interinstitutional Agreement was concluded in 1988 for the application of the 1988 to 1992 financial perspective (Delors I package) which was intended to provide the resources needed for the budgetary implementation of the Single Act. As the application of the Interinstitutional Agreement and the financial perspective proved a success, the institutions again adopted this approach and on 29 October 1993 concluded a new Interinstitutional Agreement including the 1993 to 1999 financial perspective agreed by the Edinburgh European Council of December 1992 (Delors II package).

2. What is the financial perspective ?

The main categories of Community expenditure are divided into headings: each of these headings carries an annual expenditure ceiling in commitment appropriations. However, in the case of structural operations (Structural Funds and Cohesion Fund), the amount entered in the financial perspective also constitutes an expenditure target. The financial perspective also indicates the maximum amount of payable appropriations expressed in millions of ecus and as a percentage of Community GNP (based on forecast GNP growth)

so that it may be compared with the ceiling on own resources which is also fixed as a percentage of Community GNP by the own resources decision (see *'Revenue of the European Union'* on page 18 and *'1988 to 1992'* on page 47).

Between the own resources ceiling and the ceiling of payment appropriations there is a margin for unforeseen expenditure. This margin has a dual role: it leaves a safety margin should the growth rate be lower than forecast thus reducing the resources available to the Community, and also allows the various ceilings of the financial perspective to be revised to cover any unforeseen expenditure which arises. This margin, which represented 0,03 % of GNP in the 1988 to 1992 financial perspective, was reduced to 0,01 % of GNP in the new financial perspective.

Under the Interinstitutional Agreement the three institutions undertake to respect the various ceilings set in the financial perspective. In return, the rule concerning the 'maximum rate of increase' (see *'Some important concepts : Definitions'*, page 8) is no longer applicable : the two arms of the budgetary authority now agree to accept the rates of increase for non-compulsory expenditure resulting from budgets established within the limits of the financial perspective.

The financial perspective is drawn up at current prices — 1988 prices for the first financial perspective and 1992 prices for the new financial perspective. It therefore has to be updated each year by the Commission to allow for increases in Community GNP and in prices. It is then expressed at current prices for the year in question.

Under the Interinstitutional Agreement, the financial perspective can also be adjusted in line with outturn, where the amounts planned for structural operations cannot be used in full during a given year and therefore have to be re-entered in the budget for a later year. Similarly, the total amount of payment appropriations may be adjusted to guarantee an orderly development between commitments and payments.

Apart from these adjustments, the financial perspective may also be revised to raise (or lower) the ceiling for one or more headings in order to accommodate expenditure which could not be foreseen when the agreement was signed.

The call-in rate for own resources cannot be raised above the own resources ceiling as a result of these adjustments and revisions of the financial perspective.

3. What is the link between the financial perspective and the budget ?

The classification of Community expenditure in the headings of the financial perspective reflects the various policy options. The breakdown of total expenditure between the various headings must therefore revolve around the main political priorities adopted for the period. Since 1988 the summary budget tables have been systematically organized by heading of the financial perspective in order to make it easier to assess the funds provided for implementing these political priorities. Most of the comparative tables in Parts III, IV and V of this publication adopt the same approach.

The amounts entered in the financial perspective are expenditure ceilings, which means that the field of activities covered by each heading must be sufficiently large in order to preserve the flexibility needed for budgetary management.

The financial perspective differs from indicative financial programming in that the ceilings are binding on the parties to the Interinstitutional Agreement. However, the financial perspective cannot be regarded as a multiannual budget, as the annual budgetary procedure is still essential for determining the actual level of expenditure under the ceilings and, above all, for dividing appropriations between the various budget headings. The budgetary nomenclature accordingly guarantees a transparent and accurate analysis of all Community operations contributing to the achievement of the main political priorities reflected in the financial perspective. The budgetary nomenclature was radically changed in 1991 so that the budget would be more transparent, easier to read and easier to compare with the financial perspective. Even if each budget heading comes under a specific heading of the financial perspective, there will be no complete match with the structure of the financial perspective because of the analytical breakdown of budgetary nomenclature which is required. The presentation of the budget in accordance with the budgetary nomenclature is therefore set out in detail in the tables and charts in Part IV (*'1995 budget'*).

THE EXPENDITURE OF THE EUROPEAN UNION

The expenditure of the European Union has considerably increased and diversified in the course of European integration (the main stages in this development are described on page 23). These days the general budget of the Union takes the form of a document consisting of a statement of revenue and a statement of the expenditure of all the institutions. The statement of expenditure is divided into five sections for the five institutions: Parliament (Section I), the Council (Section II), the Commission (Section III), the Court of Justice (Section IV), the Court of Auditors (Section V) and the Economic and Social Committee and the Committee of the Regions (Section VI).

While the appropriations entered in Sections I, II, IV, V and VI are exclusively for administrative expenditure, the Commission section is in two parts — A and B.

Part A (administrative appropriations) covers:

- the institution's expenditure on staff, buildings and equipment, various activities (meetings, studies, etc.), the Official Journal, publications, data processing and the staff and operation of delegations,
- expenditure resulting from special functions carried out by the institution such as general subsidies, subsidies for various bodies (e.g. the European University Institute, Florence, and the College of Europe, Bruges) or participation in events of interest for the Union,
- certain expenditure of an interinstitutional nature such as pensions for officials and temporary staff of all the institutions, the subsidy for the European Schools, the operating expenditure of the Office for Official Publications (the appropriations are set out in detail in Annex II to Part A).

Tables 30 and 31 and Chart 17 contain a breakdown of the institutions' administrative expenditure.

Part B (operating appropriations) is divided into eight subsections:

Subsection B1 contains all the guarantee expenditure by the European Agricultural Guidance and Guarantee Fund. This subsection gives budgetary shape to the common

agricultural policy (CAP), the objectives of which are laid down in the Treaty establishing the European Economic Community: to increase agricultural productivity, to ensure a fair standard of living for the agricultural community, to stabilize markets, to guarantee the availability of supplies and to ensure that supplies reach consumers at reasonable prices.

To achieve these objectives, the common agricultural market was based on three principles: a single market, Community preference and financial solidarity, the latter being a key factor in the common agricultural policy. In April 1962 the Member States decided to set up a Community fund — the European Agricultural Guidance and Guarantee Fund — to put this into effect. The EAGGF is included in the budget of the European Union and is thus subject to budgetary rules even though it is governed in some cases by its own, specific provisions.

In 1964 this fund was divided into two sections — the Guarantee Section for Community expenditure arising from market and prices policy and the Guidance Section for Community expenditure resulting from the agricultural structures policy.

The objectives of the Treaty have been largely achieved but this has demanded constant adjustment, the latest being the reform of the common agricultural policy decided by the Council of Ministers in May 1992. On the basis of more competitive prices and direct aid to farmers who most need it, this reform is intended to cut surpluses, slow down the drift away from the land and preserve the environment by discouraging intensive production.

To deal with the problem of the exhaustion of own resources, caused in particular by the rise in agricultural spending as a result of imbalance on some markets, the June 1988 European Council laid down the principles for tighter budgetary discipline in order to produce a better balance between the various categories of expenditure and to control their growth. These principles were confirmed by the Edinburgh European Council in December 1992.

To contain agricultural expenditure, the European Council laid down the principles of a 'guideline' (i.e. expenditure ceiling) within which the EAGGF Guarantee Section had to finance refunds on exports of agricultural products to non-member countries, the various types of intervention on the agricultural markets, including the cost of depreciating newly formed stocks, half the expenditure involved in the set-aside programme, rural development schemes linked to markets and measures to combat fraud.

However, from 1993 onwards, the scope of the agricultural guideline was extended in line with the conclusions of the Edinburgh European Council to include the new measures to accompany the reform of the CAP (early retirement, environment, afforestation), all expenditure on set-aside which, until 1992, had been split evenly between the EAGGF Guarantee Section and the EAGGF Guidance Section (the Guidance Section's share coming under heading 2 of the financial perspective), expenditure on income aid (which also came under heading 2 in 1992) and expenditure under the Guarantee Fund for fisheries (which belonged to heading 4 up to 1992).

The agricultural appropriations initially adopted for 1995 came to ECU 37 925 million, including ECU 998,5 million of reserves and provisions (including ECU 950 million to cover expenditure caused by enlargement), but excluding the ECU 500 million for the monetary reserve. This left a margin of ECU 18,5 million under the adjusted agricultural guideline. Supplementary and amending budget No 1/95 not only allocated the amount placed in the reserve to cover enlargement-related expenditure but also reduced the expenditure estimates used as a basis for the budget adopted in December. The favourable development of markets in several agricultural sectors, in particular beef/veal, cereals, sugar and wine, and the substantial receipts obtained from the clearance of accounts resulted in a cut in the level of agricultural expenditure expected in 1995 to ECU 36 897 million, which is ECU 1 047 million below the agricultural guideline.

As Chart 10 shows, agricultural expenditure accounted for around 47 % of the Community's expenditure in 1995. Table 21 and Chart 12 provide a detailed breakdown of EAGGF Guarantee Section expenditure by sector and chapter.

Subsection B2 covers structural operations, including operations under the Structural Funds (European Regional Development Fund — ERDF, European Social Fund — ESF and the EAGGF Guidance Section), the Financial Instrument for Fisheries Guidance (FIFG) and, since 1993, the Cohesion Fund. It also includes some internal policies: other agricultural and regional operations, transport and fisheries.

With the appropriations for the Structural Funds and the FIFG, the Union supports the six following objectives:

Objective 1: promoting the development and structural adjustment of regions whose development is lagging behind;

Objective 2: converting the regions (including employment areas and urban communities) seriously affected by industrial decline;

Objective 3: combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market;

Objective 4: facilitating the adaptation of workers of either sex to industrial changes and to changes in production systems;

Objective 5(a): speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy;

Objective 5(b): facilitating the development and structural adjustment of rural areas;

Objective 6: development and structural adjustments of regions with an extremely low population density.

Each of the Community's four structural instruments supports two or more objectives through Community support frameworks and Community initiatives; each instrument also earmarks a small amount for innovation schemes and transitional measures. For the period 1994 to 1999 the Edinburgh European Council proposed commitment appropriations of ECU 141 471 million at 1992 prices (ECU 149 818 million at 1994 prices) for these four instruments, 68,1 % of which is for regions covered by Objective 1.

A further ECU 4 747 million at 1995 prices is earmarked for the Structural Funds in the new Member States over the period 1995-99 — 3,9 % of this amount is for Objective 1 regions and 17 % for Objective 6 regions. Finally, the financing of the expenditure for the financial mechanism of the European Economic Area resulting from the accession of Austria, Finland and Sweden will in future be incorporated in the budget of the European Union.

With the Cohesion Fund appropriations the Union is making a financial contribution to environmental projects and trans-European transport infrastructure networks in those Member States with a per capita gross national product which is less than 90 % of the Community average, measured on the basis of purchasing power parities (Greece, Spain, Ireland and Portugal). The rate of Community aid amounts to between 80 % and 85 % of public or similar expenditure. The Edinburgh European Council proposes commitment appropriations of ECU 15 150 million at 1992 prices for the Cohesion Fund over the period 1993 to 1999, suggesting that between 52 % and 58 % of the total resources should go to Spain, between 16 % and 20 % to Greece, between 16 % and 20 % to Portugal and between 7 % and 10 % to Ireland.

The internal policies included in this subsection cover a wide range of Community operations in the agricultural, regional, transport and fisheries sectors such as disease eradication and monitoring programmes, controls of various sectors of agricultural production, the establishment and development of a common transport policy, the contribution to the International Fund for Ireland and to business and innovation centres and participation in inspection and surveillance operations in Community and international maritime waters.

This expenditure is the second major category of expenditure in the budget, accounting for 33,4 % of appropriations in 1995 (see Table 20). Table 22 and Charts 13 and 14 show how the appropriations are broken down within the subsection.

Subsection B3 covers expenditure on training, education, youth policy, culture, audiovisual media, various social operations which cannot be financed by the Structural Funds — in particular the ESF — and information and communication. This subsection finances programmes designed to promote education (Socrates), the young (Youth for Europe) and training (Leonardo). The Socrates programme, which is based on the experience gained from implementation of previous programmes such as Erasmus and Lingua, seeks to enhance the quality of education and promote a barrier-free area in education by encouraging mobility (of students and teachers), the mutual recognition of qualifications, language teaching and open and distance learning. This approach is supplemented by the measures in favour of the young under the Youth for Europe programme which reflects the more informal side of education (outside the normal education and training structures).

The aspects relating to vocational training and previously covered by programmes such as Comett, Force or Petra are now combined in the Leonardo programme.

The Union also supports measures for the development of the audiovisual industry (Media), the production, conversion and broadcasting of high-definition television programmes and measures to protect the cultural heritage (Raphael programme), support artistic and cultural activities (Kaleidoscope 2000) and promote books and reading (Ariane programme).

The Community's operations in the social sector mainly relate to development of the social dialogue and employment (measures to achieve equality between men and women, Eures — European Employment Services), improved social protection for the most vulnerable sections of society (the elderly, disabled and socially excluded), freedom of movement, increased awareness of public health problems (measures to combat cancer, drugs and Aids) and improvement of safety, hygiene and health at work.

Finally, this expenditure also finances information and communication activities both in the form of general public information and more specialized information for specific target groups and socio-economic sectors.

Subsection B4 covers expenditure on energy, nuclear safeguards and the environment. This expenditure has two goals: to manage energy resources and preserve the environment. Expenditure on the energy policy mainly relates to programmes promoting renewable sources of energy (Altener), the rational use of energy (SAVE) and energy technologies (the Thermie II programme proposed for 1995-98 earmarks ECU 30 million for 1995). The purpose of the expenditure on nuclear safeguards is to ensure that nuclear materials are not used for any purpose other than that for which they are intended. In particular, it finances the purchase and installation of control equipment in large-scale plutonium processing and handling plants. Expenditure on environmental policy goes towards horizontal activities such as the internal part of the LIFE programme (for demonstration and technical assistance projects), the drafting and monitoring of environmental legislation and the financing of the European Environment Agency. Direct expenditure on environmental infrastructure

projects in the less prosperous Member States is financed by Subsection B2 while expenditure on environmental problems of a dimension which exceeds the territory of the Union is charged to Subsection B7 (External action).

Subsection B5 covers expenditure on consumer protection, the internal market, industry and modernization, statistical information and the trans-European networks. This expenditure reflects the Community's determination to consolidate the internal market and increase its effectiveness in the interest not only of businessmen but of consumers too. In particular, commitment appropriations of ECU 117 million are earmarked in 1995 for standardization, certification and sectoral harmonization, improvement of the business environment, proper application and transparency of rules. Community subsidies to the Office for Harmonization in the Internal Market and the Agency for the Evaluation of Medicinal Products and procedures for the publication and award of public supply and works contracts. A further ECU 55 million is provided specifically for the promotion of small and medium-sized enterprises in order to boost economic growth in the Union. ECU 87 million has been granted to improve industrial competitiveness and modernize the textile industry. As part of the Union's growth initiative, special priority is given to the establishment and development of trans-European networks which, by promoting the interconnection and interoperability of national networks and access to these networks, will allow citizens of the Union and economic operators to derive full benefit of the advantages of a genuine frontier-free internal market. In 1995 ECU 240 million is being spent on transport infrastructure, ECU 16 million on energy infrastructures, ECU 32 million on telecommunications infrastructure and ECU 63 million on data-transmission networks between administrations which are essential for the operation of the internal market.

Expenditure on research and technological development is found in *Subsection B6*. In this sector the Union has launched multiannual framework programmes allowing it to support several projects linking research teams from all the Member States by concentrating efforts on areas which are considered strategic for the future of Europe such as analysis of the human genome, information technology (Esprit), telecommunications technology (RACE), biotechnology (Bridge) and controlled thermonuclear fusion (JET). The fourth framework programme (1994 to 1998), an extension of the third programme which ended in 1994, is currently allocated ECU 12 300 million and, apart from taking over the main parts of the previous programme, incorporates new fields such as targeted socio-economic

research and scientific cooperation with third countries and international organizations. This year also marks the start of a new era for the research budget, with the abolition of the preparatory, accompanying and support measures which are now incorporated in the specific programmes of the new framework programme.

The ECU 2 992 million in commitment appropriations provided for 1995 are divided between direct action by the Commission via the Joint Research Centre (ECU 236 million) and indirect (shared-cost) action. A wide range of sectors are covered and the indirect action appropriations are mainly allocated to the following fields: information and communications technology (ECU 962 million), industrial technologies (ECU 324 million), environment (ECU 241 million), life sciences and technologies (ECU 227 million), clean and efficient energy technologies (ECU 320 million), transport (ECU 39 million), targeted socio-economic research (ECU 15 million), cooperation with third countries and international organizations (ECU 60 million), dissemination and exploitation of results (ECU 73 million), training and mobility of researchers (ECU 122 million), nuclear safety and safeguards (ECU 72 million) and controlled thermonuclear fusion (ECU 272 million).

These are just the budgetary appropriations. Under the Agreement on the European Economic Area, some EFTA countries make a contribution to the non-nuclear parts of the framework programme.

Tables 23 to 26 and Chart 15 contain details on expenditure in Subsections B3 to B6.

Subsection B7 contains expenditure coming under heading 4 (External action) of the 1993 to 1999 financial perspective and the emergency aid reserve (part of heading 6). The overall allocation for this subsection in 1995, taking account of supplementary and amending budget No 1/95 comes to ECU 4 872 million (including ECU 323 million for the emergency aid reserve).

This subsection covers a range of activities involving various types of assistance and financial instruments. A distinction may be made between financial, technical and economic cooperation, divided into geographical areas, and other cooperation measures which are often of a horizontal nature and normally apply to all non-member countries.

Financial, technical and economic cooperation measures are intended to help the development and economic restructuring of non-member countries (the countries of central and eastern Europe, the independent States of the former Soviet Union, Mediterranean countries and countries in Asia and Latin America).

Other cooperation measures include humanitarian and food aid, initiatives for democracy and the protection of human rights, rehabilitation and reconstruction measures for developing countries, environment and health in developing countries, international fisheries agreements and, if necessary, emergency aid.

Table 27 and Chart 16 show the breakdown of appropriations within Subsection B7.

Finally, *Subsection B0* is rather different, since it contains the guarantees and reserves. It is the budget headings in this subsection which will be used to record any expenditure which the Union might have to finance if a country defaults on a loan which the Union has guaranteed (via the Guarantee Fund). This subsection also contains the appropriations which cannot yet be used because no legal basis for the expenditure existed when the budget was adopted but which are expected to be used in the course of the year.

This subsection also contains the budgetary compensation for the three new Member States.

EUROPEAN DEVELOPMENT FUND (EDF)

Development cooperation with the countries of Africa, the Caribbean and the Pacific is mainly financed by the European Development Fund set up under the Lomé conventions, which now link the Community with some 70 ACP States ⁽¹⁾.

The most recent EDF, the seventh, covers the five year period (1990 to 1994) provided for in the financial protocol annexed to the Fourth Lomé Convention. It entered into force on 1 September 1991 after being ratified by the national parliaments of the Member States; it initially came to ECU 10 940 million (including ECU 140 million for the overseas countries and territories). For the purposes of comparison, the appropriations for the 7th EDF represent some 38 % of the total amount of commitment appropriations allocated to the Community's external action between 1990 and 1994 (i.e. the aggregate of Subsection B7 and EDF appropriations) and almost 45 % of the aid granted to the developing countries over this period.

Although a title has been reserved for it in Subsection B7 since 1993, this amount is not entered in the general budget but is financed by contributions from the Member States and has its own financial rules: the level of the EDFs and the amount of direct contributions to the Funds by the Member States are decided by agreements within the Council on the financing and management of Union aid.

⁽¹⁾ The 1st EDF was for colonies, referred to as overseas countries and territories (OCT). They later became independent and formed the Associated African States and Madagascar which concluded Yaoundé I and II with the Community. With the accession of the United Kingdom in 1973, this was extended to the countries of the Commonwealth and other independent African States, leading to the association of the ACP States and the Lomé Conventions.

ECSC BUDGET EXPENDITURE

Social aid

ECU 135 million have been provided in 1995 for aid for the social redeployment of coal and steel workers under Article 56(2)(b) and (1)(c) of the ECSC Treaty (traditional redeployment and social measures from the coal and steel industry).

Social aid provides the essential social support for the Community's industrial policy in the ECSC sectors. When permanent closures, cutbacks or changes of activity lead to job losses, the Community attempts to mitigate the social repercussions for the workers through redeployment measures. It helps finance aid measures to provide income support for the workers affected or give them the possibility of remaining in employment and making a productive contribution to the economy through training courses and resettlement allowances. The grant of this aid is conditional upon payment by the Member State concerned of a special contribution of not less than the amount of that aid. This aid is granted under arrangements defined in bilateral agreements concluded with the Member States (early retirement, unemployment, transfer, retraining and vocational training). This assistance is additional to the aids and loans granted elsewhere under Community support frameworks.

Research aids

Under Article 55 of the ECSC Treaty, ECU 60 million was granted in aid for technical, social and medical research in the coal and steel sector in 1994.

The main aims of aid for steel industry research (ECU 38 million) are to reduce manufacturing costs, improve the quality and performance of products, promote and extend the uses of steel, and adapt production conditions to environmental demands. The main objectives of aid in the coal research sector (ECU 21 million) are lower production costs, higher underground and pithead productivity, improved safety and working conditions, the maintenance of existing markets and the opening of new outlets, and, above all, improved use of coal with a view to better environmental protection. In the social and medical sectors, limited aid of ECU 1 million was used to finance transitional expenditure in areas such as the evaluation and dissemination of information under programmes previously financed by the ECSC.

Interest subsidies on ECSC loans

Finally, the ECSC budget provides considerable aid (ECU 35 million in 1995) in the form of interest subsidies on conversion loans granted under Article 56(2)(a) to encourage job-creating investments in healthy economic sectors and to assist the economic conversion of regions affected by the decline in ECSC activities. The practical rules for granting these loans and interest subsidies were last adopted by the Commission in 1990 and supplemented in 1992 with the adoption of the rules for coordination with the Structural Funds.

Social measures

In 1995 the ECSC budget is also providing ECU 60 million for social measures in connection with the restructuring of the steel industry and ECU 38 million in connection with the restructuring of the coal industry.

THE REVENUE OF THE EUROPEAN UNION

In order to finance its expenditure the European Union has its own resources, which may be defined as tax revenue allocated once and for all to the Union and accruing to it automatically without the need for any subsequent decision by the national authorities.

The ECSC had its own resources from the time the Treaty of Paris entered into force in 1952. The Rome Treaties, on the other hand, which were signed in 1957, provided for the two Communities (EEC and Euratom) to be financed by contributions from the Member States. However, provision was made for the Community to derive resources of its own from the establishment of the customs union. On this basis the Decision of 21 April 1970 replaced national contributions by a system of own resources comprising agricultural levies, customs duties and a budget-balancing resource calculated by applying a rate of 1 % — subsequently raised to 1,4 % in 1985 — to the VAT base.

When own resources ran out in 1984, the Commission, pending a solution in the form of a revision of the decision on the system of the Communities' own resources, first proposed that the Member States provide the amounts required in the form of interest-bearing loans. It then amended its proposal to take account of the feedback from the Council and Parliament, replacing the idea of loans with the idea of interest-free advances of new own resources.

Finally, the Council agreed to an intergovernmental solution on 2 October 1984. The representatives of all the Governments of the Member States undertook to make available to the Community, in the form of repayable advances, the amounts necessary to finance draft supplementary and amending budget No 1/1984. In April 1985 the representatives of the Governments of the Member States undertook to pay advances to the Community to complete the financing of the 1985 budget; this time the amounts paid took the form of non-repayable advances. The draft budget for 1985, Parliament upheld its position but explicitly increased the level of the intergovernmental advances.

The Community budget was therefore partly financed by advances from the Member States: ECU 1 003 million in 1984 and ECU 1 982 million in 1985; the VAT base was used as the scale for determining Member States' contributions. The advances from 1984

were repaid to the Member States in eight six-monthly instalments from 1986 onwards. With the revision of the own resources decision on 7 May 1985, which entered into force on 1 January 1986, the problem of the inadequacy of the Communities' own resources was resolved.

The reform of the Community's finances in 1988 altered and broadened the composition of the Community's own resources. In order to contain the growth of the resources taken up by the Community, the Decision of 24 June 1988 set an overall ceiling rising to 1,20 % of total Community GNP in 1992. Pending a new decision on own resources, the 1,20 % ceiling remained applicable in 1993 and 1994.

As agreed at the Edinburgh European Council, a new decision on the system of own resources was adopted on 31 October 1994. This decision raises the own resources ceiling to 1,21 % of GNP in 1995 and, in stages, up to 1,27 % of GNP in 1999. The uniform VAT rate will be gradually reduced from 1,4 % to 1 % in 1999 and the VAT base to be taken into account will be cut, again in stages, to 50 % of GNP instead of the current 55 %. The Member States eligible for assistance under the Cohesion Fund will have their VAT base cut to 50 % of GNP in 1995.

The new own resources decision will enter into force after it has been ratified by the national parliaments, probably in 1995.

The Community's own resources are now:

1. **Agricultural levies and sugar and isoglucose levies:**

Agricultural levies are variable taxes charged on imports of agricultural products covered by a market organization and coming from a non-member country. They are designed to offset the difference between world prices and the price levels which it has been agreed to apply within the Community (principle of Community preference). As a result of the GATT agreements, the agricultural levies will mainly be by customs duties from 1 July onwards.

Sugar levies are provided for in the sugar market arrangements and comprise:

- production levies, which ensure that producers contribute to market support expenditure,
- storage levies, which finance the storage cost equalization system to ensure a regular flow of sugar onto the market,
- an additional levy intended to offset in full the overall loss since the 1988/1989 marketing year not covered by the yield of the production levies.

Isoglucose and inulin production levies are treated like sugar production levies.

2. **Customs duties:** These derive from the application of the Common Customs Tariff to the customs value of goods imported from non-member countries.

3. **VAT resources:** These derive from the application of a uniform rate to each Member State's VAT base, determined in a uniform manner in accordance with Community rules. Since the June 1988 reform, the uniform rate is found by applying a 1,4 % rate to the VAT base and deducting the gross compensation paid to the United Kingdom. A Member State's base may not exceed 55 % of its GNP. These rules will be amended by the new own resources decision currently in the process of ratification.

4. A new category of revenue known as the **fourth resource** was also created in 1988: This resource is based on GNP and is derived from the application of a rate to the sum of the GNPs of all the Member States.

It is a variable, budget-balancing resource for which the call-in rate is calculated during the budgetary procedure in such a way as to cover the amounts not yielded by the other budget revenue. For this reason it is known as the additional resource.

All this revenue, plus miscellaneous revenue such as deductions from the salaries of Community officials (tax and social security contributions), interest on late payments, fines and any surplus from earlier years, must cover the total payment appropriations required to finance the expenditure entered in the budget for a given year.

Table 4 records all Community revenue since the own resources system was introduced. The amounts shown under 'miscellaneous' include all types of miscellaneous revenue entered in the accounts since 1970; in the first 10 years, this item mainly consisted of contributions by Member States (VAT and GNP-based resources were not introduced until the 1980s). The surpluses carried over have accounted for a significant proportion of this item since 1988 only. Charts 5 and 6 show how revenue has developed.

Traditional own resources are paid to the Commission within two months of establishment of the entitlement, with 10 % deducted to cover Member States' collection costs. VAT and GNP-based resources are paid every month when one-twelfth of the amount contained in the annual budget is transferred; an adjustment is made during the next financial year in line with the actual bases determined for that year.

Tables 12 and 18 record the total contribution (all types of own resources) of each Member State between 1988 and 1996. For 1995 the data for each Member State are set out in the tables and charts showing each Member State's share of total financing (Charts 18 and 19, Tables 32 to 34).

ECSC BUDGET REVENUE

The High Authority (Commission) is empowered to procure the funds it requires to carry out its tasks by imposing levies on the production of coal and steel.

ECSC levies go towards financing expenditure under the operating budget. Historically, they are the first genuinely 'Community' tax.

Levies are fixed annually for the various coal and steel products according to their average value. In 1995 the ECSC levy is set at 0,21 % and will yield ECU 101 million.

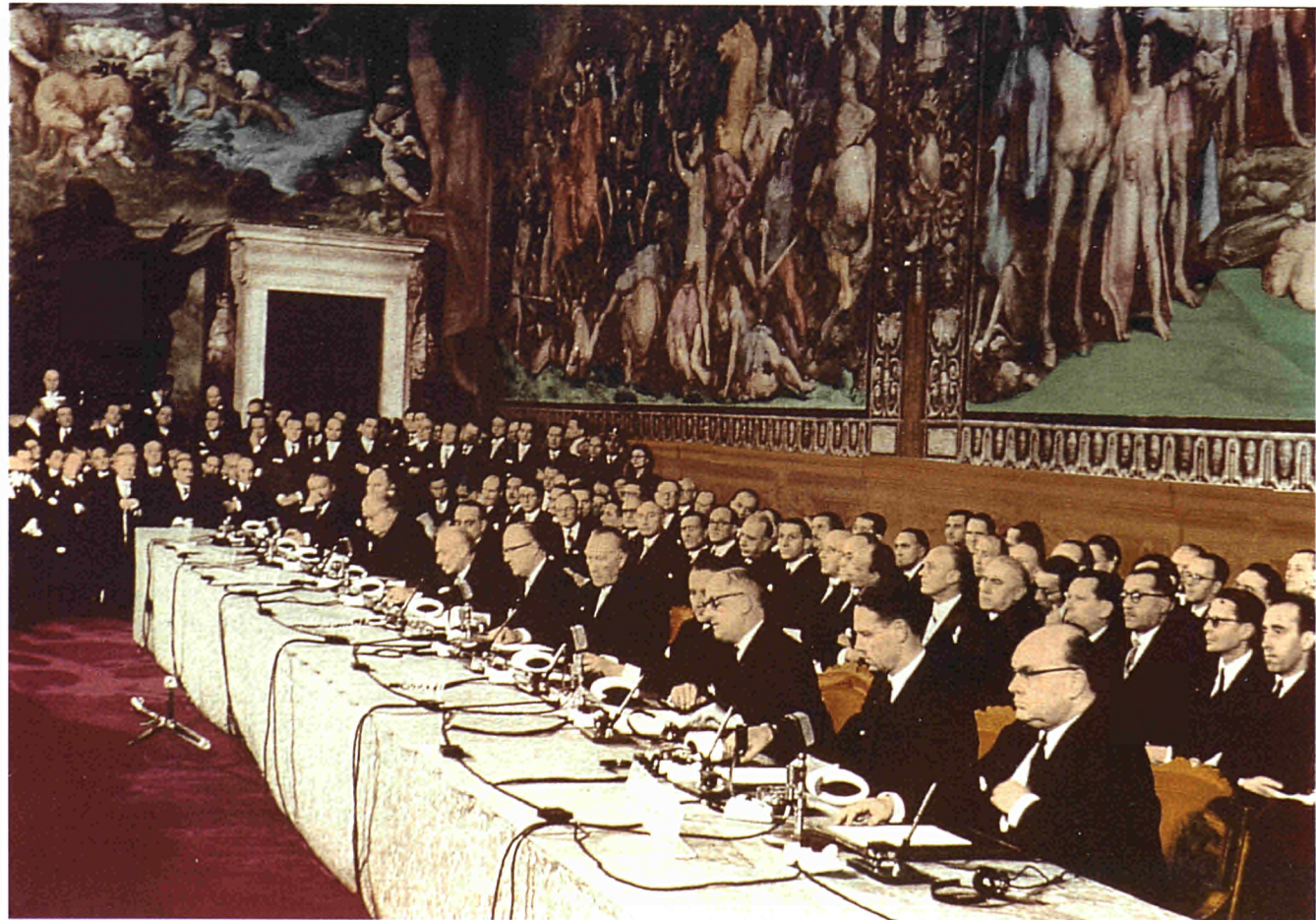
Most of the resources other than levies derive from the 'net balance' from annual financial operations, in particular the interest on loans from own resources and the investments, reserves and provisions entered in the ECSC balance sheet. The net balance for 1995 is estimated at ECU 120 million.

In addition, there are cancelled commitments of ECU 60 million and unused funds of ECU 41 million from the previous year.

Total revenue in the ECSC's operating budget comes to ECU 331 million for 1995.

Part I

The Community budget from its beginnings



The Community budget from its beginnings

THE COMMUNITY BUDGET FROM ITS BEGINNINGS

The Treaty of Paris of 18 April 1951 establishing the ECSC and the Treaty of Rome of 25 March 1957 establishing the EEC laid down the budgetary mechanisms which applied virtually unchanged until 1970.

During this period the Council completely dominated the budgetary decision-making process. Under Article 203 of the EEC Treaty the Council established its draft budget after consulting the Commission on the changes it wished to make to the preliminary draft which the Commission had drawn up on the basis of the institutions' statements of estimates. It then declared the budget finally adopted after taking a decision on the modifications proposed by Parliament.

After expenditure on the common agricultural policy was entered in the Community budget in 1962, the Commission made a number of proposals to the Council in 1965 on the financing of the common agricultural policy, the introduction of own resources and the strengthening of Parliament's powers.

More than four years of negotiations were needed before the Luxembourg agreements were concluded in 1970. The Treaty of 22 April 1970 provided for a gradual increase in Parliament's powers. Initially, up to 1974, Parliament was able to alter the breakdown of expenditure without changing the total; the Council could reject this by a qualified majority. After 1975 the provisions of Article 203 were substantially amended: Parliament's powers of amendment were increased and depended on whether the expenditure was compulsory or non-compulsory. Parliament was given the 'final word' on non-compulsory expenditure provided that it did not exceed the maximum rate of increase (see *'Some important concepts: Definitions'*, page 8). Furthermore, it was the President of Parliament and no longer the President of the Council who was to declare the budget finally adopted.

The Luxembourg package also included the Decision of 21 April 1970 on the replacement of financial contributions from the Member States by the European Communities' own resources. This decision was of key importance in the history of the Community budget. The Community was to be gradually given financial autonomy through the provision of own resources. It was granted fiscal revenue in the form of agricultural levies, customs duties and a percentage of the VAT receipts collected in the Member States. The Treaty of 22 July 1975 further developed and confirmed the approach adopted in 1970. In particular, Parliament's power to reject the budget, which had been implicitly assumed by Parliament

and the Commission since the Treaty of Luxembourg, was now expressly laid down in Article 203. In actual fact, the main innovation of the 1975 Treaty was the creation of the Court of Auditors.

These budgetary mechanisms continued to work — though less and less efficiently from 1979 onwards — until 1988, the next milestone in the history of the Community budget (see *'1988 to 1992'*, page 47). In the meantime, however, the Fontainebleau agreements of June 1984 settled a number of questions of considerable financial importance, including the problem of budgetary imbalances and compensation for the United Kingdom, the third enlargement with the accession of Spain and Portugal, containment of agricultural expenditure, development of structural policies and the exhaustion of own resources (which had been provisionally resolved by raising the percentage of VAT receipts going to the Community).

It was during this period that European integration entered a new stage with the signature of the Single Act in February 1986, prompting the Commission to present the Delors I package which served as a basis for the 1988 Brussels agreements. The Interinstitutional Agreement of 1988 and the financial perspective which formed an integral part of this agreement laid down the rules for balanced interinstitutional relations in the budgetary sector (see *'1988 to 1992'*, page 47). Since this agreement was, on the whole, a success, it was followed in 1993 by a new Interinstitutional Agreement which set a financial framework for the period 1993 to 1999 for the expenditure required to implement the Treaty on European Union signed at Maastricht on 7 February 1992 (see *'Financial perspective 1993 to 1999'*, page 57).

The main features of the development of the Community budget are as follows:

1. Unification of the budget instruments

The main stages are as follows:

- the 1951 ECSC Treaty provides for an administrative budget and an operating budget,
- in 1957 the EEC Treaty established a single budget; the Euratom Treaty, on the other hand, set up an administrative budget and a research and investment budget,
- the 1965 Merger Treaty incorporated the ECSC and Euratom administrative and operating budgets into the EEC budget (that is why Table 1 does not contain any figures for Euratom from 1968 onwards),

- finally, the 1970 Luxembourg Treaty incorporated the Euratom research and investment budget into the general budget; this left only two budget instruments: the general budget and the ECSC operating budget.

The financial operations of the European Development Fund (see foot of Table 1) have, since the very beginning (1959), been conducted outside all Community budgets and the only result of the attempts to have them included in the general budget has been the token entry in the 1993 budget. The EDF is financed by Member States' contributions, is governed by its own financial rules and is administered by a Steering Committee in accordance with specific procedures (see *'The expenditure of the European Union'*, page 12).

While the Euratom Treaty expressly authorized borrowing and lending operations from the outset, it was not until 1975 that rules for such activities were entered in the EEC Treaty. These activities take the form of balance-of-payments support and the granting of loans both inside and outside the Community, in particular through the new Community instrument (NCI) to promote investment. The development of this non-budget activity since 1980 is presented in Table 5.

2. The development of common policies

The main stages are as follows:

- establishment in 1962 of the European Agricultural Guidance and Guarantee Fund (EAGGF),
- research policy, initially founded on the Euratom Treaty (and therefore limited at the outset to nuclear matters), but gradually extended to many other areas,
- common fisheries policy, for which the first regulations date from 1970,
- strengthening in 1971 of the European Social Fund (ESF), set up by the Treaty of Rome,
- creation in 1975 of the European Regional Development Fund (ERDF),

- common environment policy, enshrined in the Single Act,
- reform of the Structural Funds (ERDF, ESF, EAGGF Guidance Section) in 1988,
- development of the common transport policy,
- second reform of the Structural Funds, establishment of the Financial Instrument for Fisheries Guidance and the Cohesion Fund in 1993,
- establishment, in the Treaty on European Union, of a policy of cooperation in the fields of justice and home affairs and of a common defence and security policy ('second and third pillars').

3. Successive enlargements

From six at the outset, the Community now has 12 members:

- the Paris (1951) and Rome (1957) Treaties were signed by France, Germany, Italy and the Benelux countries,
- the Acts of Accession of the United Kingdom, Ireland and Denmark, signed in 1972, entered into force on 1 January 1973,
- Greece became the tenth Member State on 1 January 1981,
- Spain and Portugal acceded on 1 January 1986,
- Austria, Finland and Sweden acceded on 1 January 1995.

In addition, under the Agreement on the European Economic Area, six ⁽¹⁾ of the seven members of the European Free Trade Association (EFTA) participated in various Community policies in 1994 in return for a financial contribution calculated according to a proportionality factor based on GNP. Three of these countries joined the Community on 1 January 1995 and Liechtenstein joined the EEA in May 1995.

⁽¹⁾ Austria, Finland, Iceland, Norway, Sweden and Switzerland.

Map 1

Enlargement of the European Union

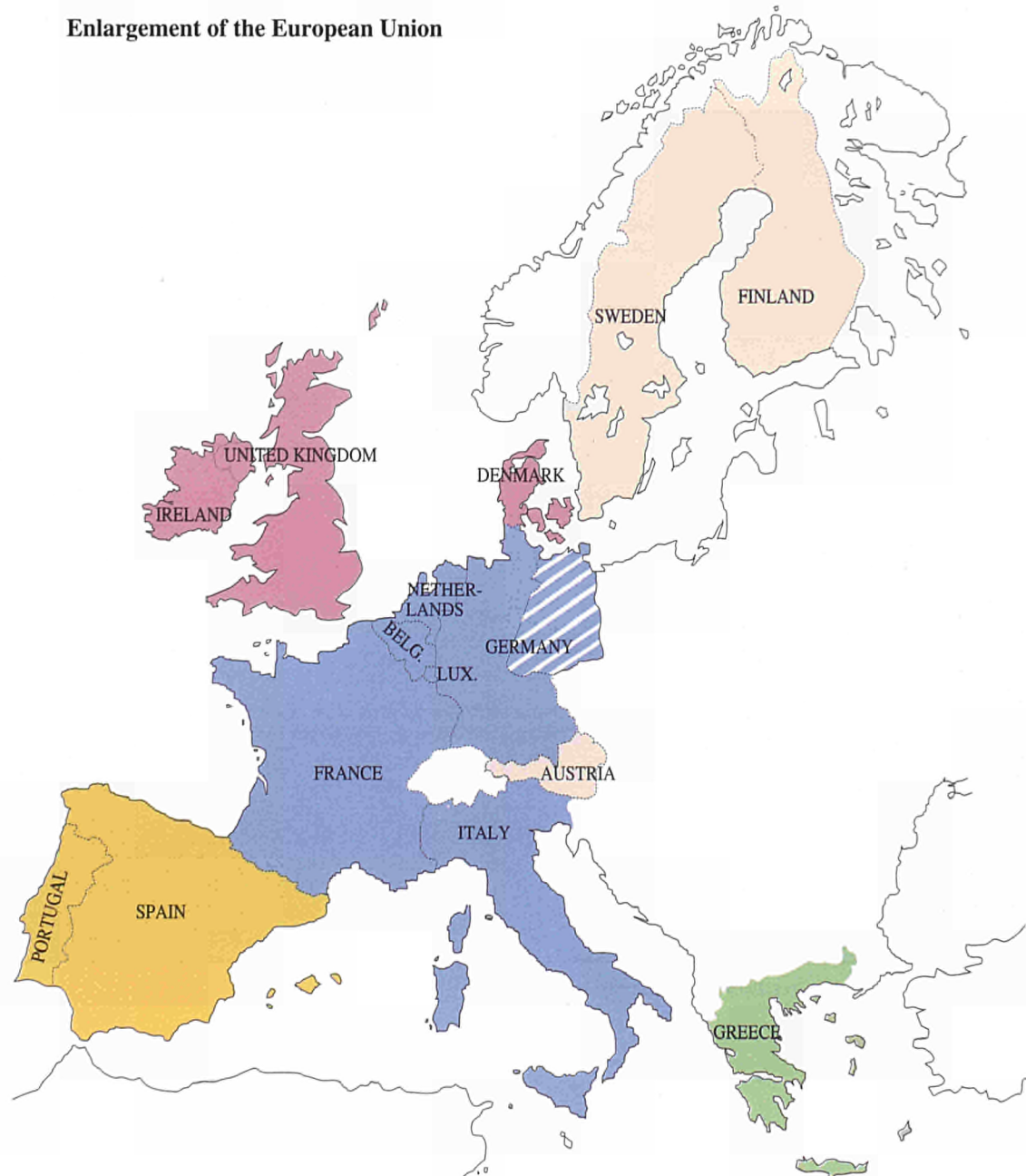
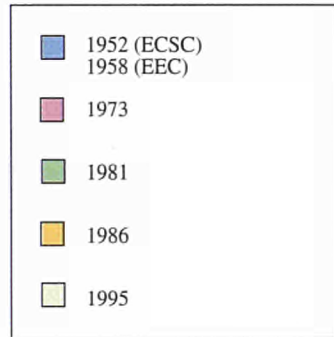


Table 1

Community expenditure from 1958 to 1996
(Outturn in payments)

(ECU million)

Heading	Financial year													
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
General budget														
EAGGF Guarantee Section								28,7	50,7	340,0	1 259,7	1 668,6	3 108,1	
Structural Funds, of which:				8,6	11,3	4,6	7,2	4,6	22,1	81,1	58,5	70,8	95,4	
— EAGGF Guidance Section											34,0	51,3	58,4	
— ERDF											24,5	19,5	37,0	
— ESF											73,4	59,2	63,4	
Research											0,9	0,8	1,0	1,4
External action											0,9	0,8	1,0	1,0
Administration	7,3	18,1	21,2	25,4	30,2	35,2	39,6	43,3	50,9	53,7	94,7	104,3	115,3	
Repayments and other											0,6	0,5	0,6	0,9
General budget — Total	7,3	18,1	21,2	34,0	41,5	39,8	46,8	76,6	125,2	476,1	1 487,9	1 904,8	3 385,2	
EDF			3,4	15,8	53,3	65,3	83,4	106,7	108,3	104,6	106,5	115,0	145,6	
ECSC	70,3	21,8	28,2	20,8	22,3	22,6	29,1	35,7	31,0	37,7	32,4	45,7	45,6	
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	1 626,8	2 065,5	3 576,4	

⁽¹⁾ The Euratom budget was incorporated in the general budget in 1969.

Table 1 (cont'd)

Community expenditure from 1958 to 1996
(Outturn in payments)

(ECU million)

Heading	Financial year												
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
General budget													
EAGGF Guarantee Section	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	12 259,8	15 785,8
Structural Funds, of which:	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	4 570,1	4 081,3
— EAGGF Guidance Section	61,5	53,2	10,8	37,8	76,7	112,1	113,0	325,6	286,5	314,6	539,9	650,8	575,3
— ERDF					150,0	300,0	400,0	525,0	699,0	793,4	2 406,5	2 905,4	2 306,6
— ESF	56,5	83,7	248,3	244,0	148,6	211,7	172,5	538,1	530,0	700,5	620,4	1 013,9	1 199,4
— Cohesion Fund													
Research	64,9	76,3	70,1	110,3	115,9	127,2	180,8	266,9	267,6	364,2	311,6	437,3	1 345,5
External action	0,4	71,8	63,3	358,5	250,9	202,8	194,1	313,2	443,7	603,9	738,4	891,2	901,3
Administration	137,8	173,6	245,3	306,2	364,0	430,7	501,6	686,6	775,6	829,9	941,8	1 048,2	1 108,2
Repayments and other	130,4	178,1	253,0	309,8	383,1	541,6	586,8	707,1	831,2	958,9	1 103,7	1 263,0	1 283,9
General budget — Total	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	20 469,6	24 506,0
EDF	154,4	131,5	157,8	172,0	208,5	248,6	244,7	401,0	465,3	481,9	663,7	647,2	718,8
ECSC	49,8	51,0	40,5	58,0	76,0	84,2	95,5	67,3	87,5	115,6	139,7	184,0	207,7
Grand total	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	21 300,8	25 432,5

Table 1 (cont'd)

Community expenditure from 1958 to 1996
(Outturn in payments)

(ECU million)

Heading	Financial year												
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 ⁽¹⁾	1996 ⁽²⁾
General budget													
EAGGF Guarantee Section	18 330,4	19 727,8	22 118,1	22 950,1	27 635,2	25 844,3	27 094,2	30 960,8	31 225,4	34 678,4	32 906,2	37 394,0	41 297,0
Structural Funds, of which:	3 220,0	3 702,9	5 664,7	5 859,6	6 419,3	7 945,1	9 591,4	13 971,0	18 298,3	20 478,5	16 261,8	23 731,3	26 304,5
— EAGGF Guidance Section	595,6	685,5	771,2	789,5	1 140,9	1 349,0	1 825,3	2 085,4	2 847,4	2 914,2	2 533,3	2 878,4	3 908,3
— ERDF	1 412,5	1 610,0	2 456,7	2 560,1	2 979,8	3 920,0	4 554,1	6 306,8	8 553,8	9 545,6	6 331,2	9 627,2	10 798,0
— ESF	1 211,9	1 407,4	2 436,8	2 510,0	2 298,6	2 676,1	3 212,0	4 030,0	4 303,7	5 382,6	4 333,4	5 642,1	6 108,0
— Cohesion Fund										795,0	851,6	1 750,0	1 919,3
— FIG											395,0	518,1	552,0
Research	1 660,0	677,9	775,4	964,4	1 129,5	1 517,5	1 790,3	1 706,3	1 903,2	2 240,8	2 486,5	2 819,2	3 104,0
External action	996,5	963,8	1 057,3	809,2	768,1	1 044,3	1 430,6	2 209,6	2 027,4	2 857,3	3 060,6	4 093,0	4 525,4
Administration	1 212,9	1 304,8	1 533,9	1 696,9	1 915,7	2 070,7	2 353,4	2 656,4	2 751,6	2 988,3	3 223,3	3 999,2	4 075,1
Repayments and other	1 661,6	1 490,1	3 526,0	2 807,8	3 153,9	2 335,2	1 803,0	2 146,1	1 740,6	961,2	1 404,6	3 401,7	2 621,9
General budget — Total	27 081,4	27 867,3	34 675,4	35 088,0	41 021,7	40 757,1	44 062,9	53 650,2	57 946,5	64 204,5	59 343,0	75 438,4	81 927,8
EDF	703,0	698,0	846,7	837,9	1 196,3	1 297,1	1 256,5	1 191,3	1 941,7	1 353,6	1 781,6	1 837,0	2 379,0
ECSC	255,2	267,9	298,1	308,9	277,2	229,9	288,6	314,3	412,2	596,4	424,0	331,0	241,0
Grand total	28 039,6	28 833,2	35 820,2	36 234,8	42 495,2	42 284,1	45 608,0	55 155,8	60 300,5	66 154,5	61 548,6	77 606,4	84 547,8

⁽¹⁾ 1995 budget, including supplementary and amending budget No 1/95.⁽²⁾ Preliminary draft budget 1996.

Chart 1

Community expenditure from 1958 to 1996 (at current prices and 1995 prices)

(ECU million)

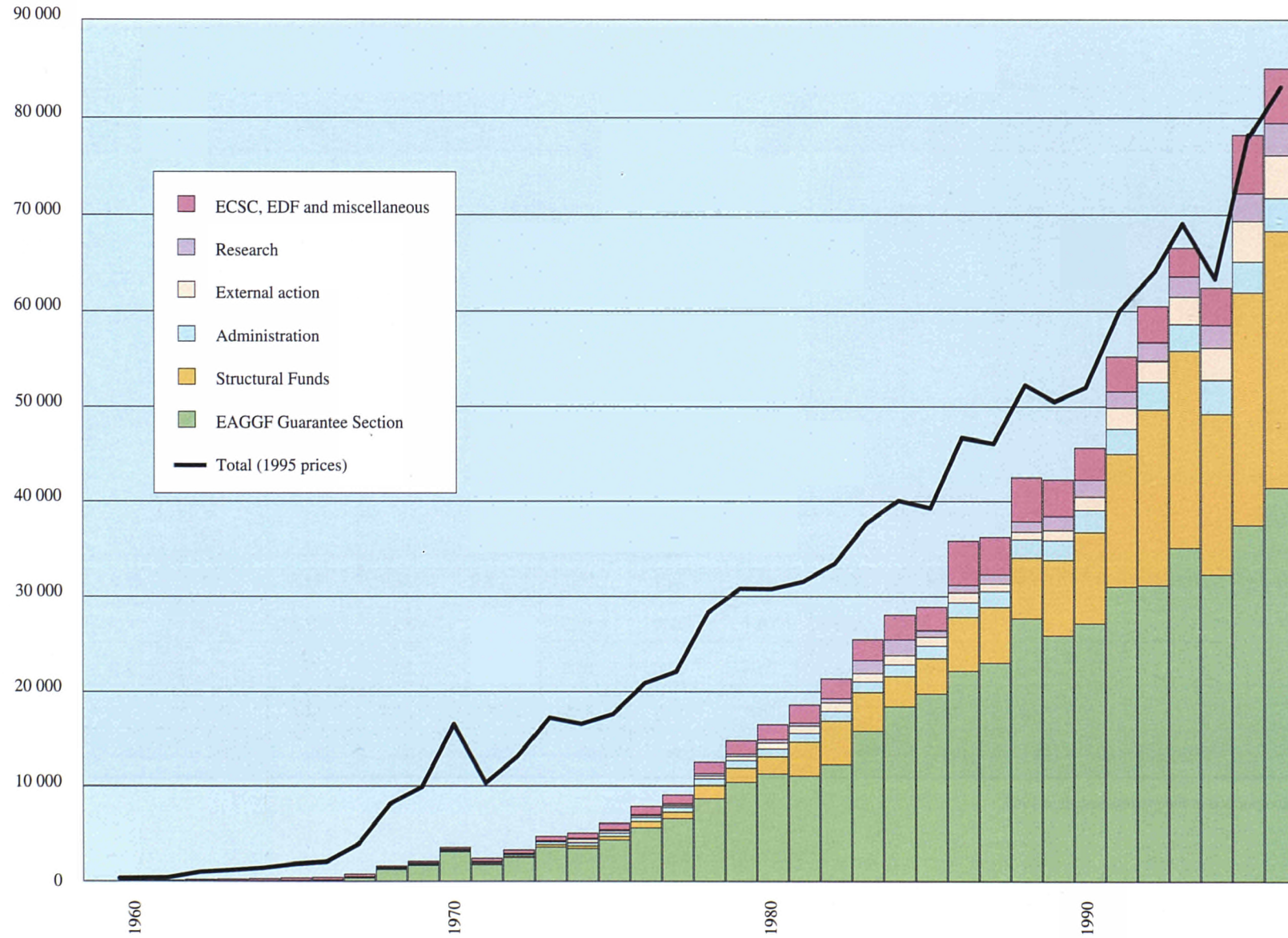


Table 2

Community expenditure from 1958 to 1996
(Outturn in payments)

(in %)

Heading	Financial year												
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
General budget													
EAGGF Guarantee Section								8,5	12,9	45,5	77,4	80,8	86,9
Structural Funds, of which:				11,1	6,6	2,2	2,8	1,4	5,6	10,8	3,6	3,4	2,7
— EAGGF Guidance Section											2,1	2,5	1,6
— ERDF													
— ESF											1,5	0,9	1,0
Research											4,5	2,9	1,8
External action									0,2	0,1	0,1	0,0	0,0
Administration	9,0	37,4	36,2	32,8	17,6	16,6	15,3	12,8	12,9	7,2	5,8	5,0	3,2
Repayments and other										0,1	0,0	0,0	0,0
General budget — Total	9,0	37,4	36,2	43,9	24,1	18,7	18,0	22,6	31,8	63,7	91,5	92,2	94,7
EDF			5,8	20,4	31,0	30,7	32,2	31,5	27,5	14,0	6,5	5,6	4,1
ECSC	86,5	45,0	48,1	26,8	13,0	10,6	11,2	10,5	7,9	5,0	2,0	2,2	1,3
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	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ The Euratom budget was incorporated in the general budget in 1969.

Table 2 (cont'd)

Community expenditure from 1958 to 1996
(Outturn in payments)

(in %)

Heading	Financial year												
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 ⁽¹⁾	1996 ⁽²⁾
General budget													
EAGGF Guarantee Section	65,4	68,4	61,7	63,3	65,0	61,1	59,4	56,1	51,8	52,4	53,5	48,2	48,8
Structural Funds, of which:	11,5	12,8	15,8	16,2	15,1	18,8	21,0	25,3	30,3	31,0	26,4	30,6	31,1
— EAGGF Guidance Section	2,1	2,4	2,2	2,2	2,7	3,2	4,0	3,8	4,7	4,4	4,1	3,7	4,6
— ERDF	5,0	5,6	6,9	7,1	7,0	9,3	10,0	11,4	14,2	14,4	10,3	12,4	12,8
— ESF	4,3	4,9	6,8	6,9	5,4	6,3	7,0	7,3	7,1	8,1	7,0	7,3	7,2
— Cohesion Fund										1,2	1,4	2,3	2,3
— FIFG											0,6	0,7	0,7
Research	5,9	2,4	2,2	2,7	2,7	3,6	3,9	3,1	3,2	3,4	4,0	3,6	3,7
External action	3,6	3,3	3,0	2,2	1,8	2,5	3,1	4,0	3,4	4,3	5,0	5,3	5,4
Administration	4,3	4,5	4,3	4,7	4,5	4,9	5,2	4,8	4,6	4,5	5,2	5,2	4,8
Repayments and other	5,9	5,2	9,8	7,7	7,4	5,5	4,0	3,9	2,9	1,5	2,3	4,4	3,1
General budget — Total	96,6	96,7	96,8	96,8	96,5	96,4	96,6	97,3	96,1	97,1	96,4	97,2	96,9
EDF	2,5	2,4	2,4	2,3	2,8	3,1	2,8	2,2	3,2	2,0	2,9	2,4	2,8
ECSC	0,9	0,9	0,8	0,9	0,7	0,5	0,6	0,6	0,7	0,9	0,7	0,4	0,3
Grand total	100	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ 1995 budget, including supplementary and amending budget No 1/95.⁽²⁾ Preliminary draft budget 1996.

Chart 2

Community expenditure from 1958 to 1996

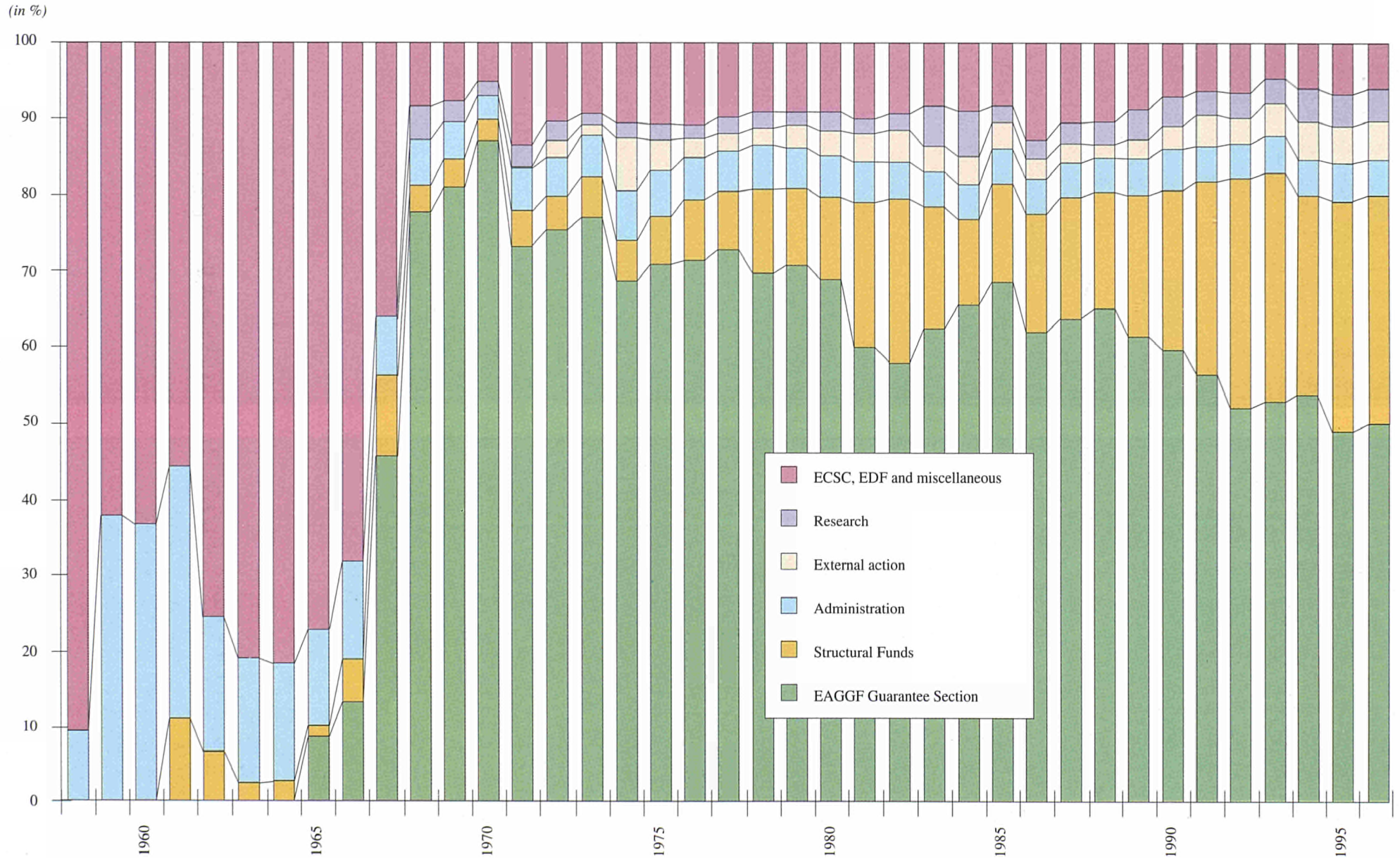


Table 3

Community expenditure in relation to the total of Member States' budgets and Community GDP

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Total Community expenditure (ECU million) (including ECSC, Euratom and EDF)	81,3	48,4	58,6	77,5	171,9	212,4	259,4	339,0	393,7	747,9
Annual growth in nominal terms (%)		(40,5)	21,0	32,3	121,8	23,6	22,1	30,7	16,1	90,0
Total Community expenditure (1995 prices) (ECU million)			431,8	547,8	1 161,4	1 371,9	1 603,3	2 021,1	2 271,9	4 182,1
Annual growth in real terms (%)				26,8	112,0	18,1	16,9	26,1	12,4	84,1
Community expenditure as % of public expenditure in Member States			0,1	0,1	0,2	0,2	0,3	0,3	0,3	0,6
Expenditure as % of Community GDP			0,03	0,04	0,08	0,09	0,09	0,11	0,12	0,22
Expenditure per capita (ECU)			0,3	0,4	1,0	1,2	1,4	1,9	2,2	4,1
Expenditure per capita (1995 prices)			2,4	3,1	6,4	7,4	8,6	10,7	12,0	21,9

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Total Community expenditure (ECU million) (including ECSC, Euratom and EDF)	1 626,8	2 065,5	3 576,4	2 411,3	3 304,8	4 703,5	5 056,4	6 101,4	7 895,6	9 076,1
Annual growth in nominal terms (%)	117,5	27,0	73,1	(32,6)	37,1	42,3	7,5	20,7	29,4	15,0
Total Community expenditure (1995 prices) (ECU million)	8 541,8	10 358,7	17 130,3	10 753,8	13 647,0	17 835,6	17 150,1	18 232,9	21 567,4	22 849,6
Annual growth in real terms (%)	104,2	21,3	65,4	(37,2)	26,9	30,7	(3,8)	6,3	18,3	5,9
Community expenditure as % of public expenditure in Member States	1,1	1,3	1,9	1,2	1,4	1,3	1,2	1,2	1,3	1,4
Expenditure as % of Community GDP	0,42	0,48	0,74	0,45	0,55	0,53	0,50	0,54	0,61	0,63
Expenditure per capita (ECU)	8,8	11,1	19,0	12,7	17,3	18,3	19,6	23,6	30,5	35,0
Expenditure per capita (1995 prices)	44,5	53,5	85,7	53,3	67,2	65,4	62,6	66,4	77,9	82,4

Table 3 (cont'd)

Community expenditure in relation to the total of Member States' budgets and Community GDP

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Total Community expenditure (ECU million) (including ECSC, Euratom and EDF)	12 510,1	14 773,5	16 454,8	18 529,4	21 300,8	25 432,5	28 039,6	28 833,2	35 820,2	36 234,8
Annual growth in nominal terms (%)	37,8	18,1	11,4	12,6	15,0	19,4	10,3	2,8	24,2	1,2
Total Community expenditure (1995 prices) (ECU million)	29 243,3	31 799,3	31 765,3	32 577,6	34 548,2	38 914,6	40 873,0	40 054,7	48 218,0	47 586,4
Annual growth in real terms (%)	28,0	8,7	(0,1)	2,6	6,0	12,6	4,8	(1,8)	20,4	(1,3)
Community expenditure as % of public expenditure in Member States	1,7	1,8	1,7	1,7	1,7	1,9	1,9	1,9	2,1	2,0
Expenditure as % of Community GDP	0,78	0,81	0,80	0,81	0,85	0,94	0,97	0,93	1,00	0,96
Expenditure per capita (ECU)	48,2	56,8	63,0	68,3	78,3	93,4	102,9	105,6	111,2	112,3
Expenditure per capita (1995 prices)	105,2	115,9	115,4	113,9	120,5	135,6	142,0	139,2	142,1	139,9

	1988	1989	1990	1991	1992	1993	1994	1995 ⁽¹⁾	1996 ⁽²⁾	
Total Community expenditure (ECU million) (including ECSC, Euratom and EDF)	42 495,2	42 284,1	45 608,0	55 155,8	60 300,5	66 154,5	61 548,6	77 606,4	84 547,8	
Annual growth in nominal terms (%)	17,3	(0,5)	7,9	20,9	9,3	9,7	(7,0)	26,1	8,9	
Total Community expenditure (1995 prices) (ECU million)	53 558,6	50 706,5	52 337,3	60 165,2	63 552,9	68 692,3	62 718,0	77 606,4	82 566,2	
Annual growth in real terms (%)	12,6	(5,3)	3,2	15,0	5,6	8,1	(8,7)	23,7	6,4	
Community expenditure as % of public expenditure in Member States	2,2	2,0	2,0	2,2	2,2	2,3	2,1	2,4	2,5	
Expenditure as % of Community GDP	1,04	0,95	0,95	1,06	1,10	1,20	1,07	1,20	1,24	
Expenditure per capita (ECU)	131,2	130,1	139,5	160,0	174,0	190,1	176,3	208,6	226,6	
Expenditure per capita (1995 prices)	156,9	148,0	151,8	165,6	176,6	193,7	178,1	208,6	221,9	

⁽¹⁾ 1995 budget, including supplementary and amending budget No 1/95.⁽²⁾ 1996 preliminary draft budget.

Chart 3

Total per capita expenditure at current prices and 1995 prices

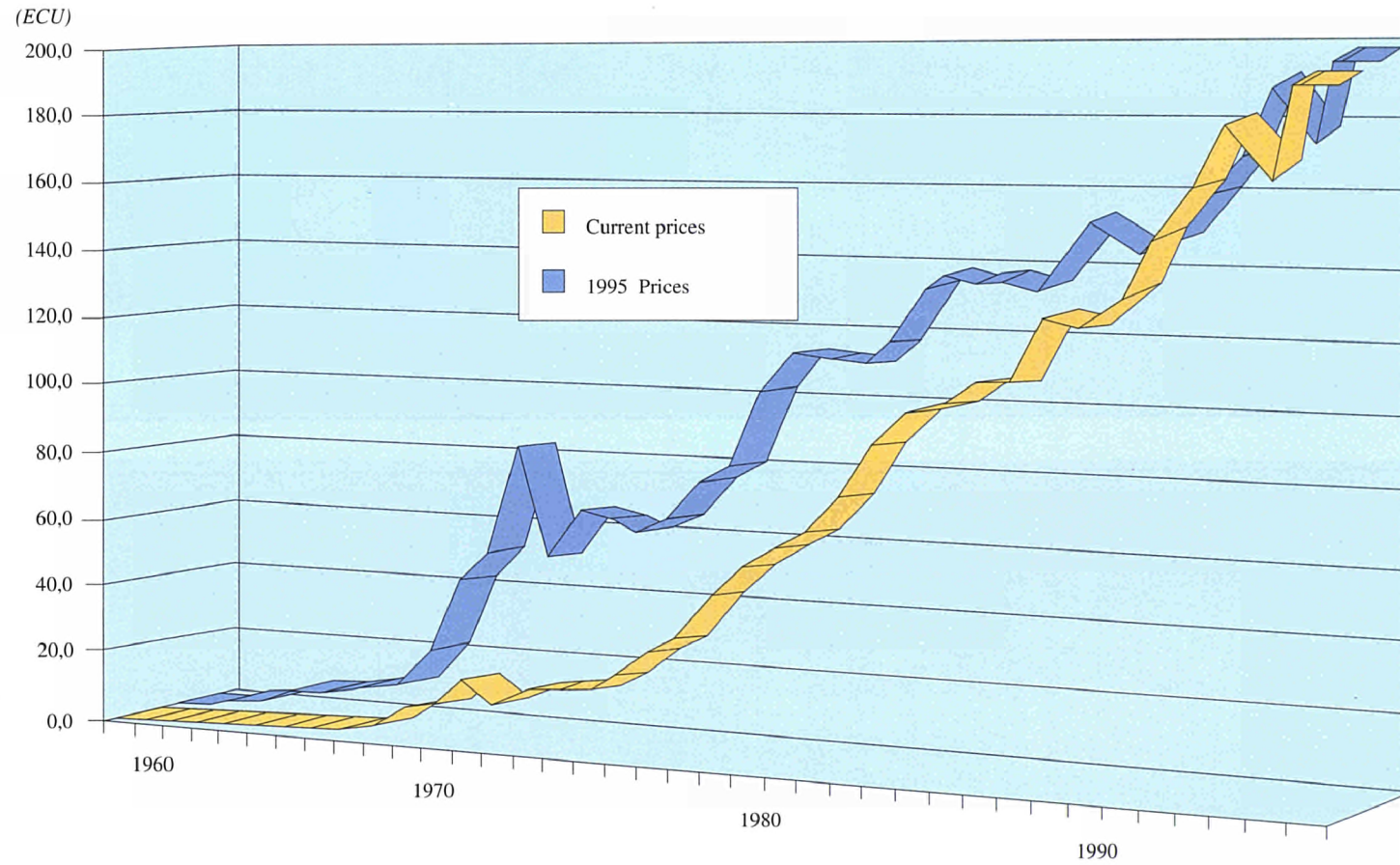


Chart 4

Community expenditure as a percentage of Member States' budgets and Community GDP

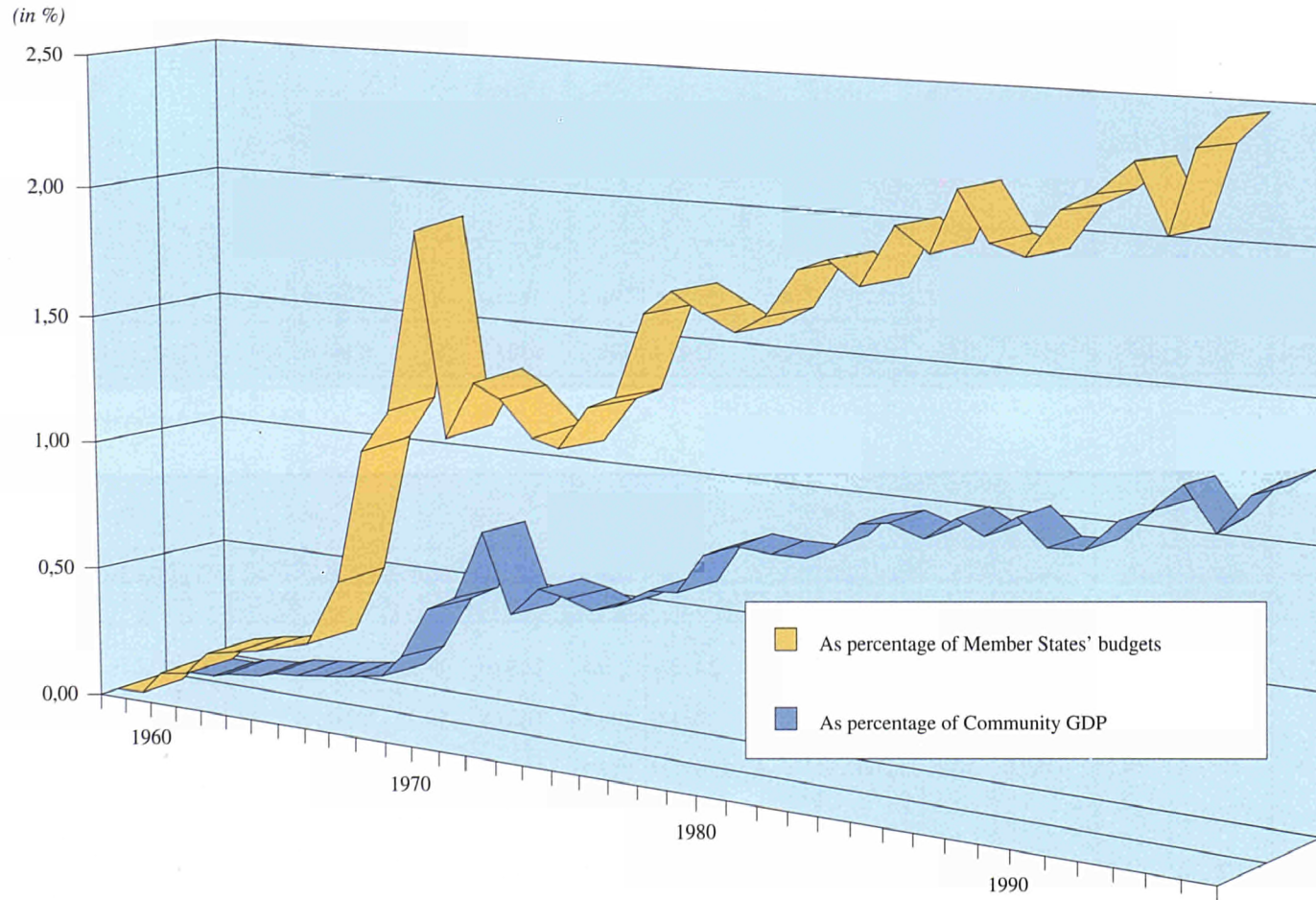


Table 4

Community revenue from 1971 to 1996

(ECU million)

Type of revenue	1971		1972		1973		1974		1975		1976		1977		1978		1979	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Agricultural levies	713,8	30,6	799,5	25,6	510,3	10,4	330,1	6,4	590,1	9,2	1 163,7	14,2	1 778,5	20,5	2 278,9	18,3	2 143,5	14,4
Customs duties	582,3	25,0	957,3	30,7	1 986,3	40,4	2 737,6	53,2	3 151,0	49,3	4 064,5	49,7	3 927,2	45,3	4 390,9	35,3	5 189,1	34,8
VAT																	4 737,7	31,8
Fourth resource																		
Miscellaneous	1 033,2	44,4	1 360,7	43,6	2 417,7	49,2	2 075,7	40,4	2 644,0	41,4	2 956,5	36,1	2 969,4	34,2	5 783,0	46,4	2 821,2	18,9
Total	2 329,3	100	3 117,5	100	4 914,3	100	5 143,4	100	6 385,1	100	8 184,7	100	8 675,1	100	12 452,8	100	14 891,5	100

(ECU million)

Type of revenue	1980		1981		1982		1983		1984		1985		1986		1987		1988	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Agricultural levies	2 002,3	12,2	1 747,4	9,2	2 227,8	10,1	2 433,9	9,5	2 950,0	11,3	2 179,1	7,8	2 287,0	6,8	3 097,8	8,7	2 605,8	6,2
Customs duties	5 905,7	35,9	6 392,4	33,8	6 815,3	30,9	7 234,6	28,1	7 623,5	29,2	8 310,1	29,6	8 173,0	24,3	8 936,5	25,0	9 310,2	22,3
VAT	7 258,5	44,2	9 187,8	48,6	12 000,5	54,3	13 691,0	53,2	14 565,9	55,8	15 218,9	54,2	22 223,4	66,0	23 463,5	65,6	23 927,6	57,2
Fourth resource																	4 445,8	10,6
Miscellaneous	1 265,8	7,7	1 590,4	8,4	1 038,5	4,7	2 369,7	9,2	943,0	3,6	2 377,0	8,4	983,8	2,9	285,5	0,7	1 554,0	3,7
Total	16 432,3	100	18 918,0	100	22 082,1	100	25 729,2	100	26 082,4	100	28 085,1	100	33 667,2	100	35 783,3	100	41 843,4	100

Table 4 (cont'd)

Community revenue from 1971 to 1996

(ECU million)

Type of revenue	1989		1990		1991		1992		1993		1994		1995 ⁽¹⁾		1996 ⁽²⁾			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
Agricultural levies	2 397,7	5,2	1 875,7	4,0	2 486,0	4,4	1 987,8	3,3	1 929,9	2,9	2 074,1	3,1	1 963,8	2,6	1 935,5	2,4		
Customs duties	10 312,9	22,5	10 285,1	22,1	11 476,0	20,4	11 292,4	18,9	11 055,6	16,8	11 178,0	16,9	12 942,1	17,2	12 852,9	15,7		
VAT	26 293,4	57,3	27 440,1	59,1	30 269,0	53,8	34 659,3	58,0	34 489,9	52,5	33 254,5	50,4	39 893,9	52,9	34 594,3	42,2		
Fourth resource	4 519,0	9,8	94,9	0,2	7 445,1	13,2	8 322,2	13,9	16 517,9	25,2	17 682,2	26,8	15 444,8	20,5	31 971,7	39,0		
Miscellaneous	2 376,8	5,2	6 773,3	14,6	4 573,1	8,1	3 450,1	5,8	1 679,5	2,6	1 813,4	2,7	5 193,8	6,9	573,6	0,7		
Total	45 899,8	100	46 469,1	100	56 249,2	100	59 711,8	100	65 672,7	100	66 002,1	100	75 438,4	100	81 927,8	100		

⁽¹⁾ 1995 budget, including supplementary and amending budget No 1/95.⁽²⁾ 1996 preliminary draft budget.

Chart 5

Community revenue from 1971 to 1996

(ECU million)

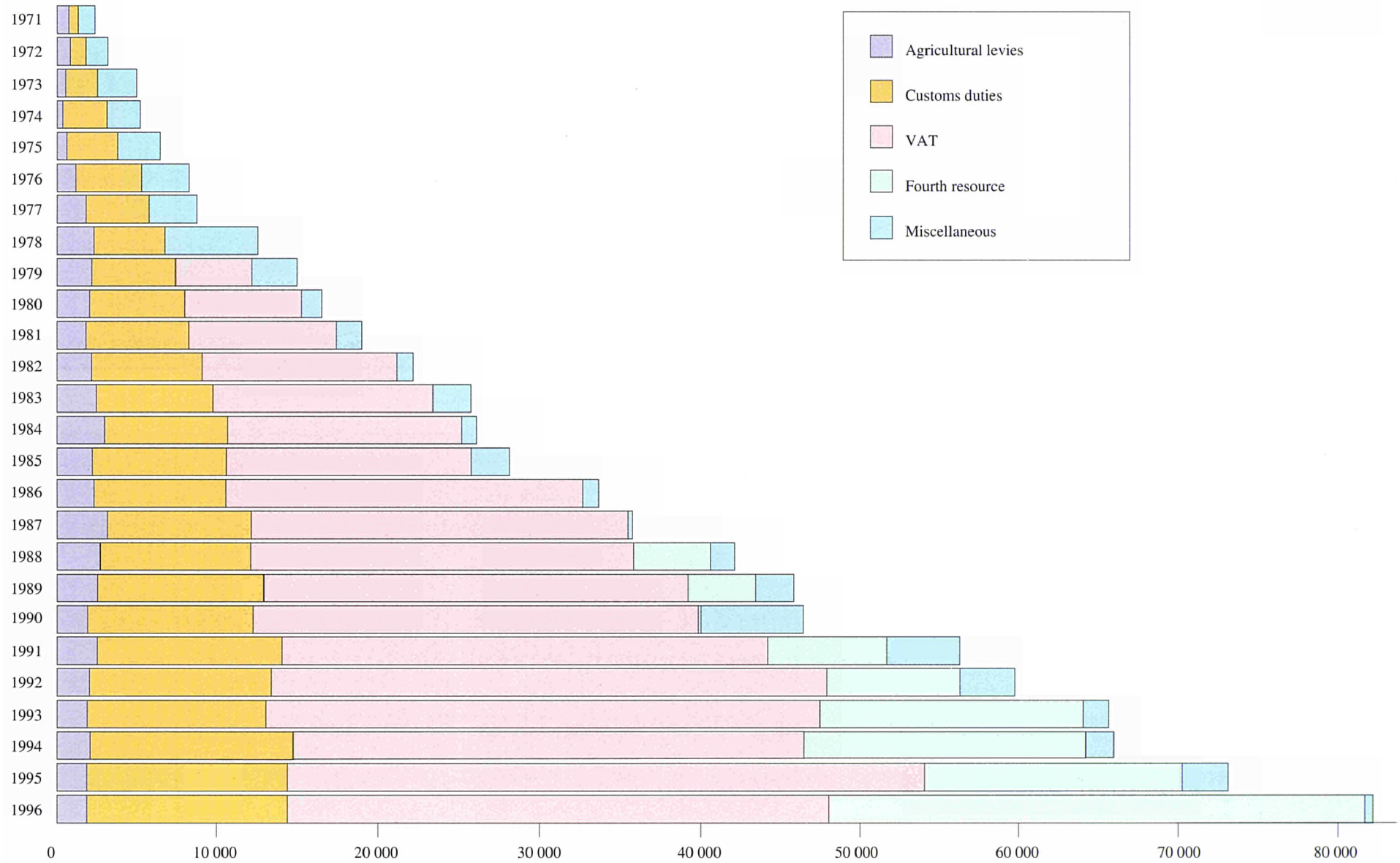


Chart 6

Community revenue from 1971 to 1996

(in %)

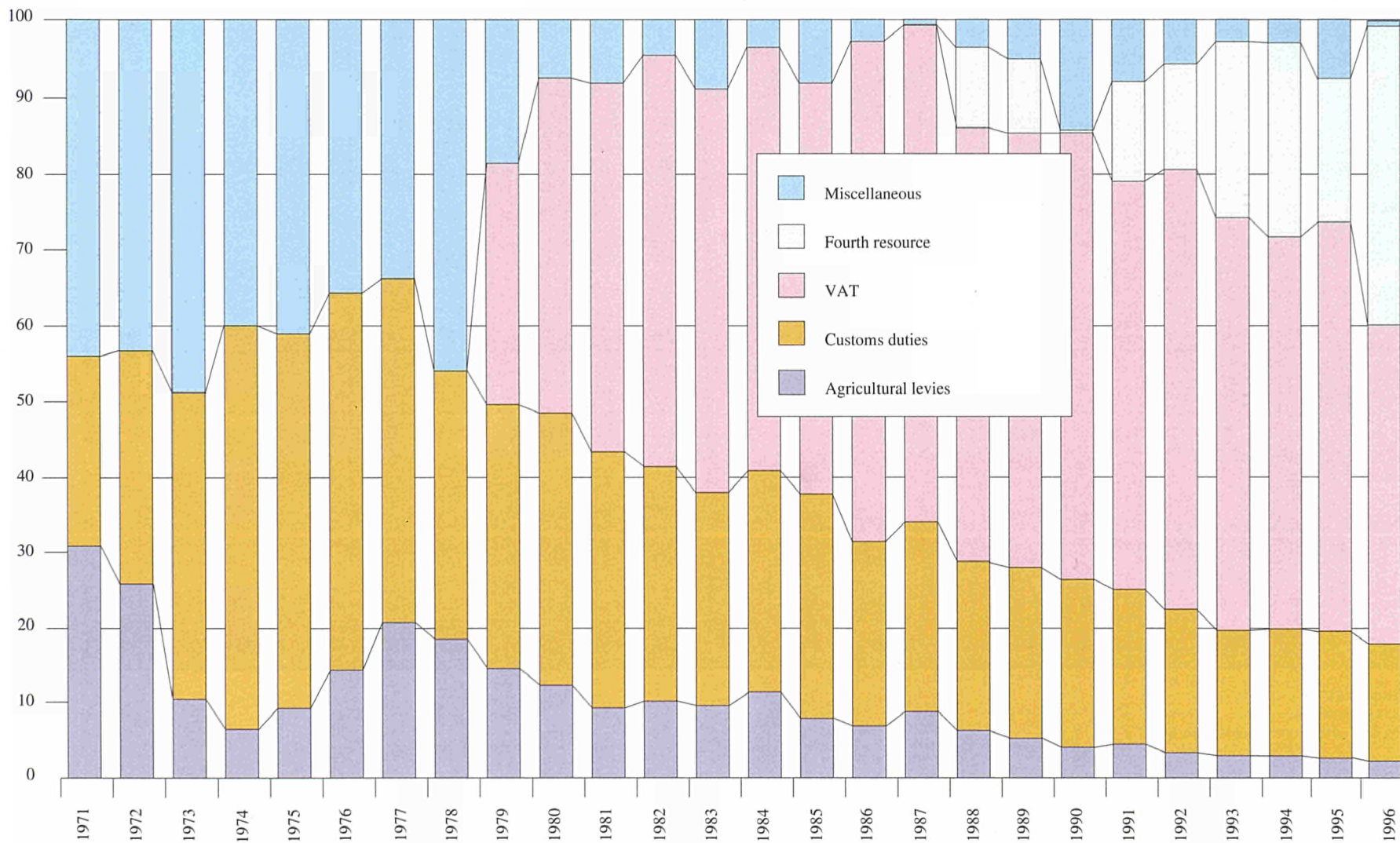


Table 5

Community borrowing and lending from 1980 to 1996

(ECU million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 ⁽¹⁾	1996 ⁽¹⁾
Loans raised																	
ECSC	1 004	325	712	750	822	1 265	1 517	1 487	880	913	1 086	1 446	1 474	908	644	800	800
Balance of payments				4 247			862	860			350	1 695	1 209	4 969	388	3 192	2 035
Euratom	181	373	363	369	214	344	488	853	93						49	200 ⁽³⁾	200 ⁽³⁾
NCI	305	339	773	1 617	967	860	541	611	945	522	76	49			70	0	0
European Investment Bank (EIB)	2 384	2 243	3 146	3 508	4 339	5 699	6 786	5 593	7 666	9 034	10 996	13 672	12 974	14 224	14 148	(²)	(²)
Community — Total	3 874	3 280	4 994	10 941	6 342	8 168	10 194	9 404	9 584	10 469	12 508	16 862	15 657	20 101	15 298	(²)	(²)
Loans granted																	
ECSC	1 031	388	740	778	825	1 010	1 069	969	908	700	993	1 382	1 486	918	674	800	800
Balance of payments				4 247			862	860			350	1 695	1 209	4 969	388	3 192	2 035
Euratom	181	357	362	366	186	211	443	314							0	200 ⁽³⁾	200 ⁽³⁾
NCI	197	540	791	1 200	1 182	884	393	425	357	78	24	39	9	30	0	0	0
European Investment Bank (EIB)	2 724	2 524	3 446	4 146	5 007	5 641	6 678	6 967	8 844	11 507	12 605	14 438	16 140	17 724	17 682	(²)	(²)
Community — Total	4 133	3 809	5 339	10 737	7 200	7 746	9 445	9 535	10 109	12 285	13 972	17 554	18 844	23 641	18 743	(²)	(²)

⁽¹⁾ Provisional figures.⁽²⁾ Figures not available.⁽³⁾ Countries of central and eastern Europe.

Table 6

Staff of the Community institutions from 1968 to 1995

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Parliament	514	529	532	589	787	1 096	1 172	1 206	1 404	1 537	1 709	2 112	2 573	2 927
Council	563	569	618	628	980	1 218	1 330	1 481	1 501	1 508	1 517	1 547	1 599	1 700
Commission	7 703	7 707	7 801	8 025	8 239	9 247	9 573	9 987	10 641	11 068	11 418	11 649	11 947	12 283
of which: Administrative budget	4 953	5 003	5 201	5 455	5 827	6 799	7 194	7 605	7 777	8 048	8 378	8 580	8 885	9 173
Research budget	2 750	2 704	2 501	2 450	2 277	2 277	2 198	2 184	2 658	2 806	2 816	2 771	2 736	2 753
Publications Office			99	120	135	171	181	198	206	214	224	237	265	284
Other bodies ⁽¹⁾												61	61	73
Court of Justice	110	110	114	126	138	223	254	261	264	275	288	315	363	452
Court of Auditors	19	24	26	29	30	35	35	35	35	35	164	214	259	284
Economic and Social Committee ⁽²⁾ and Committee of the Regions	117	129	144	156	192	252	284	292	302	305	315	325	339	374
Total	9 026	9 068	9 235	9 553	10 366	12 071	12 648	13 262	14 147	14 728	15 411	16 162	17 080	18 020

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Parliament	2 931	2 941	2 966	2 998	3 277	3 360	3 405	3 405	3 482	3 565	3 686	3 790	3 790	4 101
Council	1 755	1 798	1 792	1 888	2 016	2 066	2 130	2 165	2 184	2 205	2 225	2 256	2 304	2 465
Commission	12 675	12 998	13 280	13 703	14 262	15 161	15 905	16 309	16 720	17 175	17 946	18 576	19 027	20 005
of which: Administrative budget	9 565	9 852	10 037	10 369	10 881	11 622	12 328	12 611	12 887	13 157	13 975	14 540	14 918	15 839
Research budget	2 747	2 779	2 851	2 922	2 939	3 053	3 073	3 176	3 285	3 462	3 409	3 430	3 497	3 487
Publications Office	288	292	312	331	350	380	396	406	424	428	428	463	465	520
Other bodies ⁽¹⁾	75	75	80	81	92	106	108	116	124	128	134	143	147	159
Court of Justice	474	478	480	480	571	646	672	733	752	794	800	825	837	937
Court of Auditors	294	303	303	307	345	366	375	377	379	384	394	402	427	503
Economic and Social Committee ⁽²⁾ and Committee of the Regions	378	391	400	405	448	471	485	494	501	506	510	510	599	729
Total	18 507	18 909	19 221	19 781	20 919	22 070	22 972	23 483	24 018	24 629	25 561	26 359	26 984	28 740

(1) The European Centre for the Development of Vocational Training, Berlin, and the European Foundation for the Improvement of Living and Working Conditions, Dublin, only.

(2) Until 1993 the staff of the Economic and Social Committee were included in Section II of the budget. From 1994 they are included in the new Section VI together with the staff of the Committee of the Regions, which was set up in 1994.

Part II

1988 to 1992



1988 to 1992

1. The 1988 reform

The new political impetus which the Community received with the third enlargement to include Spain and Portugal in 1986 and then the conclusion of the Single Act opened up prospects for a thorough reform of the Community's financial system. The main objective was to provide the financial resources to launch a policy of 'economic and social cohesion' at Community level while ensuring that these new funds would not be absorbed by the common agricultural policy. The method employed is based on prior agreement on the main medium-term priorities between all the parties involved in the Community budget.

This reform was set out in a comprehensive proposal, the 'Delors package', presented by the Commission in February 1987. Acting on these proposals the Brussels European Council in February 1988 agreed on the broad political lines of the reform which centred on three main categories:

(a) *Own resources*

In order to provide the Community with resources that would enable it to operate correctly, the total of own resources was no longer to be tied to a specific item of revenue (VAT) but an overall ceiling on own resources fixed each year expressed as a percentage of Community GNP (1,15 % in 1988, 1,20 % in 1992). Initially, this ceiling was based on the estimated requirements contained in the financial perspective (see '*Some important concepts : the financial perspective*', page 10).

The range of own resources was extended with the creation of a fourth 'balancing' resource based on the GNP of the Member States (see '*Revenue of the European Union*', page 18). This resource is in proportion to the wealth of the Member States and is intended to limit the regressive nature of the VAT resource and counteract the decline in traditional own resources due to reductions in customs duties and self-sufficiency in food.

(b) *Budgetary discipline*

In order to ensure a better balance between the various categories of expenditure and controlled growth of this expenditure, emphasis was laid on stricter budgetary discipline: the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary

procedure, which came into force on 1 July 1988, makes budgetary discipline the shared responsibility of Parliament, the Council and the Commission.

The financial perspective, which is an integral part of the agreement, is the key to the new budgetary discipline arrangements. It is designed to produce a harmonious and controlled development of the broad sectors of budget expenditure and at the same time to establish a new balance in expenditure to the benefit, in particular, of the structural policies.

Budgetary discipline is designed first and foremost to contain agricultural expenditure, by setting a guideline (appearing in heading 1 of the financial perspective) which may not rise each year by more than 74 % of the annual growth rate of Community GNP. A monetary reserve is also entered in the budget to contend with the effects of fluctuations in the exchange rate between the dollar and the ecu on EAGGF Guarantee Section expenditure.

(c) *Reform of the Structural Funds*

The Single Act provided for close coordination between the three Structural Funds financed from the Community budget with a view to clarifying their tasks and enhancing their effectiveness.

It was also decided to provide a guarantee that the allocations for the Funds would be twice as high in real terms in 1993 as in 1987 — reflected in the rise in the ceilings for heading 2 (Structural operations) of the financial perspective 1988 to 1992 — and also to target Community action through these funds at five objectives (1. Development and structural adjustment of regions whose development is lagging behind; 2. Conversion of regions affected by industrial decline; 3. Combating long-term unemployment; 4. Occupational integration of young people; 5. (a) and (b). Adjustment of agricultural structures and development of rural areas).

2. Financial perspective 1988 to 1992

The financial perspective initially adopted in 1988 is shown in Table 7.

It contained six headings:

— Heading 1: 'EAGGF Guarantee Section' covering agricultural guarantee expenditure and half the aid for set-aside.

- Heading 2: ‘Structural operations’, which mainly contains expenditure under the Structural Funds (European Regional Development Fund — ERDF, European Social Fund — ESF, and the EAGGF Guidance Section) as well as some structural expenditure connected with fisheries and structural programmes for geographical areas such as the specific programme for the development of Portuguese industry (Pedip), the other half of the set-aside aid and the income aid for farmers.
- Heading 3: ‘Policies with multiannual allocations’, covering research and the integrated Mediterranean programmes (IMP).
- Heading 4: ‘Other policies’, covering expenditure on all other operations in fields such as transport, environment, audiovisual media, internal market and all external action.
- Heading 5: ‘Repayments and administration’, consisting of the institutions’ administrative expenditure as well as expenditure on certain repayments to the Member States (to Spain and Portugal in the early years of membership or in connection with the depreciation of agricultural stocks).
- Heading 6: ‘Monetary reserve’, for which the necessary resources would be called in only if required.

In accordance with the Interinstitutional Agreement, the financial perspective, which was drawn up in 1988 prices, was updated each year by the Commission to allow for increases in prices. The financial perspective could also be adjusted in line with conditions of implementation.

Table 8 shows the effects of the technical adjustments and the adjustment in line with conditions of implementation between 1988 and 1992.

Finally, the financial perspective could also be revised to raise (or lower) the ceiling for one or more headings (see ‘*Some important concepts: the financial perspective*’, page 10).

There were seven revisions between 1988 and 1992, resulting mainly from the upheavals on the international scene between 1990 and 1992 and their effect on Community regional aid policies (German unification) or on the Community’s foreign aid programmes such as assistance for the countries of central and eastern Europe and the republics of the CIS, humanitarian aid following the fighting in the States of former Yugoslavia, the Gulf War, aid to Kurdish refugees and measures to combat famine in Africa.

Apart from these adjustments in response to unforeseen circumstances, the financial perspective was revised half way through its term to boost internal policies and assistance to a number of developing countries.

Experience has shown that these revisions have been too frequent, in particular because the financial framework was too inflexible to respond to international crises. Furthermore, the revisions were often complicated to negotiate and tended to merge with the budgetary procedure, thus reducing their function as a medium-term framework.

The various revisions and amendments are set out in Table 8. Table 9 summarizes all the changes since 1988. Table 10 shows the budgets adopted during the period covered by this financial perspective.

3. Outcome of the 1988 reform

The reform has been broadly positive as regards the three main objectives pursued : orderly growth in expenditure, improvement of the budgetary procedure and budget management and an adequate level of own resources.

It is true that the favourable economic situation contributed to this success, but the Community has also had to contend with exceptional events which forced it to assume new budgetary responsibilities as a result of the upheavals in eastern Europe.

(a) Growth in expenditure

The desired growth in expenditure has been achieved, and the results have proved even better than expected:

- The allocations for the Structural Funds doubled between 1987 and 1993.
- Agricultural expenditure remained within the agricultural guideline and the additional costs arising from German unification were covered without this guideline having to be raised. However, this was the result not so much of a fundamental improvement in

Community agriculture as of the favourable market situation. The reform of the CAP undertaken in 1992 was therefore still necessary.

- The various revisions of the financial perspective boosted the trend towards a rebalancing of expenditure in favour of external action in particular.

(b) Improvement of the budgetary procedure and budget management

There has been a distinct improvement here: each year the budget was adopted within the required deadlines without any major clash between the institutions and the basic principles of the financial framework were respected.

Table 11 shows the trend in budget outturn. The savings which were often made under the CAP in the course of the financial year must not be allowed to conceal the improved utilization rate for most of the other headings in relation to the situation before 1988.

(c) Adequate financial resources

Although the expenditure ceilings were raised a number of times, the overall ceiling of the financial perspective and thus the actual amount of budget spending remained below the own resources ceiling. The combination of two favourable factors — moderate rise in agricultural expenditure and more rapid economic growth than expected — did, admittedly, contribute to this outcome.

Table 11 also shows that the own resources ceilings were complied with throughout the period and that a substantial margin was often available.

As for the structure of own resources, the success hoped for from the 1988 reform has not yet been forthcoming. While traditional own resources have continued to decline, the VAT resource still yields by far the largest proportion of revenue and the GNP-based resource still accounts for no more than a modest proportion (see *'Revenue of the European Union'*, page 18, and Table 4 and Charts 5 and 6).

Table 7
Initial financial perspective (1988 to 1992) ⁽¹⁾

(ECU million)

	1988	1989	1990	1991	1992
Appropriations for commitments					
1. EAGGF Guarantee Section	27 500	27 700	28 400	29 000	29 600
2. Structural operations	7 790	9 200	10 600	12 100	13 450
3. Policies with multiannual allocations	1 210	1 650	1 900	2 150	2 400
4. Other policies	2 103	2 385	2 500	2 700	2 800
of which: non-compulsory expenditure	1 646	1 801	1 860	1 910	1 970
5. Repayments and administration	5 700	4 950	4 500	4 000	3 550
of which: stock disposal	1 240	1 400	1 400	1 400	1 400
6. Monetary reserve	1 000	1 000	1 000	1 000	1 000
Total	45 303	46 885	48 900	50 950	52 800
of which:					
— compulsory expenditure	33 698	32 607	32 810	32 980	33 400
— non-compulsory expenditure	11 605	14 278	16 090	17 970	19 400
Appropriations for payments					
Appropriations for payments required	43 779	45 300	46 900	48 600	50 100
of which:					
— compulsory expenditure	33 640	32 604	32 740	32 910	33 110
— non-compulsory expenditure	10 139	12 696	14 160	15 690	16 990
Appropriations for payments as % of GNP	1,12	1,14	1,15	1,16	1,17
Own resources ceiling as % of GNP	1,15	1,17	1,18	1,19	1,20

⁽¹⁾ Interinstitutional Agreement (OJ No L 185, 15. 7. 1988).

Table 8
Changes made to the initial financial perspective (1988 to 1992)

1. Ceilings in initial financial perspective after technical adjustments in line with prices and GNP ⁽¹⁾
(ECU million — current prices)

	1988	1989	1990	1991	1992
Ceiling (commitments)	45 303	48 464	52 948	57 939	63 090
Ceiling (payments)	43 779	46 885	50 772	55 259	59 805

⁽¹⁾ Paragraph 9 of the Interinstitutional Agreement.

2. Adjustments in line with conditions of implementation ⁽¹⁾
(ECU million)

Year of decision	Heading	1990	1991	1992
1989	Heading 2	24		
	Heading 3	4		
	Heading 4	9		
	Total	37		
1990	Heading 2		157	250
	Heading 3		63	80
	Heading 4			
	Total		220	330
1991	Heading 2			350
	Heading 3			115
	Heading 4			
	Total			465
	Commitments — Total	37	220	795
	Payments — Total	19	466	758

⁽¹⁾ Paragraph 10 of the Interinstitutional Agreement.

Table 8 (cont'd)

Changes made to the initial financial perspective (1988 to 1992)

3. Revisions and amendments

(ECU million)

Date of revision	Heading	1990	1991	1992	
June 1990	Heading 2: Correction for inflation: Structural Funds		90		
	Heading 4:	500	1 175	1 628	
	NCE: Central and eastern Europe NCE: Other external and internal policies	500	820 355	970 658	
	Heading 5:		- 40	- 150	
	Stock disposal Administration		- 40	- 450 300	
	Commitments — Total	500	1 225	1 478	
	Payments — Total	500	1 225	1 478	
December 1990	Heading 2: German unification		750	1 000	
	Heading 3: Unused margin		- 50		
	Heading 4:		665	110	
	CE: German unification NCE: German unification NCE: Internal policies NCE: Gulf crisis		10 90 35 530	10 100	
	Heading 5:		0	0	
	Stock disposal Repayments Spain / Portugal Administration German unification		- 220 180 40	- 40 40	
	Commitments — Total		1 365	1 110	
	Payments — Total		1 085	910	
	May 1991	Heading 4:		728	
		NCE: Technical assistance USSR NCE: Israel and Occupied Territories NCE: Kurdish refugees NCE: Famine in Africa		400 88 100 140	
Heading 5:			0		
Stock disposal Repayments Spain / Portugal			- 3 3		
Commitments — Total			728		
Payments — Total			423	180	

3. Revisions and amendments (cont'd)

(ECU million)

Date of revision	Heading	1990	1991	1992
February 1992	Heading 2: Correction for inflation: Structural Funds			100
	Heading 3: Carryovers from 1991			- 200
	Heading 4:			412
	CE: Margin available NCE: IS technical assistance NCE: Tropical forests			- 88 450 50
	Heading 5:			- 312
	Stock disposal Repayments Spain / Portugal Administration			- 381 30 40
	Commitments — Total			0
Payments — Total			0	
May 1992	Heading 3: Redeployment			- 10
	Heading 4: Other policies			200
	CE: Redeployment NCE: Food aid — Africa			- 5 205
	Commitments — Total			190
Payments — Total			190	
September 1992	NCE: New <i>Länder</i> and certain research programmes			550
	Commitments — Total			0
	Payments — Total			550
September 1992	Heading 4: Humanitarian aid to former Yugoslavia			100
	CE NCE			- 20 120
	Commitments — Total			100
Payments — Total			100	

Table 9
Updated financial perspective (1988 to 1992)

(ECU million — current prices)

Description	1988	1989	1990	1991	1992
Appropriations for commitments					
1. EAGGF Guarantee Section	27 500	28 613	30 700	33 000	35 039
2. Structural operations	7 790	9 522	11 555	14 804	18 109
3. Policies with multiannual allocations	1 210	1 708	2 071	2 466	2 905
4. Other policies	2 103	2 468	3 229	5 648	5 936
of which: non-compulsory expenditure	1 646	1 864	2 523	4 738	5 029
5. Repayments and administration	5 700	5 153	4 930	4 559	3 893
of which: stock disposal	1 240	1 449	1 523	1 375	810
6. Monetary reserve	1 000	1 000	1 000	1 000	1 000
Total	45 303	48 464	53 485	61 477	66 882
of which:					
— compulsory expenditure	33 698	33 764	35 454	37 199	38 503
— non-compulsory expenditure	11 605	14 700	18 031	24 278	28 379
Appropriations for payments					
Appropriations for payments required	43 779	46 885	51 291	58 458	64 081
of which:					
— compulsory expenditure	33 640	33 745	35 372	37 195	38 435
— non-compulsory expenditure	10 139	13 140	15 919	21 263	25 646
Appropriations for payments required as % of GNP	1,08	1,06	1,08	1,13	1,19
Own resources ceiling as % of GNP	1,15	1,17	1,18	1,19	1,20

Table 10
Budgets 1988 to 1992 by heading of the financial perspective

(ECU million)

Description	1988	1989	1990	1991	1992
Appropriations for commitments					
1. EAGGF Guarantee Section	27 500	26 761	26 522	31 516	32 095
2. Structural operations	7 790	9 488	11 533	14 804	18 109
3. Policies with multiannual allocations	1 210	1 695	2 071	2 466	2 905
4. Other policies	2 103	2 415	3 220	5 602	5 936
of which: non-compulsory expenditure	1 646	1 863	2 523	4 738	5 029
5. Repayments and administration	5 700	5 066	4 862	3 982	3 863
of which: stock disposal	1 240	1 449	1 470	810	810
6. Monetary reserve	1 000	1 000	1 000	1 000	1 000
Total	45 303	46 425	49 208	59 370	63 907
of which:					
— compulsory expenditure	33 698	31 740	31 390	35 306	35 530
— non-compulsory expenditure	11 605	14 685	17 818	24 064	28 377
Appropriations for payments					
Appropriations for payments required	43 779	44 841	46 928	56 085	61 097
of which:					
— compulsory expenditure	33 640	31 792	31 364	35 268	35 457
— non-compulsory expenditure	10 139	13 049	15 564	20 817	25 640
Appropriations for payments required as % of GNP	1,08	1,02	0,99	1,09	1,13
Own resources ceiling as % of GNP	1,15	1,17	1,18	1,19	1,20

Chart 7
General budget — Payments 1988 to 1992 as % of Community GNP

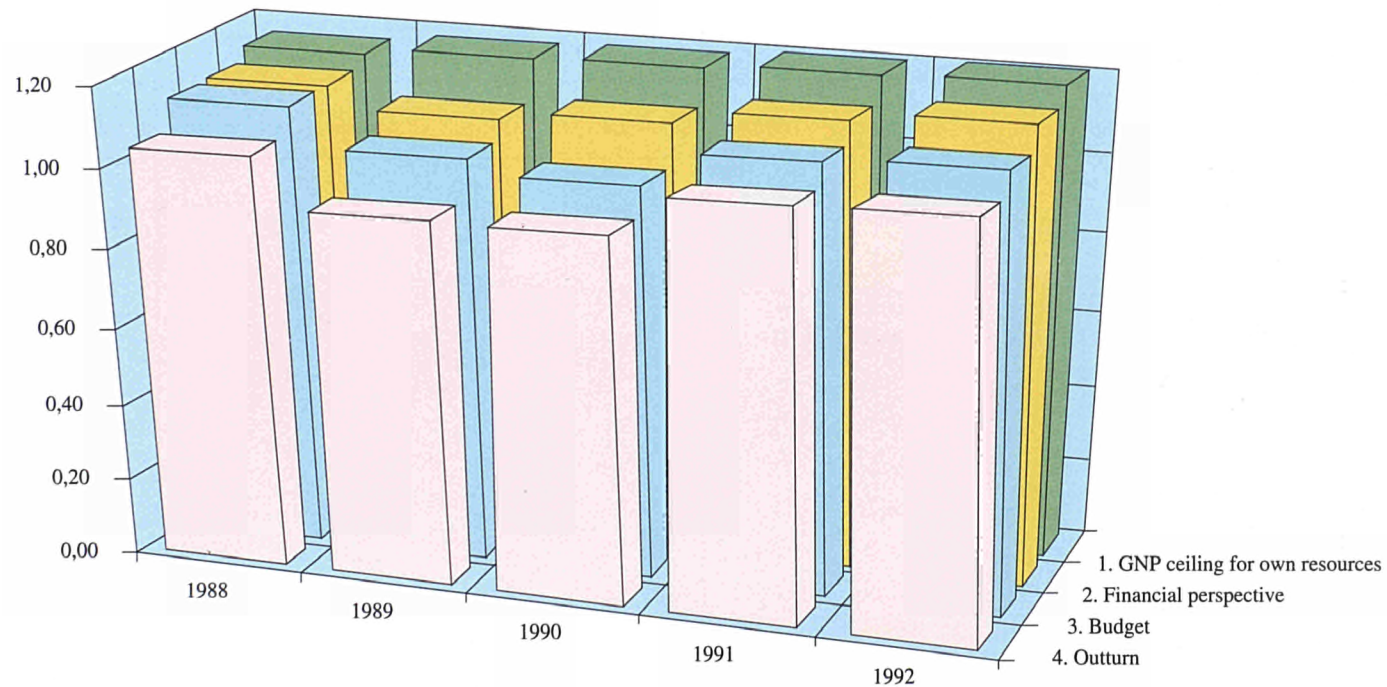


Table 11
Appropriations for payments (1988 to 1992)

(ECU million)

	1988		1989		1990		1991		1992	
	% GNP	Amount	% GNP	Amount	% GNP	Amount	% GNP	Amount	% GNP	Amount
1. GNP ceiling for own resources	1,15	44 954	1,17	51 152	1,18	55 590	1,19	61 440	1,20	66 432
2. Appropriations for payments required for financial perspective (FP)	1,08	43 779	1,06	46 885	1,08	51 291	1,13	58 458	1,19	64 081
3. Appropriations for payments in budget	1,08	43 779	1,02	44 841	0,99	46 928	1,09	56 085	1,13	61 097
4. Outturn in payments	1,01	41 022	0,92	40 757	0,93	44 063	1,04	53 650	1,07	57 947

Table 12
Summary of own resources by Member State from 1988 to 1992

(ECU million)

	1988		1989		1990		1991		1992	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Belgium	1 833,5	4,5	1 807,2	4,1	1 763,7	4,3	2 217,4	4,2	2 239,1	4,0
Denmark	955,6	2,3	871,0	2,0	775,1	1,9	1 033,5	2,0	1 034,8	1,8
Germany	11 534,9	28,2	11 110,4	25,1	10 357,5	25,0	15 394,2	29,1	16 997,5	30,2
Greece	429,9	1,1	566,3	1,3	563,6	1,4	762,1	1,4	728,6	1,3
Spain	2 678,1	6,6	3 575,1	8,1	3 671,4	8,9	4 580,2	8,7	4 828,0	8,6
France	9 095,4	22,2	8 622,8	19,5	8 089,1	19,5	10 601,9	20,1	10 493,4	18,7
Ireland	328,2	0,8	370,9	0,8	368,5	0,9	452,4	0,9	462,3	0,8
Italy	5 426,7	13,3	7 605,9	17,2	6 097,7	14,7	8 699,7	16,5	8 279,9	14,7
Luxembourg	81,6	0,2	72,8	0,2	74,5	0,2	108,8	0,2	123,5	0,2
Netherlands	2 795,6	6,8	2 700,5	6,1	2 615,2	6,3	3 537,7	6,7	3 534,0	6,3
Portugal	399,9	1,0	458,3	1,0	502,4	1,2	712,0	1,3	838,1	1,5
United Kingdom	5 323,9	13,0	6 568,1	14,8	6 534,3	15,8	4 736,4	9,0	6 702,4	11,9
Total ⁽¹⁾	40 883,3	100	44 329,3	100	41 413,0	100	52 836,3	100	56 261,7	100

⁽¹⁾ The total revenue figure also includes surpluses and miscellaneous revenue (see Table 4).

Part III

Financial perspective 1993 to 1999





Financial perspective 1993 to 1999

1. Negotiation of the financial perspective for a twelve-nation Community

In early 1992 the Commission proposed a new financial perspective (the 'Delors II package') which also took account of the objectives of the Treaty on European Union even if the direct budgetary implications of the new Treaty are relatively limited. To allow for the strict constraints on Member States' budgets at a time when the economy was more depressed than expected, the Commission felt that it ought to adjust its proposal by extending the period for achieving the objectives from five to seven years, ending in 1999. This overall proposal was very much a continuation of the 1988 reform as regards the Structural Funds, budgetary discipline and own resources even though certain adjustments were made.

After changes had been negotiated to various aspects of the Commission's proposal, the European Council agreed on a financial perspective for 1993 to 1999 at its meeting in Edinburgh in December 1992. As proposed by the Commission, the Edinburgh European Council gave top priority to structural operations in the Community's most underprivileged regions. Particular attention was also paid to external action. The Edinburgh conclusions called for an increase in the resources provided for internal policies even though this increase was not as high as the Commission had hoped when it set the objective of establishing an environment favourable to the competitiveness of European industry.

Compared with the previous period, the objective of greater proportionality as regards resources was reinforced with a gradual reduction in the call-in rate for VAT which automatically increased the proportion of budget financing accounted for by the GNP-based resource (see *Revenue of the European Union*, page 18).

The financial perspective comprises the following six headings, which have been slightly changed in comparison with the previous period:

- Heading 1: Common agricultural policy, which now includes the accompanying measures, all aid for set-aside and income aid for farmers and the Guarantee Fund for fishery products.
- Heading 2: Economic and social cohesion measures, which in addition to Structural Fund operations and the Financial Instrument for Fisheries Guidance, covers the Cohesion Fund established by the Treaty on European Union.

- Heading 3: Internal policies of a horizontal nature, including research and technological development and the trans-European networks.
- Heading 4: External action — operations in specific geographical areas, expenditure on food aid, humanitarian aid and emergency aid and the external aspects of certain Community policies (fisheries, environment).
- Heading 5: Administrative expenditure of the institutions.
- Heading 6: Reserves.

For the sake of continuity the proposed breakdown is largely the same as in the financial perspective 1988 to 1992. Apart from various adjustments in the content of certain headings, the main changes concern the splitting of the old heading 4 'Other policies' into two separate headings — 'Internal policies' (new heading 3) and 'External action' (new heading 4) — the disappearance of the old heading 3 'Policies with multiannual allocations', research being included in the internal policies, and the extension of heading 6 'Reserves' to include two new reserves for external policies (emergency aid and guarantee of loans granted to non-member countries) alongside the agricultural monetary reserve.

The introduction of these new reserves will ensure that budget funds are available and can be drawn on quickly throughout the year to meet unforeseen expenditure. They were also set up in view of past experience since they should reduce the number of revisions of the financial perspective, which were needed quite frequently in the previous period (see *1988 to 1992: 3. Outcome of the 1988 reform*, page 48).

2. The broad outlines of the financial framework agreed in Edinburgh

The financial perspective (1992 prices) drawn up for the twelve-nation Community is set out in Table 13.

(a) Common agricultural policy

The increase in expenditure under the reformed agricultural policy will still be governed by the agricultural guideline set in 1988. Under this budgetary discipline measure, the

annual growth in the ceiling for agricultural expenditure must not exceed 74 % of the real rate of growth of Community GNP.

(b) *Economic and social cohesion*

Following on from the doubling of the Structural Fund appropriations between 1988 and 1993, the Community will continue its regional and social development effort over the next period. Map 2 shows the regions which will be eligible for assistance from the Structural Funds for objectives 1, 2 and 5 (b) in the period 1993 to 1999. Even more budgetary resources will be concentrated on the most underprivileged regions where per capita GNP is less than 75 % of the Community average (Objective 1 regions). The new *Länder* will count as Objective 1 regions from 1994 onwards.

The purpose of the Cohesion Fund for countries with a per capita GNP of less than 90 % of the Community average — Greece, Spain, Ireland and Portugal — is to finance environmental or transport infrastructure projects to help the recipient countries comply with Community legislation or guidelines, subject to the establishment of an economic convergence programme by these countries. With the combined assistance of the Cohesion Fund and Objective 1 of the Structural Funds, the four Member States eligible for the Cohesion Fund will, together, receive in 1999 twice what they obtained under Objective 1 in 1992.

(c) *Internal policies*

According to the conclusions of the European Council, expenditure on internal policies should increase by around 30 % during this period. Research and trans-European networks were specially mentioned in the Edinburgh conclusions.

Contrary to the Commission's proposals, which attached special importance to research, expenditure in this sector will grow in line with the rest of heading 3. As agreed at Edinburgh, it should still account for between half and two thirds of the total amount for this heading, thus remaining by far the most important item of expenditure classified under the internal policies. The adoption of the fourth framework programme (1994 to 1998) with an allocation of ECU 12,3 billion (current prices) and a reserve of ECU 700 million confirms the renewed importance attached to Community research, placing it in the upper part of the bracket agreed at Edinburgh.

The highest growth rate under internal policies is for financing the trans-European networks. The Community will contribute to the development of networks in the transport, telecommunications and energy sectors in order to promote cross-frontier links between the national networks. As Community finance will remain modest compared with the level of investment required in this sector, the Community's activities will be limited to making a financial contribution to certain projects of common interest in a bid to attract funding from other sources.

(d) *External action*

The funds provided for the Community's external action will increase by more than 40 % over the period, a trend which is considerably reinforced by the establishment of two new reserves: the reserve for emergency aid and the reserve for loan guarantees.

Although there is no predetermined breakdown of the new funds available for external action, special attention should be paid to the countries closest to the Community, i.e. the countries of eastern Europe and the Mediterranean countries.

3. Negotiation of the new Interinstitutional Agreement

The conclusions of the Edinburgh European Council could not be put into effect until Parliament agreed to respect the various annual ceilings when exercising its powers. This was the purpose of the negotiations between Parliament, the Council and the Commission which ultimately led to the adoption of the new Interinstitutional Agreement.

The new Agreement signed on 29 October 1993 adopts the same basic principles as the previous Agreement as regards management of the financial perspective (see '*Some important concepts: the financial perspective*', page 10). However, a number of improvements were made to improve interinstitutional cooperation and strengthen budgetary discipline.

A new collaboration procedure was introduced between the institutions at two different stages of the budgetary procedure:

- A triologue meeting has to be held to discuss possible priorities for the following financial year after the technical adjustment of the financial perspective and before the Commission's decision on the preliminary draft budget.

- An *ad hoc* conciliation procedure is introduced for compulsory expenditure in order to secure an agreement between the two arms of the budgetary authority. The procedure consists of a trialogue meeting followed by a conciliation meeting which must be held, at the latest, on the day on which the Council adopts the draft budget. Parliament can thus inform the Council directly of its guidelines for compulsory expenditure, but the respective powers of the two arms of the budgetary authority are not affected by this procedure.

In addition, the principle of 'negative co-decision' will apply to the three reserves. This means that the Commission proposal will be considered adopted if the Council and Parliament fail to amend it or to reject it by common agreement.

The Agreement also lays down a number of principles to tighten budgetary discipline:

- The principles laid down in the 1982 declaration — no budget appropriations to be implemented before adoption of a legal base and no maximum amounts to be entered in basic texts — must be respected and application of these principles improved.
- The possibility of reallocating appropriations, at least within the heading concerned, should be considered whenever the financial perspective is revised or the reserve for emergency aid is drawn on.
- When the budget is adopted, margins should be left, where possible, under the ceilings for each heading of the financial perspective so that additional appropriations may be entered if necessary without the need for any revision.
- As far as possible, headings containing insignificant amounts should not be entered in the budget.

4. Adjustment of the financial perspective with a view to enlargement of the European Union

At a trialogue meeting on 29 November 1994 Parliament, the Council and the Commission agreed on a financial perspective for the enlarged European Union following accession of Austria, Finland and Sweden in accordance with paragraph 24 of the Interinstitutional Agreement of 29 October 1993. The new financial framework was approved by the Council on 5 December 1994 and by Parliament on 13 December 1994. As a result, it was possible not only to retain the Interinstitutional Agreement itself but also to adopt on time the 1995 budget for a fifteen-nation Union.

The ceilings for headings 1 to 5 were raised for the whole of the period to cover the requirements resulting from enlargement of the Union:

- common agricultural policy: the agricultural guideline was increased by 74 % of the relative GNP of the three acceding countries;
- structural operations: the Structural Fund allocations were increased in line with the Act of Accession. A new objective 6 was created for the regions with a population density not exceeding eight inhabitants per km². The European Union budget will also cover the acceding countries' contribution to the EEA financial mechanism (grant of structural aid by the EFTA countries taking part in the Agreement on the European Economic Area). A new subheading has therefore been entered in the financial perspective for this purpose;
- internal policies: the ceiling for heading 3 was raised by 7 % in line with the relative size of the acceding countries' GNP;
- external action: the ceiling for this heading was raised by 6,3 % in proportion to the relative population of the acceding countries;
- administrative expenditure: the ceiling for this heading rises by an average 4,66 % over the period 1995 to 1999; however, there is a provision that expenditure under this heading will be reviewed in 1996 to take account of the financing requirements for the buildings of the European institutions and the staff requirements for the new Member States.

A new heading 7 was also added to cover the compensation which the new Member States will receive over the period 1995 to 1998 as part of the agricultural budget package. This compensation is being granted because the new Member States are not being paid any direct per hectare aid for arable crops and beef and veal in 1995 and because of their outlay on agricultural support as they bring their prices into line with Community prices.

The institutions also took advantage of this adjustment of the financial perspective to adapt it in line with specific requirements which are not directly linked to enlargement.

Heading 2 (Structural operations) was increased by ECU 200 million (at 1995 prices) in three equal instalments between 1995 and 1997 to finance the Northern Ireland peace programme under the Community initiatives.

Heading 3 (Internal policies) was increased by ECU 400 million (1994 prices), spread evenly over the next five years, to finance the programme for the modernization of the textile industry in Portugal.

Table 14 sets out the new financial framework (1992 prices) negotiated for the enlarged European Union in November 1994. From 1 January 1995 this has replaced the financial

perspective adopted by the Edinburgh European Council in December 1992. The figures are updated in Table 15 (see 'Some important concepts: the financial perspective', page 10). The updated financial perspective (Table 16) forecasts that the margin for unforeseen expenditure between the ceiling for appropriations for payments and the own resources ceiling will be far greater than the previous figure and will now come to 0,04 % of GNP at the end of the period.

Table 13

Initial financial perspective (1993 to 1999) (EUR 12)*

(ECU million — 1992 prices)

	1993	1994	1995	1996	1997	1998	1999
Commitment appropriations							
1. Common agricultural policy	35 230	35 095	35 722	36 364	37 023	37 697	38 389
2. Structural operations	21 277	21 885	23 480	24 990	26 526	28 240	30 000
2.1. Structural Funds	19 777	20 135	21 480	22 740	24 026	25 690	27 400
2.2. Cohesion Fund	1 500	1 750	2 000	2 250	2 500	2 550	2 600
3. Internal policies	3 940	4 084	4 323	4 520	4 710	4 910	5 100
4. External action	3 950	4 000	4 280	4 560	4 830	5 180	5 600
5. Administrative expenditure	3 280	3 380	3 580	3 690	3 800	3 850	3 900
6. Reserves	1 500	1 500	1 100	1 100	1 100	1 100	1 100
Monetary reserve	1 000	1 000	500	500	500	500	500
External action:							
— loan guarantees	300	300	300	300	300	300	300
— emergency aid	200	200	300	300	300	300	300
Commitment appropriations — Total	69 177	69 944	72 485	75 224	77 989	80 977	84 089
Payment appropriations — Total	65 908	67 036	69 150	71 290	74 491	77 249	80 114
Total payment appropriations (% GNP)	1,20	1,19	1,20	1,21	1,23	1,25	1,26
Margin (% GNP)	0,00	0,01	0,01	0,01	0,01	0,01	0,01
Own resources ceiling (% GNP)	1,20	1,20	1,21	1,22	1,24	1,26	1,27

* Interinstitutional Agreement (OJ No C 331, 7. 12. 1993).

Table 14

Initial financial perspective for the enlarged union (EUR 15) 1995 to 1999*

(ECU million – 1992 prices)

	1995	1996	1997	1998	1999
Appropriations for commitments					
1. Common agricultural policy	35 354	37 245	37 922	38 616	39 327
2. Structural operations	24 477	26 026	27 588	29 268	30 945
2.1. Structural Funds	22 369	23 668	24 980	26 610	28 345
2.2. Cohesion Fund	2 000	2 250	2 500	2 550	2 600
2.3. EEA financial mechanism	108	108	108	108	0
3. Internal policies	4 702	4 914	5 117	5 331	5 534
4. External action	4 549	4 847	5 134	5 507	5 953
5. Administration	3 738	3 859	3 974	4 033	4 093
6. Reserves	1 100	1 100	1 100	1 100	1 100
Monetary reserve	500	500	500	500	500
Guarantee reserve	300	300	300	300	300
Emergency aid reserve	300	300	300	300	300
7. Compensation	1 547	701	212	99	0
Total appropriations for commitments	75 467	78 692	81 047	83 954	86 952
Total appropriations for payments	72 020	74 605	77 372	80 037	82 778
Appropriations for payments as % of GNP	1,21	1,21	1,22	1,22	1,24
Margin as % of GNP	0,00	0,01	0,02	0,03	0,03
Own resources ceiling as % of GNP	1,21	1,22	1,24	1,26	1,27

* OJ No C 395, 31. 12. 1994.

Table 15

Changes made to the initial financial perspective (1993 to 1999)

1. Ceilings in initial financial perspective after technical adjustments in line with prices and GNP ⁽¹⁾

(ECU million — current prices)

	EUR 12		EUR 15				
	1993	1994	1995	1996	1997	1998	1999
Ceiling (commitments)	72 021	73 311	80 943	86 573			
Ceiling (payments)	68 611	70 232	77 229	82 192			

⁽¹⁾ Paragraph 9 of the Interinstitutional Agreement.2. Adjustments in line with conditions of implementation ⁽¹⁾

Year of decision	Heading	EUR 12		EUR 15				
		1993	1994	1995	1996	1997	1998	1999
April 1995	Heading 2: Structural Funds transfer (CA)				869	869		
	All headings: Adjustment payments (PA)				935	696	434	173
	Commitments — Total				869	869		
	Payments — Total				935	696	434	173

⁽¹⁾ Paragraph 10 of the Interinstitutional Agreement.3. Revisions and amendments ⁽¹⁾

(ECU million)

Date of revision	Heading	EUR 12		EUR 15				
		1993	1994	1995	1996	1997	1998	1999
March 1994	Heading 3: Restimulate economic activity		45					
	Heading 4: Middle East peace process		75					
	Heading 5: Depreciation of ecu against Belgian franc		55					
	Commitments — Total		175					
	Payments — Total		120					

⁽¹⁾ Paragraphs 11 to 13 of the Interinstitutional Agreement.

Table 16

Updated financial perspective (1993 to 1999)

	EUR 12		EUR 15				
	Current prices		Current prices		1996 prices (indicative)		
	1993	1994	1995	1996	1997	1998	1999
Commitment appropriations							
1. Common agricultural policy	36 657	36 465	37 944	40 797	41 545	42 313	43 100
2. Structural operations	22 192	23 176	26 329	29 131	30 827	31 783	33 614
2.1. Structural Funds	20 627	21 323	24 069	26 579	28 004	28 906	30 790
2.2. Cohesion Fund	1 565	1 853	2 152	2 444	2 715	2 769	2 824
2.3. EEA financial mechanism			108	108	108	108	0
3. Internal policies	4 109	4 370	5 060	5 337	5 557	5 789	6 010
4. External action	4 120	4 311	4 895	5 264	5 576	5 981	6 465
5. Administrative expenditure	3 421	3 634	4 022	4 191	4 316	4 380	4 445
6. Reserves	1 522	1 530	1 146	1 152	1 152	1 152	1 152
Monetary reserve	1 000	1 000	500	500	500	500	500
Guarantee reserve	313	318	323	326	326	326	326
Emergency aid reserve	209	212	323	326	326	326	326
7. Compensation			1 547	701	212	99	0
Commitment appropriations — Total	72 021	73 486	80 943	86 573	89 185	91 497	94 786
Payment appropriations — Total	68 611	70 352	77 229	82 192	85 013	87 669	90 418
Total payment appropriations (% GNP) ⁽¹⁾	1,20	1,20	1,20	1,20	1,21	1,22	1,23
Margin (% GNP)	0,00	0,00	0,01	0,02	0,03	0,04	0,04
Own resources ceiling (% GNP)	1,20	1,20	1,21	1,22	1,24	1,26	1,27

⁽¹⁾ 1993 and 1994 on the basis of data and GNP forecasts used for the technical adjustments for each of these years.

1995 on the basis of data and GNP forecasts used for the adjustment of the financial perspective with a view to enlargement (December 1994).

1995 to 1999 on the basis of the GNP forecasts used for the technical adjustment for 1996.

Chart 8

Updated financial perspective (1993 to 1999)

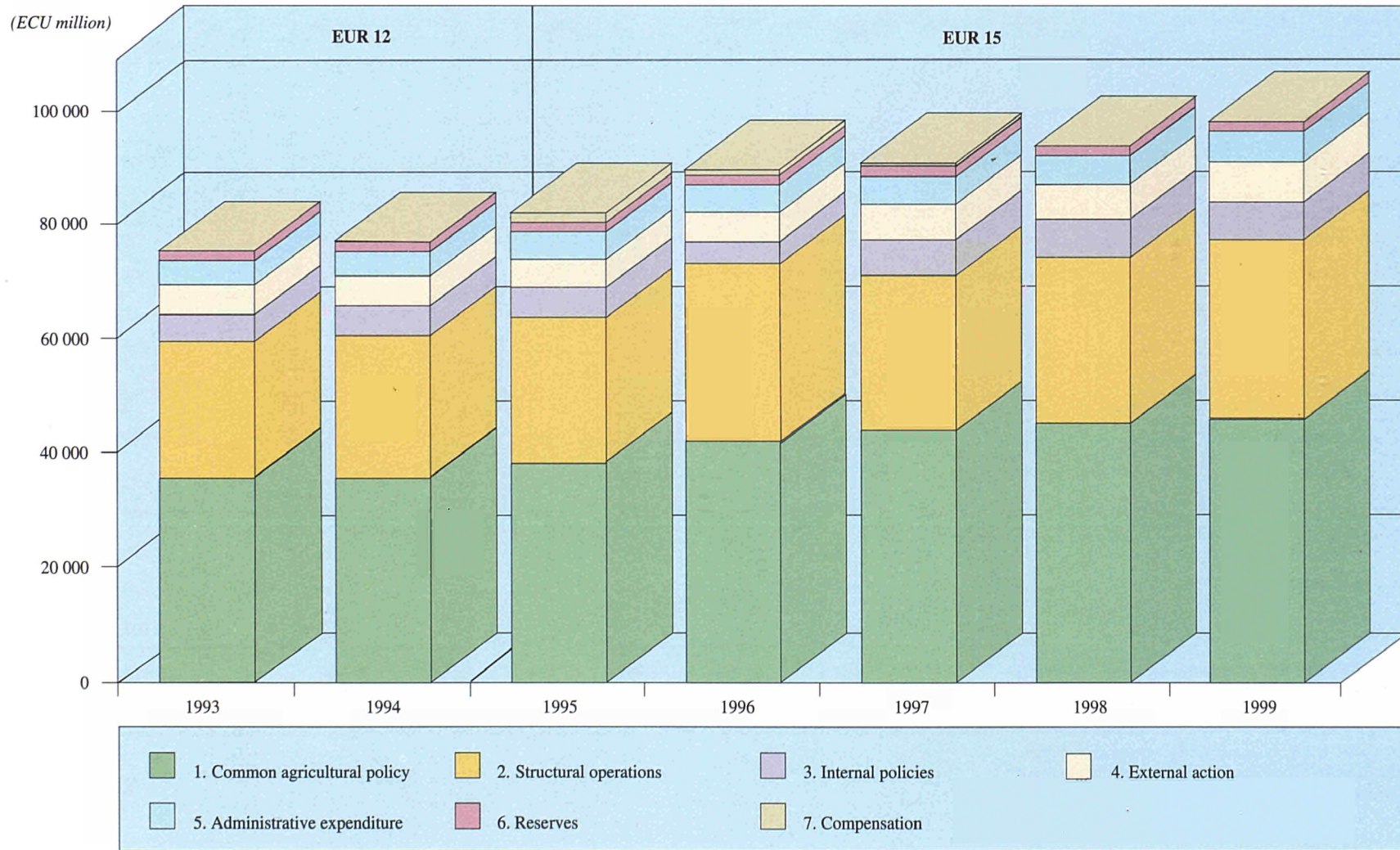


Table 17

Comparison between financial perspective, budget and outturn from 1993 to 1996

(ECU million)

	1993			1994			1995			1996		
	Financial perspective	Budget	Outturn	Financial perspective	Budget	Outturn	Financial perspective	Budget*	Outturn	Financial perspective	PDB	Outturn
Commitment appropriations												
1. Common agricultural policy	36 657	35 352	35 032	36 465	34 787	32 970	37 944	36 897		40 797	40 797	
2. Structural operations	22 192	22 192	22 178	23 176	23 176	21 438	26 329	26 329		29 131	29 131	
2.1. Structural Funds	20 627	20 627	20 614	21 323	21 323	19 585	24 069	24 069		26 579	26 579	
2.2. Cohesion Fund	1 565	1 565	1 565	1 853	1 853	1 853	2 152	2 152		2 444	2 444	
2.3. EEA financial mechanism							108	108			108	
3. Internal policies	4 109	4 108	4 097	4 370	4 365	4 355	5 060	5 055		5 337	5 267	
4. External action	4 120	4 115	4 276 ⁽¹⁾	4 311	4 297	4 483 ⁽²⁾	4 895	4 873		5 264	5 157	
5. Administrative expenditure	3 421	3 417	3 372	3 634	3 634	3 581	4 022	3 999		4 191	4 075	
6. Reserves	1 522	1 224	14	1 530	1 530	294	1 146	1 146		1 152	1 152	
Monetary reserve	1 000	1 000	0	1 000	1 000	0	500	500		500	500	
Guarantee reserve	313	15	14	318	318	294	323	323		326	326	
Emergency aid reserve	209	209	0	212	212	0	323	323		326	326	
7. Compensation							1 547	1 547		701	701	
Commitment appropriations — Total	72 021	70 408	68 969	73 486	71 789	67 121	80 943	79 846		86 573	86 280	
Payment appropriations — Total	68 611	66 858	64 205	70 352	68 355	59 343	77 229	75 438		82 192	81 928	

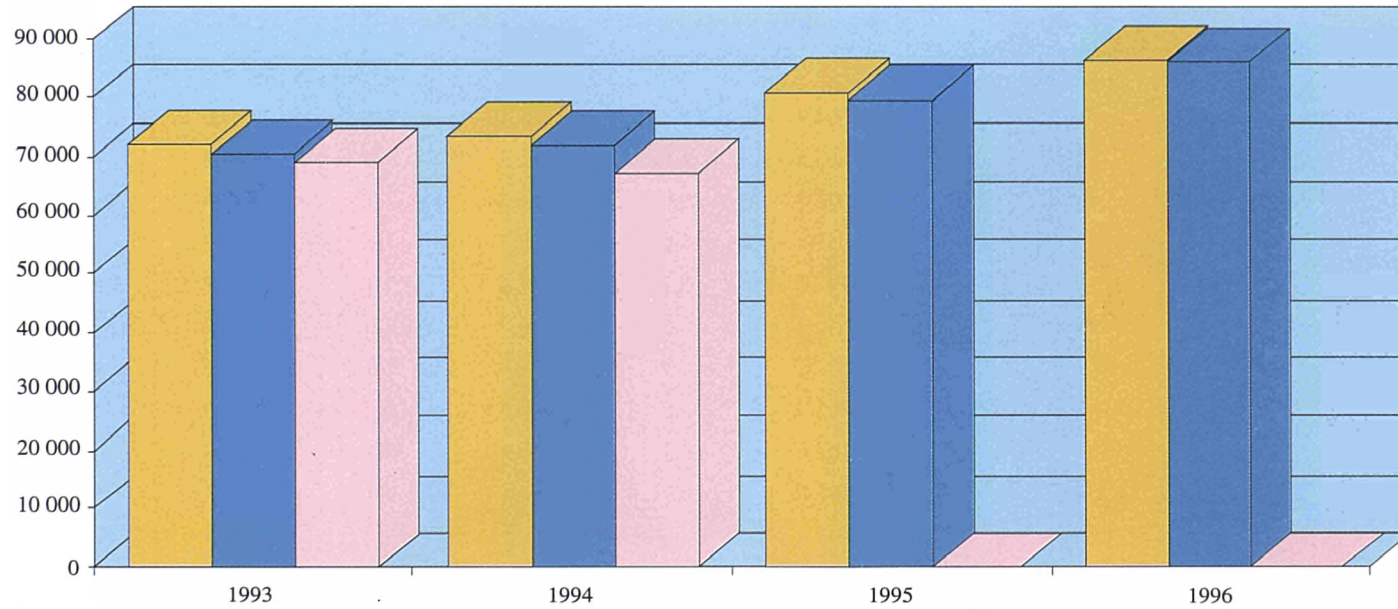
⁽¹⁾ Including transfer of ECU 209 million from the emergency aid reserve.⁽²⁾ Including transfer of ECU 212 million from the emergency aid reserve.

* Including supplementary and amending budget No 1/95.

Chart 9

Comparison between financial perspective, budget and outturn (1993 to 1996)
(commitments)

(ECU million)



(ECU million)

EUR 12				EUR 15			
1993		1994		1995		1996	
Financial perspective	72 021	Financial perspective	73 486	Financial perspective	80 943	Financial perspective	86 573
Budget	70 408	Budget	71 789	Budget	79 846	Preliminary draft	86 280
Outturn	68 969	Outturn	67 121	Outturn	—	Outturn	—

Table 18
Summary of own resources by Member State from 1993 to 1996

(ECU million)

	Outturn 1993		Outturn 1994		1995 budget ⁽²⁾		Preliminary draft 1996	
	Amountt	%	Amount	%	Amountt	%	Amount	%
Belgium	2 394,9	3,7	2 822,1	4,4	2 667,0	3,8	3 126,1	3,8
Denmark	1 206,5	1,9	1 296,2	2,0	1 283,5	1,8	1 580,5	1,9
Germany	19 076,4	29,8	21 366,3	33,3	20 611,9	29,3	24 332,5	29,9
Greece	1 011,2	1,6	992,3	1,5	992,2	1,4	1 186,4	1,5
Spain	5 192,6	8,1	4 718,1	7,4	4 409,1	6,3	5 203,5	6,4
France	11 545,5	18,0	12 550,9	19,6	12 443,8	17,7	14 359,8	17,7
Ireland	567,4	0,9	638,9	1,0	788,1	1,1	736,9	0,9
Italy	10 265,0	16,0	7 759,5	12,1	7 992,6	11,4	10 005,4	12,3
Luxembourg	167,0	0,3	165,4	0,3	155,6	0,2	178,2	0,2
Netherlands	4 030,6	6,3	4 245,9	6,6	4 113,7	5,9	4 731,9	5,8
Austria					1 884,5	2,7	2 351,6	2,9
Portugal	909,4	1,4	1 215,6	1,9	1 033,8	1,5	1 155,8	1,4
Finland					951,4	1,4	1 248,7	1,5
Sweden					1 719,1	2,4	2 364,7	2,9
United Kingdom	7 626,6	11,9	6 417,4	10,0	9 198,4	13,1	8 792,2	10,8
Total ⁽¹⁾	63 993,2	100	64 188,8	100	70 244,6	100	81 354,3	100

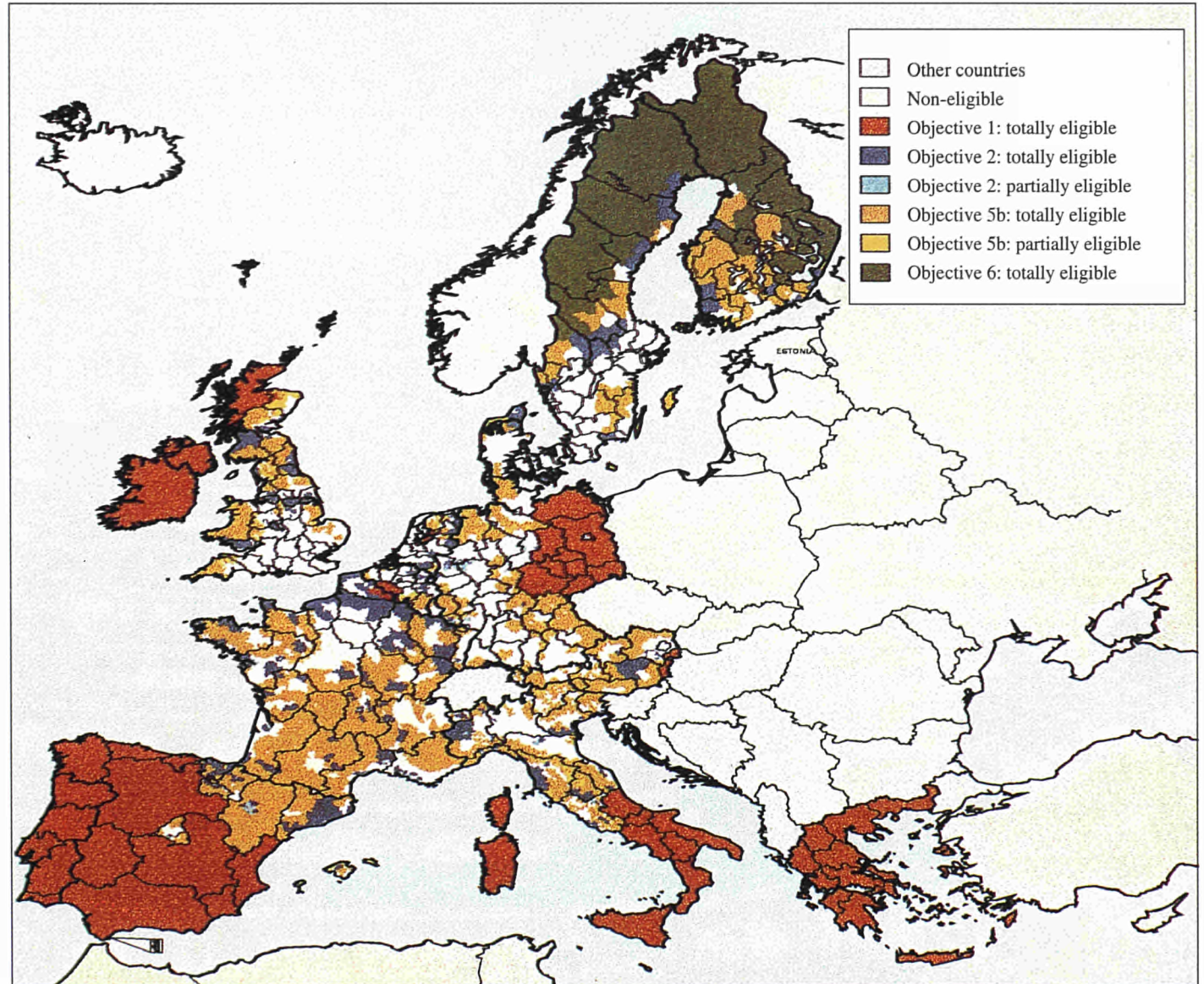
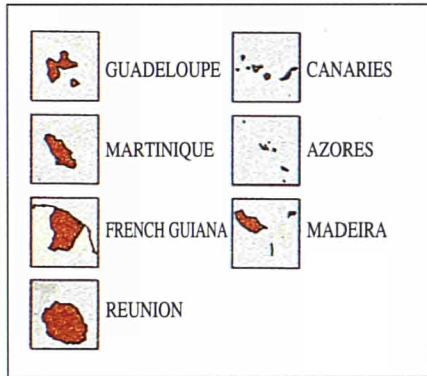
⁽¹⁾ The total revenue figure also includes surpluses and miscellaneous revenue (see Table 4).

⁽²⁾ 1995 budget, including supplementary and amending budget No 1/95; based on the old own resources decision.

Map 2

Eligibility under the Structural Funds

Obj. 1 1994/99 - Obj. 2 1994/96 - Obj. 5b 1994/99 - Obj. 6 1995/1999





Part IV
1995 budget

1995 budget

The budget adopted on 15 December 1994 after Parliament's second reading complies with the ceilings of the financial perspective, as adjusted following the accession of Austria, Finland and Sweden. The appropriations entered in the reserves to take account of enlargement were allocated to the specific budget headings when a supplementary and amending budget was adopted in April 1995.

The appropriations for commitments total ECU 79 846 million, an increase of 11,22 % over 1994; appropriations for payments total ECU 75 438 million, 1,18 % of the GNP of the fifteen-nation Community.

As regards agricultural expenditure, supplementary and amending budget No 1/95 not only allocated the amount placed in the reserve to cover enlargement-related expenditure but also reduced the expenditure estimates used as a basis for the budget adopted in December. The favourable development of markets in several agricultural sectors, in particular beef/veal, cereals, sugar and wine, and the substantial receipts obtained from the clearance of accounts resulted in a cut in the level of agricultural expenditure expected in 1995 to ECU 36 897 million, which is ECU 1 047 million below the agricultural guideline.

The ECU 26 329 million entered under heading 2 (Structural operations), 13,6 % up on 1994, will finance the Structural Funds and the Cohesion Fund, as provided at the Edinburgh European Council in December 1992, as well as operations under the new Objective 6, the extension of operations under the other objectives to the new Member States and the creation of a new Community initiative for peace and reconciliation in Northern Ireland with an allocation of ECU 66 million in 1995.

Internal policies are allocated a total of ECU 5 055 million, some 16 % more than in the 1994 budget. The main item of expenditure is research and technological development (ECU 2 992 million, 7 % up on 1994), followed in second place by the trans-European networks (at ECU 381 million, 31 % higher than in 1994 because of the priority attached to this operation by the European Union in the White Paper on growth, competitiveness and employment and in the conclusions of the Brussels, Corfu and Essen European

Councils) and in third place by other internal policies (ECU 1 682 million, an overall increase of 17 % over 1994).

The ECU 4 872 million entered for external action is ECU 22,4 million below the ceiling for heading 4 of the adjusted financial perspective. Cooperation with the Mediterranean countries (including the new MEDA operation) is allocated ECU 497,4 million, 24,4 % more than in 1994, and ECU 110 million is proposed for operations under the common foreign and security policy, including ECU 60 million for the joint action in Mostar. ECU 1 682 million is allocated to cooperation with the countries of Central and Eastern Europe and the countries of the former Soviet Union.

When account is taken of the requirements resulting from enlargement, in particular in relation to the language service, administrative expenditure will increase overall by 10 %. Leaving aside the margin of ECU 120 million under heading 5 in 1995, used by Parliament to finance its building programme in advance, the overall increase in appropriations compared with 1994 is 6,7 %. The difference for each institution is as follows: + 26,64 % for Parliament (+ 8,62 % without the margin of ECU 120 million), - 4,71 % for the Council (because of the completion of the Council building in 1994), + 6,46 % for the Commission (including the pensions of officials and other staff from all the institutions), + 8,54 % for the Court of Justice, + 20,54 % for the Court of Auditors and 39,63 % for the Economic and Social Committee and the Committee of the Regions. This increase will allow the Commission to create 521 new posts and continue its policy of converting appropriations into posts. A margin of ECU 22,7 million is left beneath the ceiling for heading 5.

The monetary reserve is reduced by half (ECU 500 million) as promised at the Edinburgh European Council.

Finally, the budget contains ECU 1 547 million in budgetary compensation for the new Member States.

N.B.: All the tables and charts relating to the 1995 budget take account of supplementary and amending budget No 1/95.

Table 19

Comparison between 1994 budget, 1995 financial perspective (FP) and 1995 budget

(ECU million)

	1994 budget	1995 FP	1995 budget	4 = 3 : 1	Margin
	(EUR 12)	(EUR 15)	(EUR 15)	%	(5 = 2 - 3)
Commitment appropriations					
1. Common agricultural policy	34 787	37 944	36 897	6,1	1 047
2. Structural operations	23 176	26 329	26 329	13,6	0
2.1. Structural Funds	21 323	24 069	24 069	12,9	0
2.2. Cohesion Fund	1 853	2 152	2 152	16,1	0
2.3. EEA financial mechanism		108	108		0
3. Internal policies	4 365	5 060	5 055	15,8	5
4. External action	4 297	4 895	4 873	13,4	22
5. Administrative expenditure	3 634	4 022	3 999	10,1	23
6. Reserves	1 530	1 146	1 146	-25,1	0
Monetary reserve	1 000	500	500	-50,0	0
Guarantee reserve	318	323	323	1,6	0
Emergency aid reserve	212	323	323	52,4	0
7. Compensation		1 547	1 547		0
Commitment appropriations — Total	71 789	80 943	79 846	11,2	1 097
Payment appropriations — Total	68 355	77 229	75 438	10,4	1 791
Total payment appropriations (% GNP)	1,17	1,20	1,18		
Margin (% GNP)	0,03	0,01	0,03		
Own resources ceiling (% GNP)	1,20	1,21	1,21		

Table 20

The 1995 budget by subsection

(ECU million)

	1995 budget (EUR 15) ⁽¹⁾				Change on 1994 budget (EUR 12) (%)		Change on 1994 budget (EUR 12) (amount)	
	Commitments		Payments		Commitments	Payments	Commitments	Payments
	Amount	%	Amount	%				
Commission (section III)								
B1: EAGGF Guarantee Section	37 397,0	46,8	37 394,0	49,6	4,5	4,5	1 610,0	1 607,0
B2: Structural operations, structural and cohesion expenditure, financial mechanism, other agricultural and regional operations, transport and fisheries	26 649,7	33,4	23 731,3	31,5	13,6	10,2	3 195,2	2 202,5
B3: Training, youth, culture, audiovisual media, information and other social operations	757,9	0,9	654,8	0,9	17,8	12,6	114,3	73,2
B4: Energy, Euratom nuclear safeguards and environment	226,4	0,3	196,1	0,3	(4,0)	0,8	(9,5)	1,6
B5: Consumer protection, internal market, industry and trans-European networks	758,2	0,9	575,8	0,8	32,3	21,8	184,9	103,2
B6: Research and technological development	2 991,7	3,7	2 819,2	3,7	14,1	13,6	369,3	338,5
B7: Cooperation with developing countries and other third countries	5 085,5	6,4	4 093,0	5,4	13,0	22,4	585,7	748,3
B8 : Common foreign and security policy	110,0	0,1	105,0	0,1	450,0	950,0	90,0	95,0
B0 : Guarantees, reserves	1 870,0	2,3	1 870,0	2,5	488,1	484,4	1 552,0	1 550,0
Operating appropriations (section III/B) — Total	75 846,4	95,0	71 439,2	94,7	11,3	10,4	7 691,9	6 719,2
Administrative appropriations (Section III/A) — Total	2 585,6	3,2	2 585,6	3,4	6,5	6,5	156,9	156,9
Commission (section III) — Total	78 432,0	98,2	74 024,8	98,1	11,1	10,2	7 848,8	6 876,1
Other institutions (Sections I, II, IV and V)	1 413,6	1,8	1 413,6	1,9	17,2	17,2	207,7	207,7
Grand total	79 845,6	100	75 438,4	100	11,2	10,4	8 056,6	7 083,8

(1) Including supplementary and amending budget No 1/95.

Chart 10

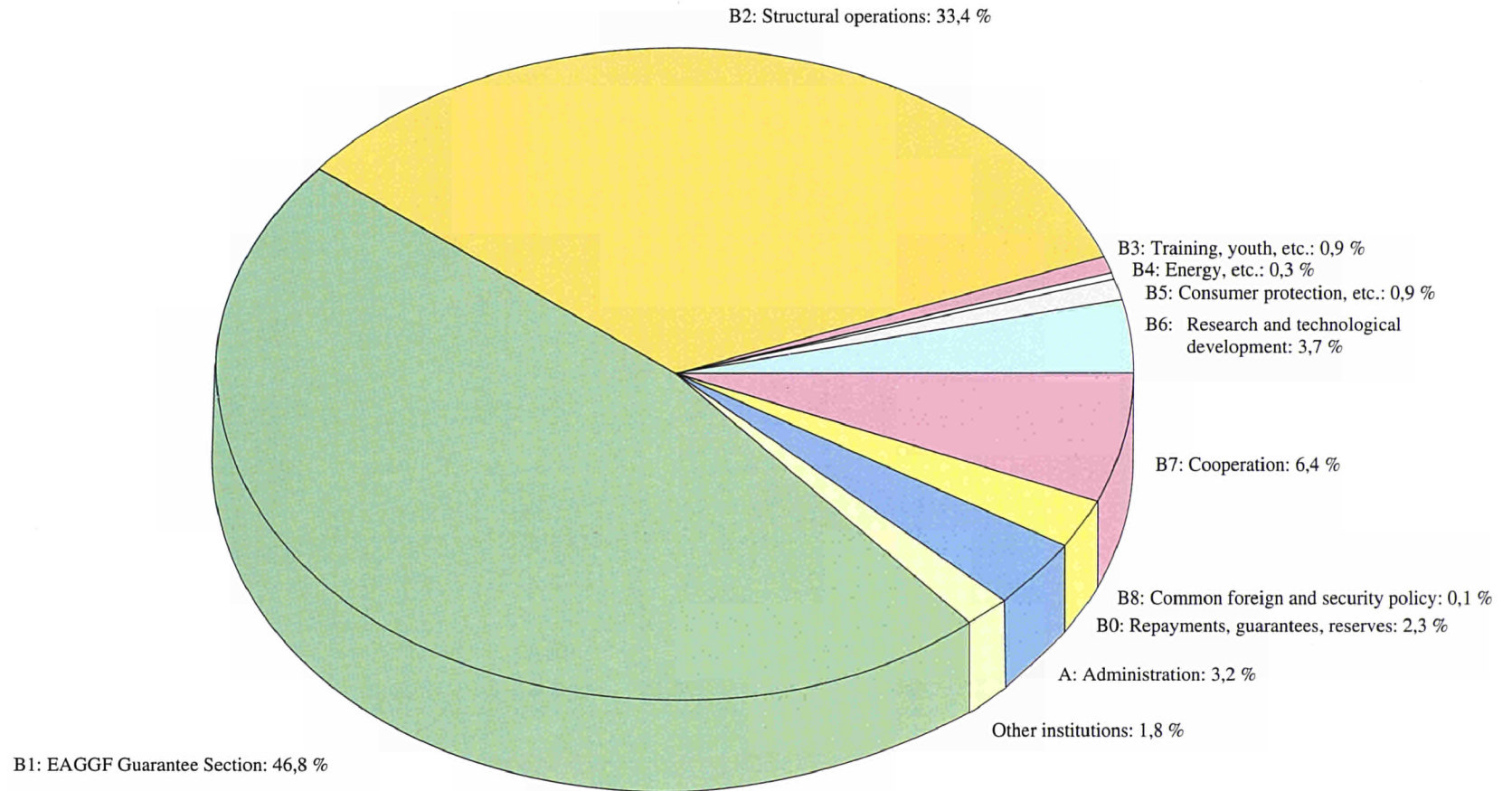
**The 1995 budget by subsection
(Commitments)**

Chart 11

Increase in the 1995 budget over the 1994 budget by subsection
(appropriations for commitments)

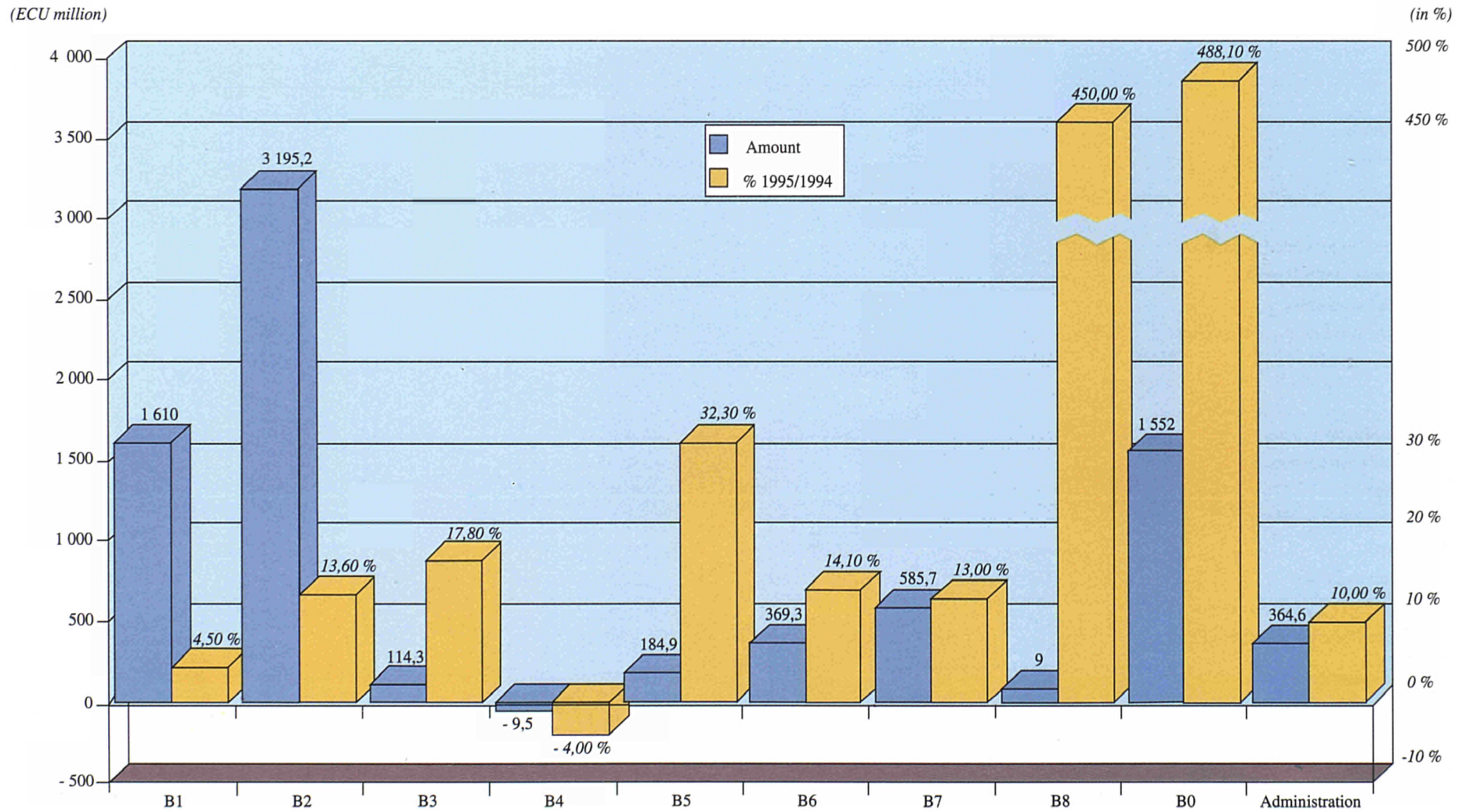


Table 21

The 1995 budget — EAGGF Guarantee Section (subsection B1)

(ECU million)

	1995 budget		Change on 1994 budget (%)
	Amount	%	
B1-1: Plant products	22 854,0	61,1	0,4
— Arable crops	14 574,0	39,0	11,5
— Sugar	1 789,0	4,8	(17,6)
— Olive oil	876,0	2,3	(57,5)
— Dried fodder and dried vegetables	280,0	0,7	(28,0)
— Fibre plants and silkworms	849,4	2,3	2,7
— Fruit and vegetables	1 900,6	5,1	14,2
— Products of the vine-growing sector	1 044,0	2,8	(15,1)
— Tobacco	1 132,0	3,0	2,3
— Other	409,0	1,1	68,2
B1-2: Animal products	11 454,0	30,6	5,5
— Milk and milk products	4 267,0	11,4	(1,8)
— Beef/veal	4 887,0	13,1	19,7
— Sheepmeat and goatmeat	1 677,0	4,5	(9,4)
— Pigmeat	258,0	0,7	15,7
— Eggs and poultrymeat	174,0	0,5	(8,9)
— Other animal product aid measures	138,0	0,4	13,1
— European Fisheries Guarantee Fund	53,0	0,1	20,5
B1-3: Ancillary expenditure	499,5	1,3	(44,3)
B1-4: Income aid	45,5	0,1	51,7
B1-5: Accompanying measures	2 044,0	5,5	762,4
B1-6: Monetary reserve	500,0	1,3	(50,0)
Subsection B1 — Total	37 397,0	100	4,5

Chart 12

Breakdown of subsection B1: EAGGF Guarantee Section 1995

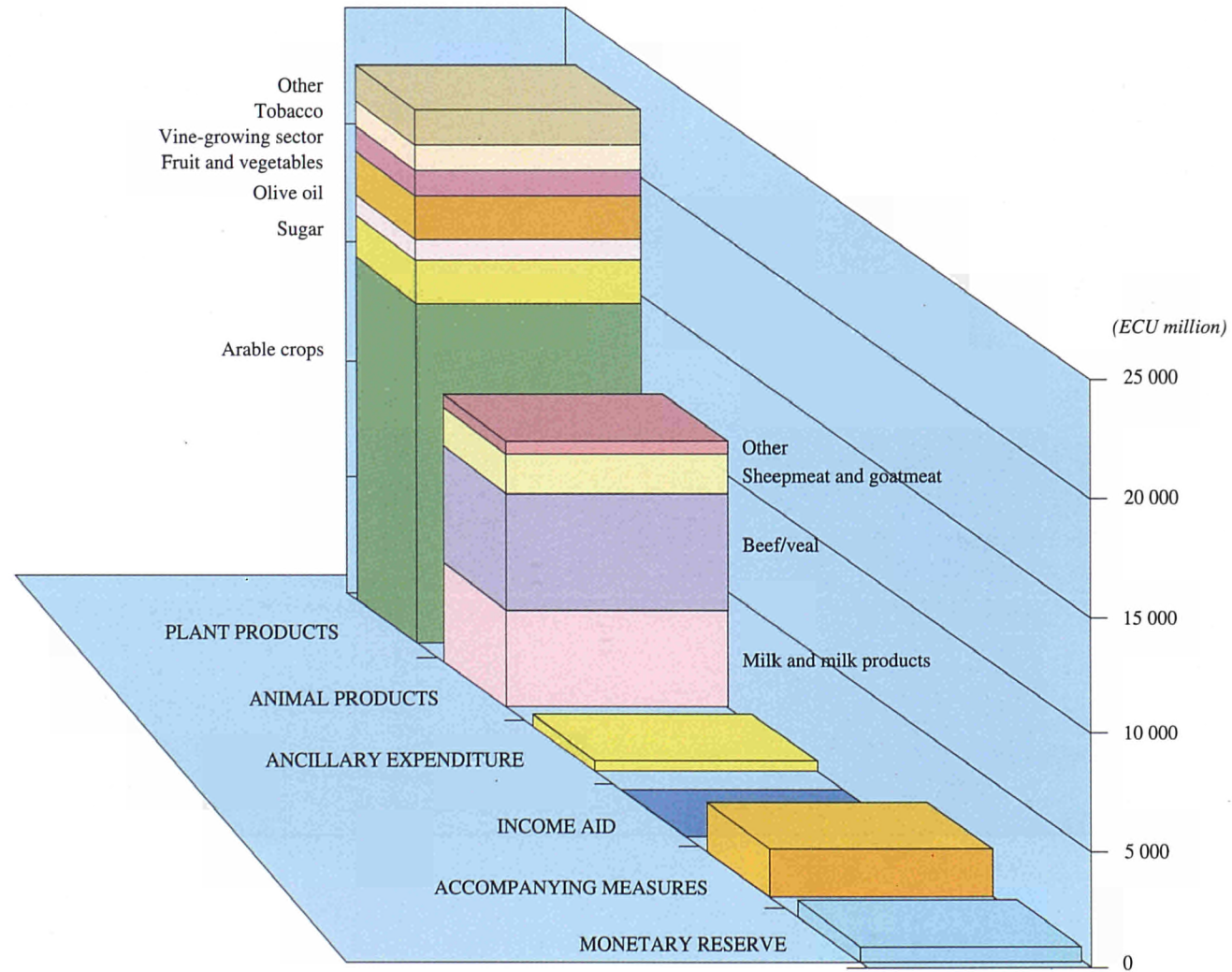


Table 22

The 1995 budget — Structural operations, structural and cohesion expenditure, financial mechanism, other agricultural and regional operations, transport and fisheries (subsection B2)

(ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B2-1: Structural Funds	24 069,0	21 201,6	12,9	9,2
— EAGGF Guidance Section	3 567,1	2 878,4	6,7	4,4
— FIFG	451,3	518,1	7,7	(2,1)
— ERDF	10 814,4	9 627,2	19,8	25,0
— European Social Fund	6 761,1	5 642,1	4,7	0,0
— Community initiatives	2 224,2	2 107,2	30,4	13,3
— Other	250,9	645,6	(31,8)	(13,9)
B2-2: Other structural operations	p. m.	40,0	0,0	(80,9)
B2-3: Cohesion Fund	2 152,0	1 750,0	16,1	4,2
B2-4: Structural and cohesion expenditure and expenditure for the financial mechanism relating to the accession of new Member States	108,0	489,5	∞	∞
B2-5: Other agricultural operations	216,2	153,5	5,0	15,0
B2-6: Other regional operations	51,8	55,5	67,1	3,5
B2-7: Transport	24,5	18,2	53,1	27,3
B2-9: Other measures concerning fisheries and the sea	28,2	23,1	10,0	(0,7)
Subsection B2 — Total	26 649,7	23 731,3	13,6	10,2

Chart 13

Breakdown of subsection B2: Structural operations, structural and cohesion expenditure, financial mechanism, other agricultural and regional operations, transport and fisheries 1995 (appropriations for commitments)

STRUCTURAL FUNDS: 91 %
[Community support frameworks (CSFs)]

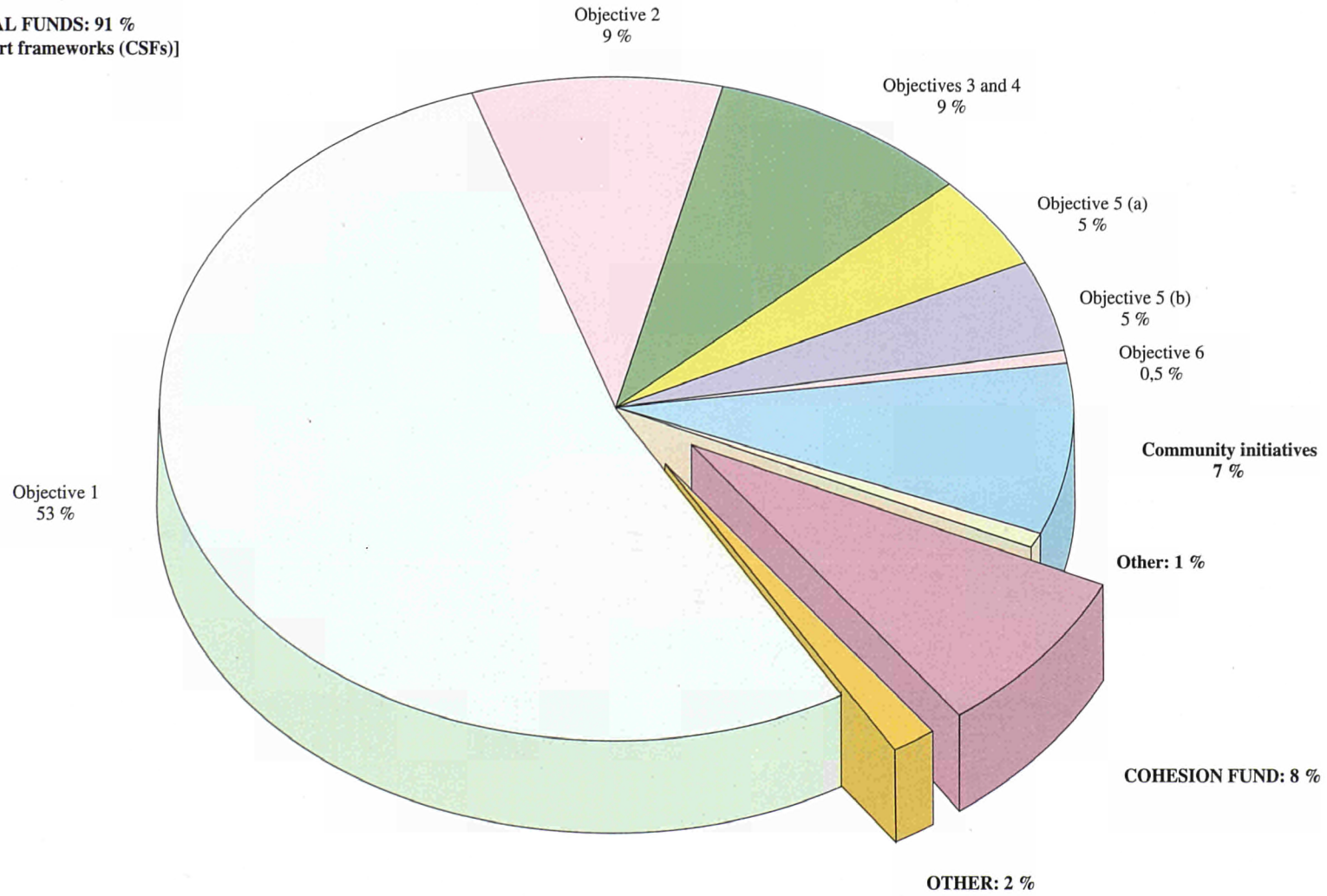


Chart 14

Breakdown of subsection B2: Structural operations, other agricultural and regional operations, transport and fisheries 1995
(appropriations for commitments)

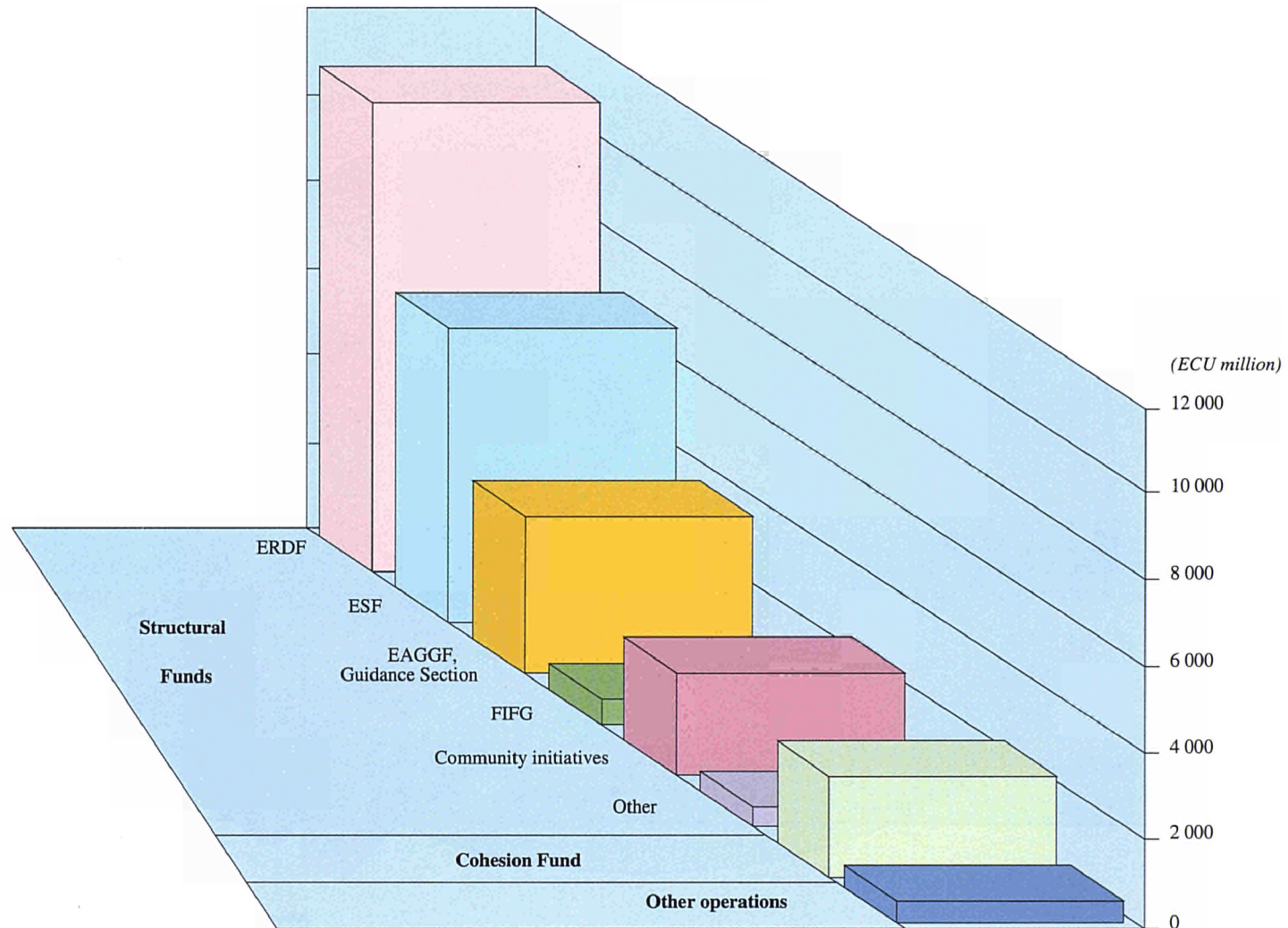


Table 23

The 1995 budget — Training, youth, culture, audiovisual media, information and other social operations (subsection B3)

(ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B3-1: Education, vocational training and youth policy	368,4	313,3	28,1	18,7
B3-2: Culture and audiovisual media	141,8	141,4	- 6,7	25,7
B3-3: Information and communication	67,3	654,8	41,7	12,6
B3-4: Other social operations	180,4	152,1	15,2	- 6,5
Subsection B3 — Total	757,9	654,8	17,8	12,6

Table 24

The 1995 budget — Energy, Euratom nuclear safeguards and environment (subsection B4)

(ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B4-1: Energy	63,0	56,5	- 24,1	- 13,5
B4-2: Euratom nuclear safeguards	19,2	19,8	- 1,4	19,5
B4-3: Environment	144,2	119,9	8,0	6,4
Subsection B4 — Total	226,4	196,1	- 4,0	0,8

Table 25

The 1995 budget — Consumer protection, internal market, industry and trans-European networks (subsection B5)

(ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B5-1: Consumer protection	21,3	20,8	32,8	31,4
B5-2: Aid for reconstruction	6,8	6,8	(26,8)	(26,8)
B5-3: Internal market	172,8	157,5	(0,6)	(5,9)
B5-4: Industry	120,3	79,9	197,4	106,7
B5-5: Information market	13,9	14,1	16,1	12,9
B5-6: Statistical information	37,0	32,7	23,3	(3,5)
B5-7: Trans-European networks	381,0	261,5	31,5	34,7
B5-8: Cooperation in the fields of justice and home affairs	5,2	2,6	160,0	160,0
B5-9: Exploitation of the results of research in the European Union	p. m.	p. m.	0,0	0,0
Subsection B5 — Total	758,2	575,8	32,3	21,8

Chart 15

Subsections B3 to B6 — Comparison between 1994 and 1995 budgets

(ECU million)

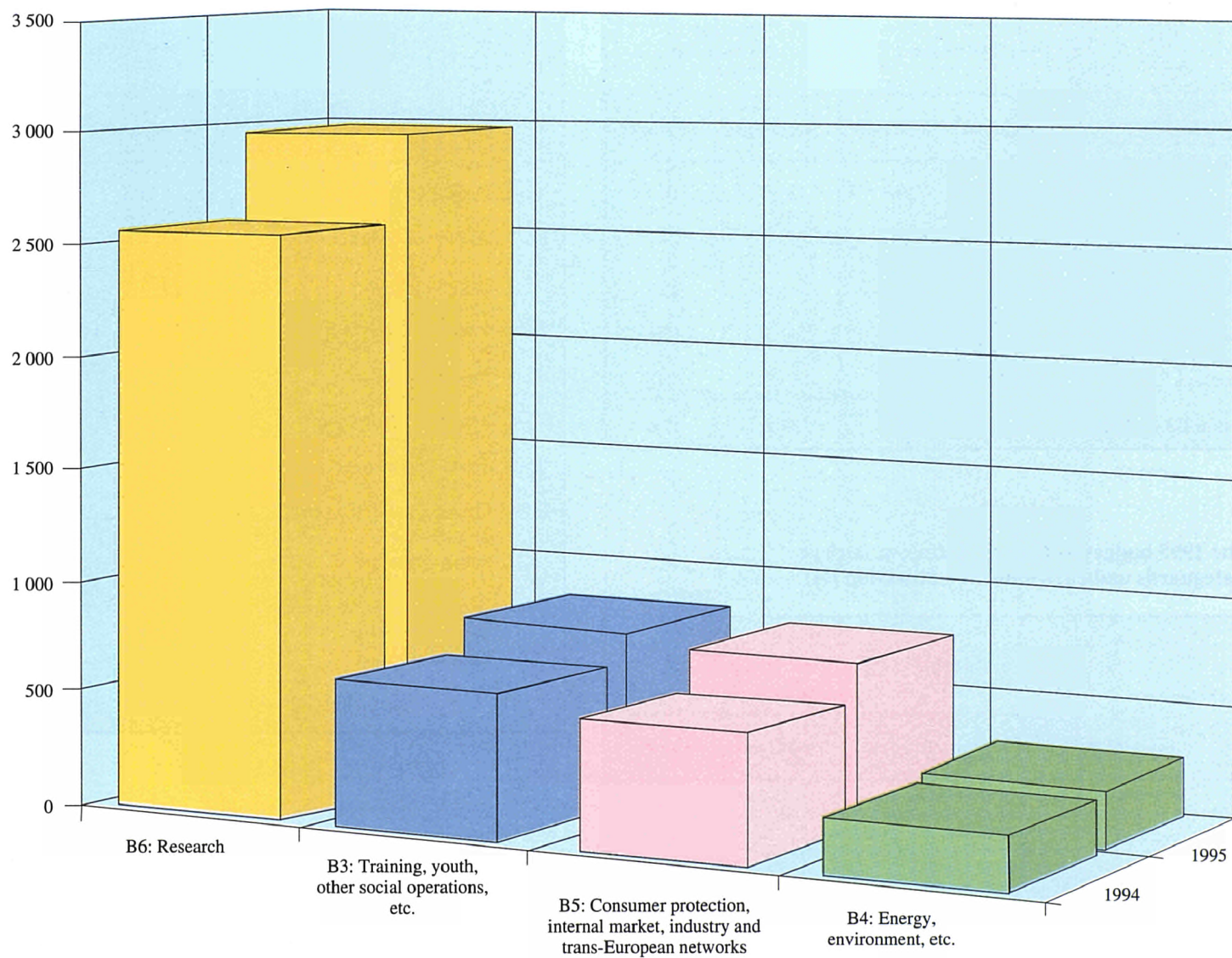


Table 26
The 1995 budget — Research and technological development (subsection B6) (ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B6-1: Joint Research Centre — staff and resources	194,1	191,4	(8,7)	(7,6)
B6-2: Joint Research Centre — direct operating appropriations — EC framework programme 1994 to 1998	32,3	10,1	∞	∞
B6-3: Joint Research Centre — direct operating appropriations — EAEC framework programme (1994 to 1998)	10,0	2,6	∞	∞
B6-4: Joint Research Centre — direct action — completion of the former joint and supplementary programmes and other joint research centre activities	0,0	35,1	(100,0)	(41,5)
B6-5: Indirect action (shared-cost projects) and concerted action — completion of earlier projects	2,2	1 680,8	(99,9)	(24,1)
B6-7: Indirect action (shared-cost projects), concerted action and supplementary programmes — EC framework programme 1994 to 1998	2 409,3	738,4	∞	∞
B6-8: Indirect action (shared-cost activities), concerted action and supplementary programmes — EAEC framework programme (1994 to 1998)	343,8	160,8	∞	∞
B6-9: Indirect action (shared-cost) — fight against fraud and global reserve for research	0,1	0,1	∞	∞
Subsection B6 — Total	2 991,7	2 819,2	14,1	13,6

Table 27
The 1995 budget — Cooperation with developing countries and other third countries (subsection B7) (ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B7-1: European Development Fund	—	—	—	—
B7-2: Humanitarian and food aid	857,9	760,0	0,3	- 1,3
B7-3: Cooperation with Asian and Latin American developing countries	700,5	385,0	8,0	5,6
B7-4: Cooperation with Mediterranean countries	497,4	421,0	24,4	13,7
B7-5: Other cooperation measures	678,2	534,2	15,5	18,7
B7-6: Cooperation with countries of central and eastern Europe and the independent States of the former Soviet Union	1 682,4	1 336,8	15,0	59,1
B7-7: Cooperation with other third countries	52,0	39,0	4,0	- 28,8
B7-8: External aspects of certain Community policies	294,2	294,1	3,5	3,9
B7-9: Emergency aid reserve	323,0	323,0	52,4	52,4
Subsection B7 — Total	5 085,5	4 093,0	13,0	22,4

Table 28
The 1995 budget — Common foreign and security policy (subsection B8)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B8-1: Common foreign and security policy	110,0	105,0	550,0	1 050,0
Subsection B8 — Total	110,0	105,0	550,0	1 050,0

Chart 16

Breakdown of subsections B7 and B8: external action and common foreign and security policy 1995

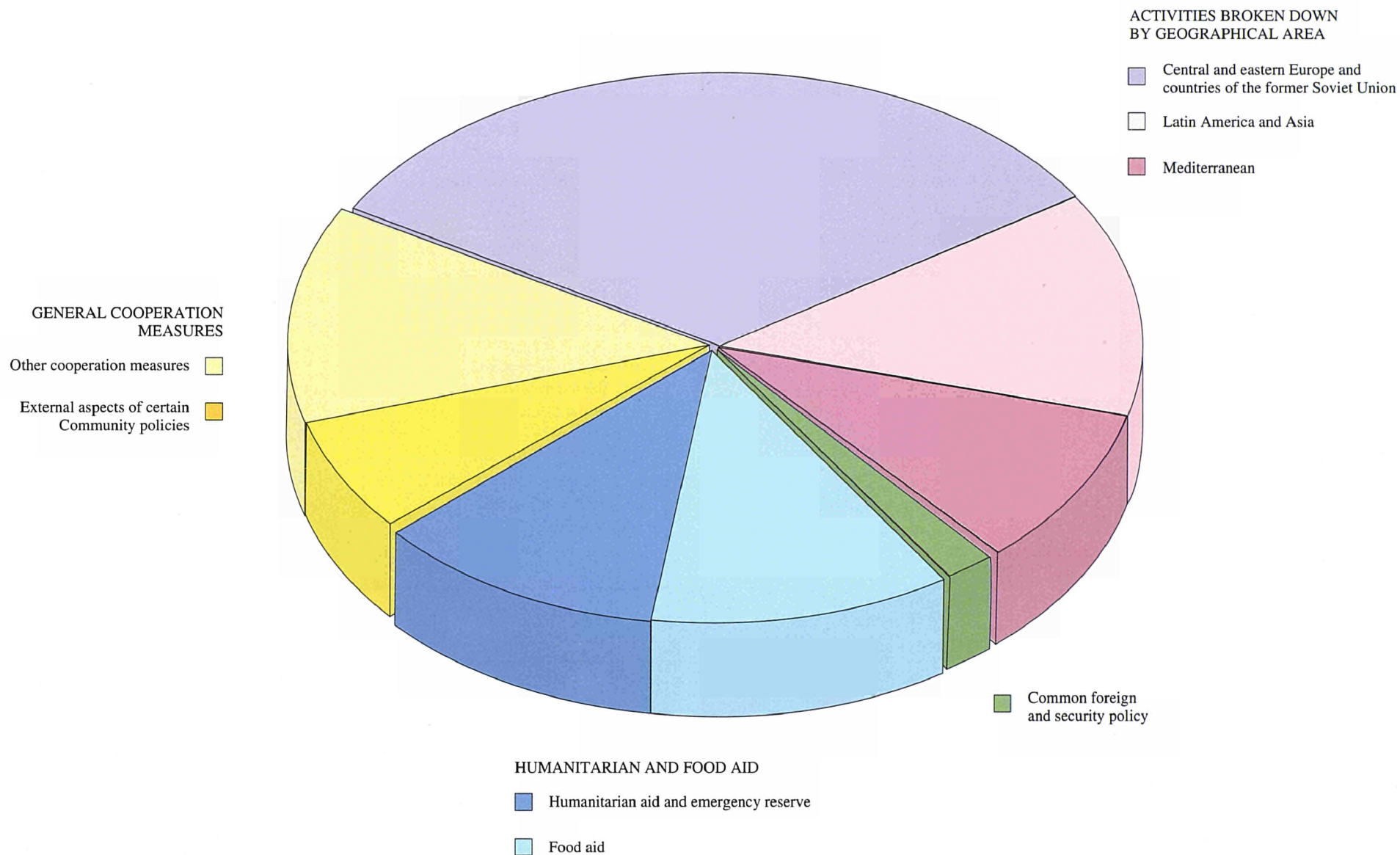


Table 29

The 1995 budget — Repayments, guarantees, reserves (subsection B0)

(ECU million)

	1995 budget		Change on 1994 budget (%)	
	Commitments	Payments	Commitments	Payments
B0-2: Guarantees for borrowing and lending operations	323	323	1,6	1,6
B0-3: Deficit carried over from previous year	0	0	0,0	0,0
B0-4: Reserves and provisions	0	0	0,0	- 100,0
B0-5: Budgetary compensation for the new Member States	1 547	1 547	∞	∞
Subsection B0 — Total	1 870	1 870	488,1	484,4

Table 30

The 1995 budget — Commission administrative expenditure (section III/A)

(ECU million)

	1995 budget	Change on 1994 budget (in %)
A-1: Expenditure relating to persons working with the institution	1 671,9	4,7
A-2: Buildings, equipment and miscellaneous operating expenditure	377,0	9,2
A-3: Expenditure resulting from special functions carried out by the institution	238,8	16,2
A-5: Data processing	94,8	4,7
A-6: Staff and administrative expenditure of European Community delegations	194,0	2,6
A-10: Other expenditure	9,2	607,7
Part A — Total	2 585,6	6,5

Table 31

The 1995 budget — Administrative expenditure of all the institutions

(ECU million)

	1995 budget Commitments = Payments		Change on 1994 budget (%)
	Amount	%	
Parliament	843,3	21,1	26,6
Council	306,5	7,7	- 4,7
Commission	2 092,9	52,3	6,7
Common expenditure	492,8	12,3	5,3
Pensions (A-1 9)	349,8	8,7	4,5
European Schools (A-3 2 7)	90,0	2,3	0,8
Publications Office (A-3 4 2)	52,9	1,3	20,6
Court of Justice	114,4	2,9	8,5
Court of Auditors	52,1	1,3	20,5
Economic and Social Committee and Committee of the Regions	97,3	2,4	39,6
Total	3 999,2	100	10,0

Chart 17

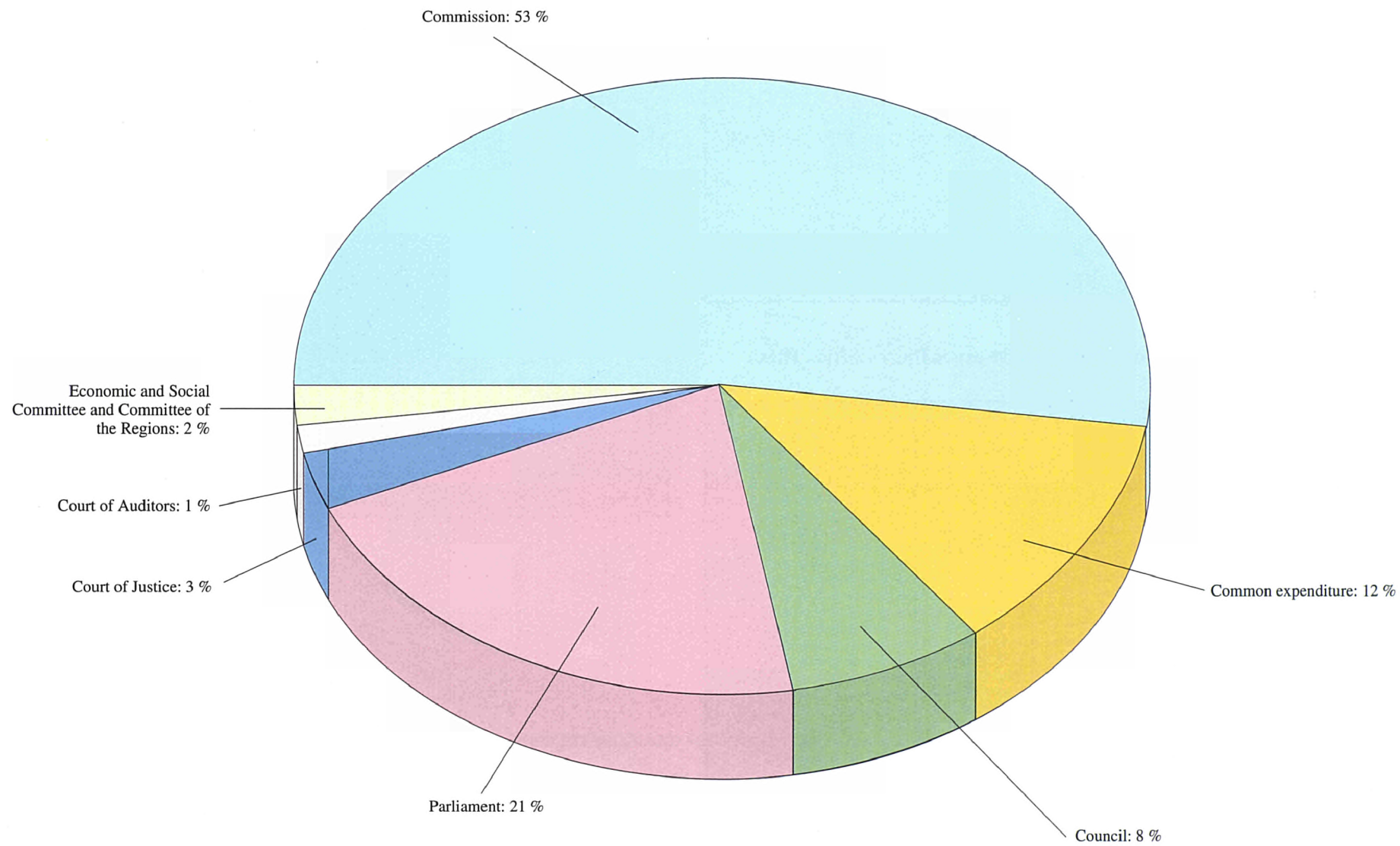
Administrative expenditure of all the institutions

Table 32
Summary of the financing of expenditure from the 1995 general budget ⁽¹⁾

(ECU million)

	Agricultural levies	Customs duties	VAT	Fourth resource	Total		Agricultural levies	Customs duties	VAT	Fourth resource	Total
Belgium	118,4	837,7	1 226,2	484,8	2 667,0	Luxembourg	0,2	14,7	107,2	33,6	155,6
Denmark	40,2	234,0	705,3	304,0	1 283,5	Netherlands	127,8	1 338,6	1 951,4	696,0	4 113,7
Germany	397,5	3 581,6	12 296,5	4 336,3	20 611,9	Austria	27,9	295,2	1 144,5	416,9	1 884,5
Greece	33,0	153,0	599,3	206,9	992,2	Portugal	101,2	136,1	606,6	189,9	1 033,8
Spain	165,0	514,8	2 712,3	1 017,1	4 409,1	Finland	20,4	171,0	548,3	211,6	951,4
France	348,6	1 644,3	7 646,9	2 804,0	12 443,8	Sweden	45,0	307,8	959,7	406,6	1 719,1
Ireland	13,8	353,2	320,7	100,4	788,1	United Kingdom	260,1	2 430,0	4 355,5	2 152,7	9 198,4
Italy	264,8	930,2	4 713,5	2 084,1	7 992,6	Other					5 193,8
						Total	1 963,8	12 942,1	39 893,9	15 444,8	75 438,4

Table 33

Summary of the financing of expenditure from the 1995 general budget ⁽¹⁾ (in %)

	Agricultural levies	Customs duties	VAT	Fourth resource	Total
Belgium	6,0	6,5	3,1	3,1	3,5
Denmark	2,0	1,8	1,8	2,0	1,7
Germany	20,2	27,7	30,8	28,1	27,3
Greece	1,7	1,2	1,5	1,3	1,3
Spain	8,4	4,0	6,8	6,6	5,8
France	17,7	12,7	19,2	18,2	16,5
Ireland	0,7	2,7	0,8	0,7	1,0
Italy	13,5	7,2	11,8	13,5	10,6
Luxembourg	0,0	0,1	0,3	0,2	0,2
Netherlands	6,5	10,3	4,9	4,5	5,5
Austria	1,4	2,3	2,9	2,7	2,5
Portugal	5,2	1,1	1,5	1,2	1,4
Finland	1,0	1,3	1,4	1,4	1,3
Sweden	2,3	2,4	2,4	2,6	2,3
United Kingdom	13,2	18,8	10,9	13,9	12,2
Other					6,9
Total	100	100	100	100	100

Table 34

Summary of the financing of expenditure from the 1995 general budget ⁽¹⁾ (in %)

	Agricultural levies	Customs duties	VAT	Fourth resource	Other	Total
Belgium	4,4	31,4	46,0	18,2		100
Denmark	3,1	18,2	55,0	23,7		100
Germany	1,9	17,4	59,7	21,0		100
Greece	3,3	15,4	60,4	20,9		100
Spain	3,7	11,7	61,5	23,1		100
France	2,8	13,2	61,5	22,5		100
Ireland	1,7	44,8	40,7	12,7		100
Italy	3,3	11,6	59,0	26,1		100
Luxembourg	0,1	9,4	68,9	21,6		100
Netherlands	3,1	32,5	47,4	16,9		100
Austria	1,5	15,7	60,7	22,1		100
Portugal	9,8	13,2	58,7	18,4		100
Finland	2,1	18,0	57,6	22,2		100
Sweden	2,6	17,9	55,8	23,7		100
United Kingdom	2,8	26,4	47,4	23,4		100
Total	2,6	17,2	52,9	20,5	6,9	100

⁽¹⁾ Including supplementary and amending budget No 1/95; based on the old own resources decision.

Chart 18

Financing of expenditure from the general budget by Member State

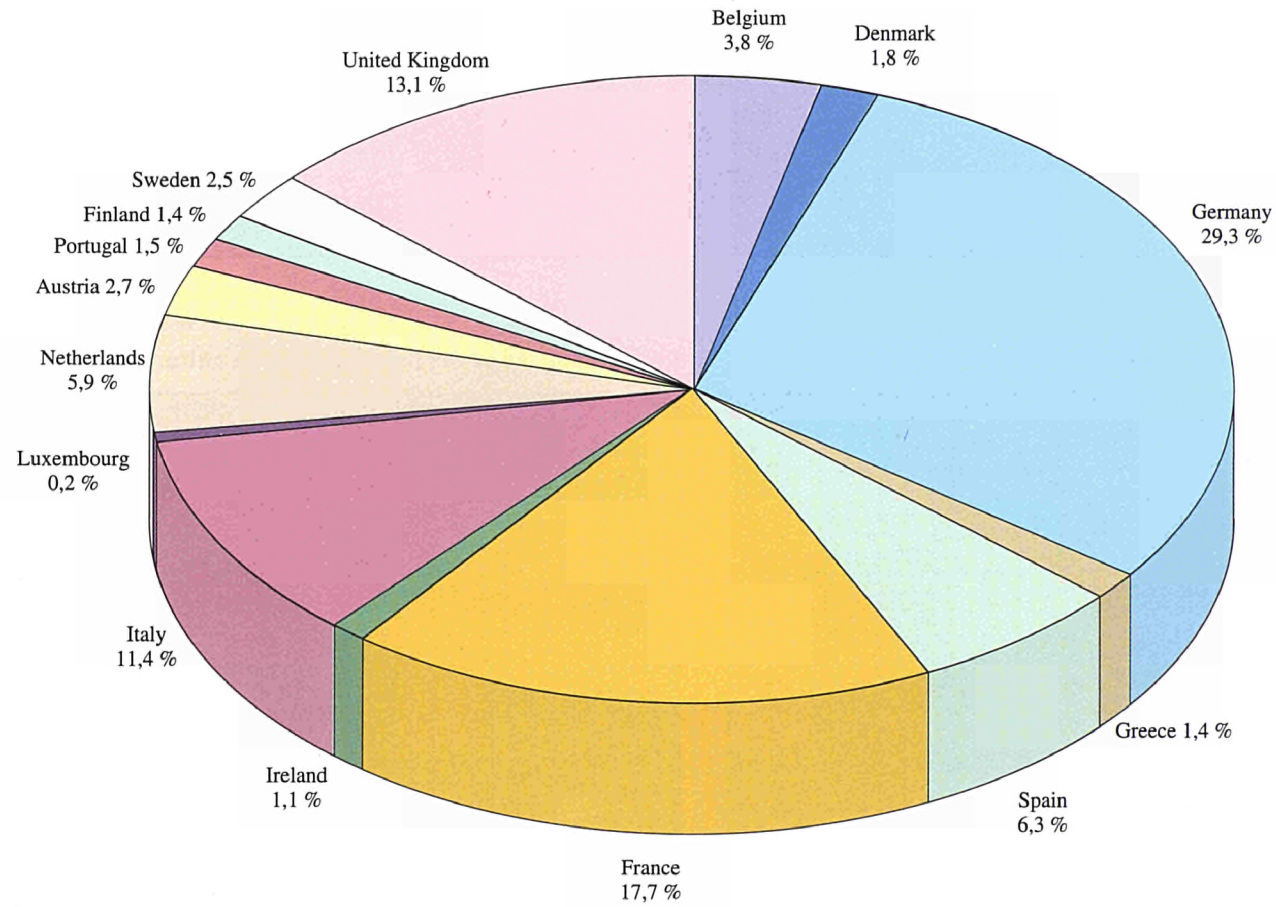


Chart 19

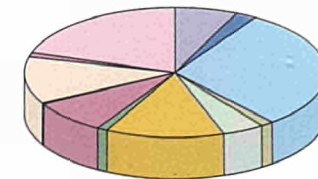
Summary of the financing of expenditure from the 1995 general budget

1. Agricultural levies

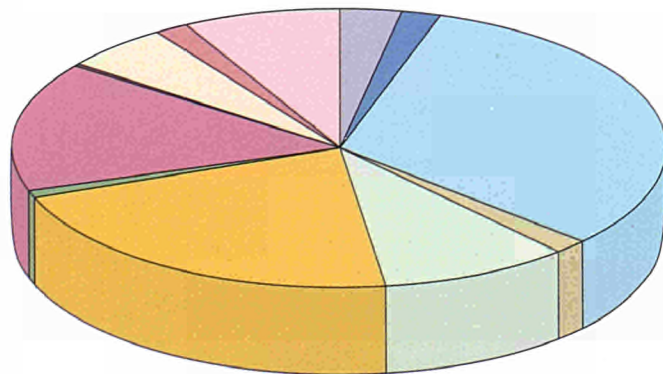


%		%
6,0	Belgium	6,5
2,0	Denmark	1,8
20,2	Germany	27,7
1,7	Greece	1,2
8,4	Spain	4,0
17,7	France	12,7
0,7	Ireland	2,7
13,5	Italy	7,2
0,0	Luxembourg	0,1
6,5	Netherlands	10,3
1,4	Austria	2,3
5,2	Portugal	1,1
1,0	Finland	1,3
2,3	Sweden	2,4
13,2	United Kingdom	18,8

2. Customs duties



3. VAT



%		%
3,1	Belgium	3,1
1,8	Denmark	2,0
30,8	Germany	28,1
1,5	Greece	1,3
6,8	Spain	6,6
19,2	France	18,2
0,8	Ireland	0,7
11,8	Italy	13,5
0,3	Luxembourg	0,2
4,9	Netherlands	4,5
2,9	Austria	2,7
1,5	Portugal	1,2
1,4	Finland	1,4
2,4	Sweden	2,6
10,9	United Kingdom	13,9

4. Fourth resource

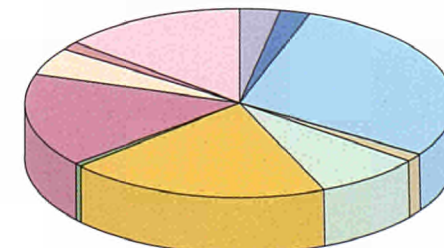


Table 35

ECSC operating budget 1995

(ECU million)

Requirements	Forecast	Change on 1993 budget (%)	Resources	Forecast
1. Administrative expenditure	5	0,0	1. Current resources	
2. Aid for redeployment	135	- 14,0	1.1. Yield from levy at 0,23 %	101
3. Aid for research			1.2. Net balance	120
3.1. Steel	38	11,8	1.3. Fines and surcharges for late payments	3
3.2. Coal	21	110,0	1.4. Miscellaneous	4
3.3. Social	1	0,0	2. Cancellation of commitments not likely to be implemented	60
4. Interest subsidies	35	- 46,2	3. Resources from 1994 not used	41
5. Social measures connected with restructuring of steel industry	60	- 30,2	4. Drawings on contingency reserve	p.m.
6. Social measures connected with restructuring of coal industry	38	8,6	5. Exceptional resources	2
7. Damages and interest	p.m.	0,0		
Total	331	- 15,8	Total	331

Table 36
**European Development
 Fund 1995 (1)**

(ECU million)

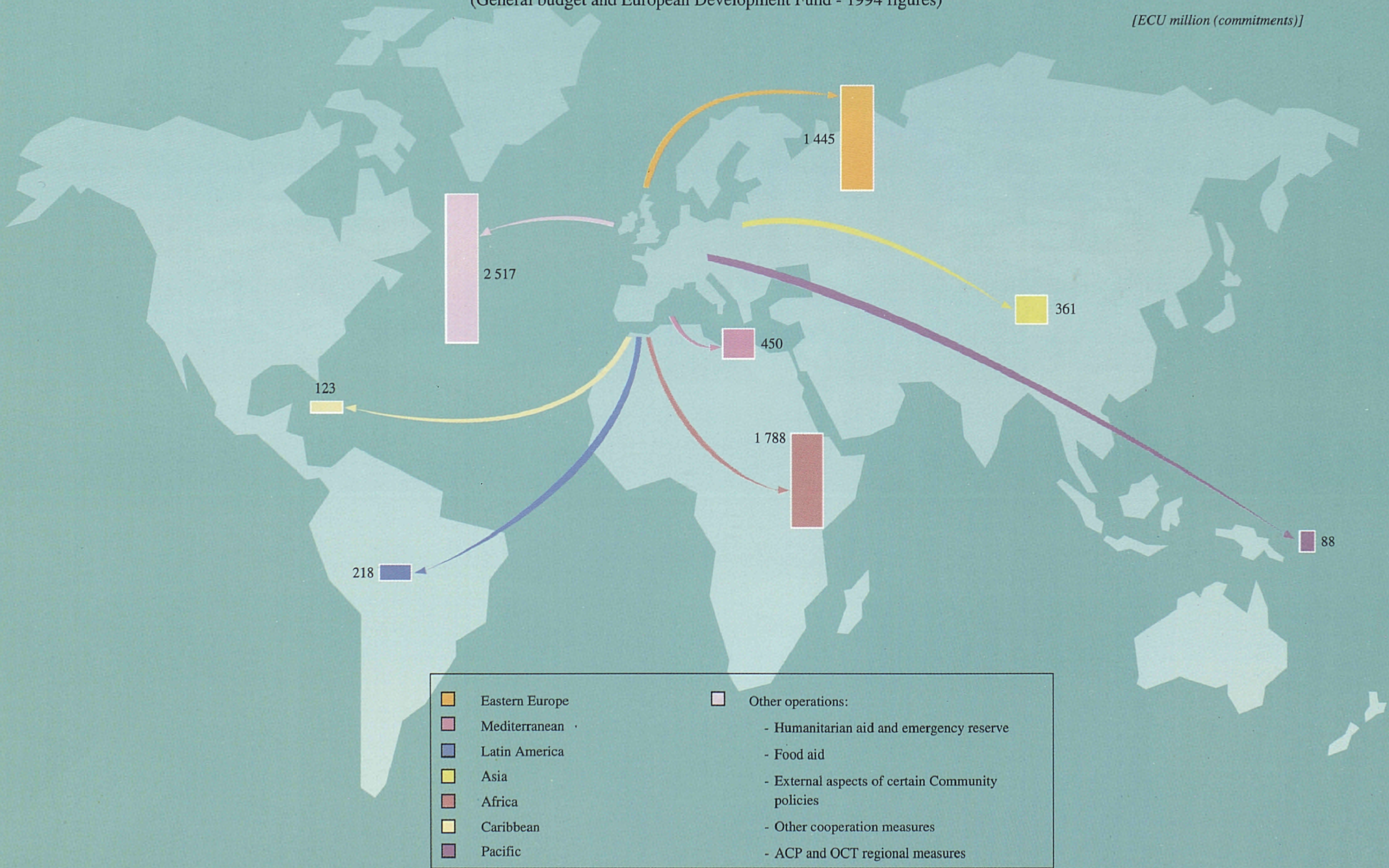
	1995 appropriations		Change on 1994 appropriations (%)	
	Commitments	Payments	Commitments	Payments
Cooperation with African, Caribbean and Pacific States	1 859,3	1 791,2	- 1,1	1,0
of which:				
Programmable aid	764,0	783,4	21,7	7,4
Structural adjustment	277,5	260,0	48,8	- 13,3
System for stabilizing export earnings	187,5	350,0	- 69,5	0,0
Stabilization system for mining products (Sysmin)	167,5	85,0	271,8	240,0
Risk capital	175,0	105,1	15,0	16,1
Interest subsidies	60,0	33,4	148,0	103,8
Emergency aid	208,3	148,3	1,6	- 36,8
Aid for refugees	19,5	26,0	- 20,6	- 7,5
Cooperation with overseas countries and territories associated with the Community	40,7	45,6	45,5	47,6
Total	1 900,0	1 836,8	- 0,4	1,8

(1) Indicative amounts.

Map 3

Breakdown of Community aid in the world
(General budget and European Development Fund - 1994 figures)

[ECU million (commitments)]





Part V

Preliminary draft budget for 1996

Preliminary draft budget for 1996

The preliminary draft budget adopted by the Commission on 26 April 1995 fits into the financial framework adopted at the Edinburgh European Council and adjusted following enlargement.

It contains ECU 86 280 million in commitments and ECU 81 928 million in payments. These figures are up by 8,1 % and 8,6 % respectively on 1995 but still leave an overall margin of ECU 292,5 million in commitments in relation to the financial perspective — ECU 70 million in heading 3, ECU 106,7 million in heading 4 and ECU 115,9 million in heading 5.

The revenue required to finance this preliminary draft budget is compatible, if miscellaneous revenue of ECU 574 million is included, with a forecast level of own resources of 1,188 % of GNP (on the assumption that the new own resources decision will be ratified). The uniform VAT rate is 1,0875 % (compared with a call-in rate of 1,3292 % in 1995) and the rate for the GNP-based resource is 0,4670 % (compared with 0,2387 % in 1995). The contributions towards financing the 1996 budget are 18,1 % for traditional own resources, 42,2 % for the VAT resource and 39 % for the fourth (GNP-based) resource.

Agricultural expenditure (heading 1)

The expenditure forecasts for 1996 come to ECU 41 687 million, well up on the total for 1995 (+ ECU 4 790 million). There are a number of factors which account for this significant increase in requirements compared with 1995: the change in the dollar/ecu parity (0,89 in supplementary and amending budget No 1/1995 and 0,79 in preliminary draft budget 1996), completion of implementation of the reform of the CAP and enlargement.

At the same time, the agricultural guideline increases fairly substantially compared with 1995 because of the improvement in the economic situation and enlargement but will not be enough to cover the rise in expenditure caused by the factors referred to above and the recurrent budgetary costs of the currency realignments of 1992 and 1993. Requirements will thus be almost ECU 900 million above the agricultural guideline of ECU 40 797 million. Barring savings during the year, these strictly agrimonetary costs would have to be financed by the mechanisms agreed by the Edinburgh European Council, by drawing on the monetary reserve.

Structural operations (heading 2)

Heading 2 of the financial perspective encompasses expenditure under the Structural Funds and the Cohesion Fund and coverage by the Community budget of the financial contributions of the new Member States to the financial mechanism for the European Economic Area.

The commitments proposed for 1996 under heading 2 total ECU 29 131 million (up 10,64 % on 1995). Apart from the amounts resulting from the decisions of the December 1992 Edinburgh European Council relating to the Structural Funds and the Cohesion Fund for all the countries of a Union of twelve Member States (ECU 27 208 million), they include the amounts resulting from the enlargement of the European Union to include Austria, Finland and Sweden (ECU 946 million for the Structural Funds and ECU 108 million for the financial mechanism for the European Economic Area).

The preliminary draft budget also takes account of the adjustment of the financial perspective in line with the conditions of implementation, with the re-entry in the budget of ECU 869 million in commitments.

The amount allocated to the Structural Funds in the preliminary draft budget is thus ECU 26 579 million divided between CSFs and SPDs (90 %), Community initiatives (9 %) and transitional measures and innovation schemes (1 %).

For the pre-enlargement countries, the appropriations allocated to CSFs and SPDs have been distributed in accordance with the programming exercise in 1994 for each of the Objectives 1 to 5b). In the case of the new Member States, the distribution by Fund has been carried out provisionally in accordance with the same scales as for the pre-enlargement countries while the breakdown by objective reflects decisions taken in the first quarter of the year.

The amount proposed for the Cohesion Fund in the preliminary draft budget for 1996 derives directly from the conclusions of the Edinburgh European Council: ECU 2 250 million at 1992 prices for the year 1996, i.e. ECU 2 444 million at 1996 prices.

Internal policies (heading 3)

The total volume of appropriations entered for all the areas covered by this heading (ECU 5 267 million) represents an increase over 1995 of 4,2 % (ECU 214 million).

Heading 3 covers three main areas of expenditure where trends are markedly different.

The amount proposed for research and technological development (RTD) (ECU 3 228 million) is 7,9 % up on 1995. RTD thus accounts for 61 % of total expenditure in heading 3 in 1996, the second year of actual implementation of the fourth research framework programme.

The overall increase in amounts devoted to the trans-European networks (16,8 %) covers two separate movements: the infrastructure networks have been boosted substantially, in particular transport in view of the priority which the Essen European Council attached to specific projects in this sector, while the appropriations for data transmission networks between administrations (IDA and Edicom) have been cut because of the delay in the adoption of the legal base for IDA proposed in March 1993 and the fact that the budgetary authority and the legislative authority have made it quite clear that they intend to restrict the allocation for this operation.

The top priority given to RTD and the trans-European networks means that the total amount left for the 'other internal policies' in 1996 is appreciably reduced. The total available for this third category of expenditure in the preliminary draft is thus around 5 % lower than in 1995.

However, despite this general trend, some relative priorities retain much the same level of appropriations. This applies in particular to education, training and youth, culture and audiovisual media, and energy. Elsewhere there is a substantial increase in the Community subsidies granted to the satellite agencies, particularly the Office for Harmonization in the Internal Market and the Medicinal Products Agency. Finally, there is a moderate increase in appropriations for the information and communication policies to cater for information measures for the general public, in particular with an eye to the Intergovernmental Conference.

In return, significant savings are made in other areas.

External action (heading 4)

Expenditure proposals for areas coming under heading 4 total ECU 5 157,3 million. Overall the allocations are up by 5,8 % on 1995. There is also an emergency aid reserve of ECU 326 million in heading 6.

The priority in external action is to develop cooperation with non-member Mediterranean countries and the countries of Central and Eastern Europe. An essential aspect of this strategy is the MEDA programme. There is also a substantial increase for the countries of Central and Eastern Europe.

The total amounts for food aid and humanitarian aid (including the emergency aid reserve covered by heading 6 of the financial perspective to respond to unforeseen calls for emergency aid) are at much the same levels as in 1995.

The increases for certain other policies covered by the heading are fairly small: cooperation with developing countries in Asia and Latin America, cooperation with the new independent States and Mongolia under the Tacis programme and other cooperation measures.

Finally, under the common foreign and security policy, the joint action for the administration of Mostar is being continued.

Administrative expenditure (heading 5)

The heading 5 ceiling is raised from ECU 4 022 million in 1995 to ECU 4 191 million in 1996, an increase of 4,2 %. Administrative expenditure is based on a very strict estimate of requirements.

For the Commission the appropriations proposed for administrative expenditure cover, in addition to a 2,55 % depreciation of the ecu against the Belgian/Luxembourg franc and a major structural increase in pensions, the creation of 307 additional posts, of which 267 are for headquarters departments (193 for enlargement, 59 for anti-dumping measures and 15 for financial management), 20 for the external service and 20 for the Publications Office (for enlargement) and continuation of the policy of converting appropriations into posts, with 400 extra posts in 1996.

As the estimates of the other institutions are not yet available, a figure of ECU 1 327,3 million has been taken on the basis of the same increase in ordinary administrative expenditure as for the Commission.

The appropriations proposed in the preliminary draft total ECU 4 075,1 million and leave a margin of ECU 115,8 million. All or some of the margin could again be used to make payments in 1996 which will lighten the budgetary cost of building investment in later years. However, no decision can be taken on this until next year, as it may still be necessary to use the margin for requirements not covered by the budget, in particular if there should be a further depreciation of the ecu against the Belgian/Luxembourg franc.

Reserves and compensation (headings 6 and 7)

Heading 6 covers three reserves which are entered in the preliminary draft budget but for which resources are called in only if the need arises during the year:

- the monetary reserve for EAGGF Guarantee expenditure (ECU 500 million);
- the emergency aid reserve (ECU 326 million);
- the loan guarantee reserve (also ECU 326 million).

Heading 7 carries an amount of ECU 701 million for compensation due to the new Member States under the accession agreements.

Table 37

Comparison between 1995 budget, 1996 financial perspective and 1996 PDB

(ECU million)

	1995 budget	1996 FP	1996 PDB	4 = 3 : 1 (en %)	5 = 3 - 1	5 = 2 - 3
	1	2	3			
Commitment appropriations						
1. Common agricultural policy	36 897	40 797	40 797	10,6	3 900	0
2. Structural operations	26 329	29 131	29 131	10,6	2 802	0
2.1. Structural Funds	24 069	26 579	26 579	10,4	2 510	0
2.2. Cohesion Fund	2 152	2 444	2 444	13,6	292	0
2.3. EEA financial mechanism	108	108	108	0,0	0	0
3. Internal policies	5 053	5 337	5 267	4,2	214	70
4. External action	4 874	5 264	5 157	5,8	283	107
5. Administrative expenditure	3 999	4 191	4 075	1,9	76	116
6. Reserves	1 146	1 152	1 152	0,5	6	0
Monetary reserve	500	500	500	0,0	0	0
Guarantees reserve	323	326	326	0,9	3	0
Emergency aid reserve	323	326	326	0,9	3	0
7. Compensation	1 547	701	701	-54,7	-846	0
Commitment appropriations — Total	79 846	86 573	86 280	8,1	6 435	293
Payment appropriations — Total	75 438	82 192	81 928	8,6	6 489	264

Table 38
1996 preliminary draft

(ECU million)

	Appropriations for commitments		Appropriations for payments		Change on 1995 budget			
					Amount		%	
	Amount	%	Amount	%	C	P	C	P
Commission (section III/B)								
B1: EAGGF Guarantee Section	41 297,0	47,9	41 297,0	50,4	3 900,0	3 903,0	10,4	10,4
B2: Structural operations, other agricultural and regional operations, transport and fisheries	29 405,9	34,1	26 304,5	32,1	2 756,2	2 573,2	10,3	10,8
B3: Training, youth, culture, audiovisual media, information and other social operations	741,1	0,9	757,0	0,9	- 16,8	102,2	- 2,2	15,6
B4: Energy, Euratom nuclear safeguards and environment	217,1	0,3	202,7	0,2	- 7,5	8,3	- 3,3	4,3
B5: Consumer protection, internal market, industry and trans-European networks	805,8	0,9	635,3	0,8	47,5	56,7	6,3	9,8
B6: Research and technological development	3 228,1	3,7	3 104,0	3,8	236,4	284,8	7,9	10,1
B7: External action	5 483,3	6,4	4 525,4	5,5	286,0	328,4	5,5	7,8
B0: Guarantees, reserves, compensation	1 027,0	1,2	1 027,0	1,3	- 843,0	- 843,0	- 45,1	- 45,1
Operating appropriations (section III/B) — Total	82 205,3	95,3	77 852,7	95,0	6 358,9	6 413,5	8,4	9,0
Administrative appropriations (section III/A) — Total	2 747,9	3,2	2 747,9	3,4	162,3	162,3	6,3	6,3
Commission — Total	84 953,2	98,5	80 600,6	98,4	6 521,2	6 575,8	8,3	8,9
Other institutions (sections I, II, IV, V and VI) ⁽¹⁾	1 327,3	1,5	1 327,3	1,6	- 86,4	- 86,4	- 6,1	- 6,1
Grand total	86 280,4	100	81 927,8	100	6 434,8	6 489,4	8,1	8,6

⁽¹⁾ Figure used by commission in preliminary draft.

Chart 20

Breakdown of the increase in the 1996 PDB over the 1995 budget by subsection
(appropriations for commitments)

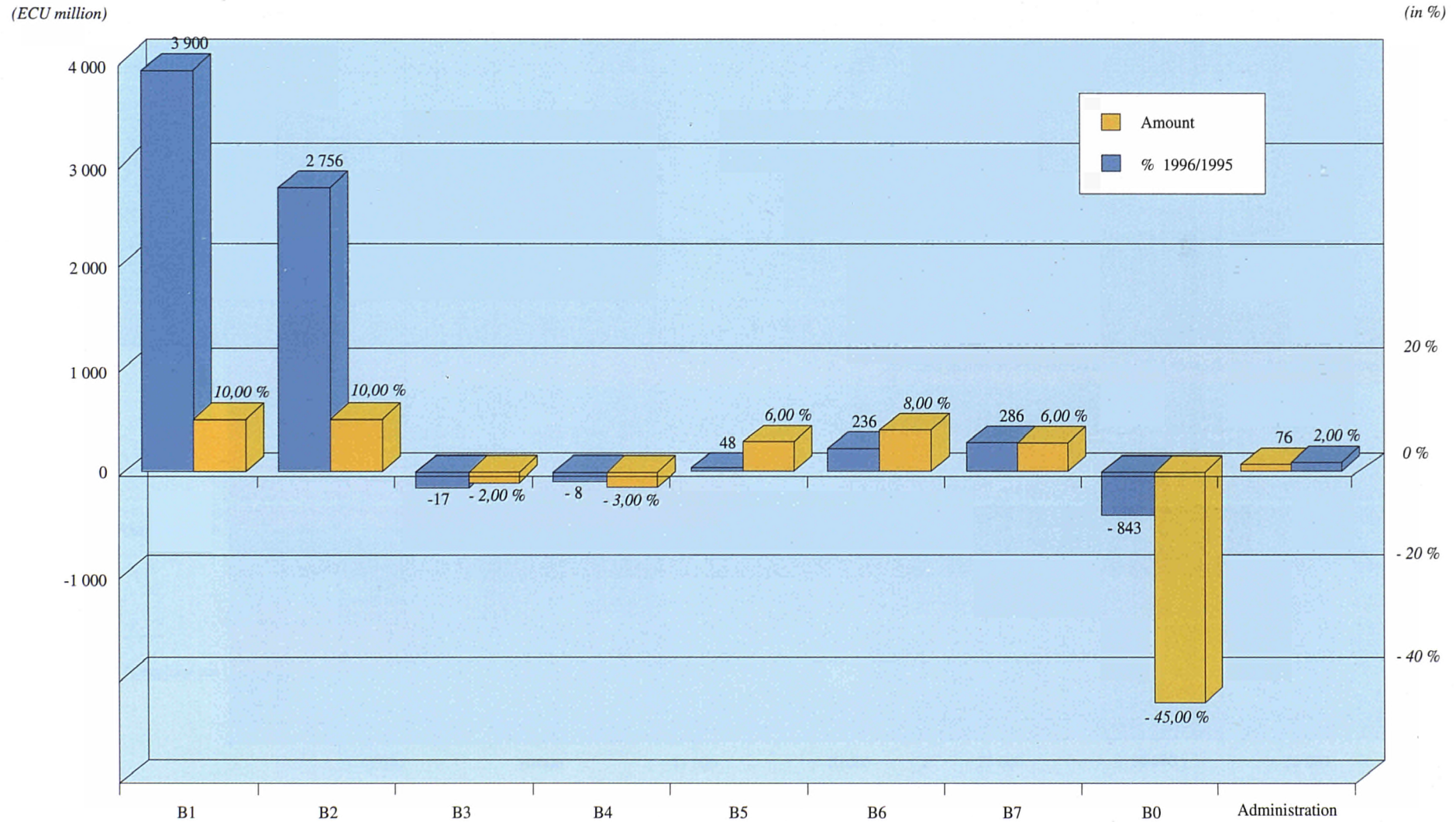


Table 39
Financing the general budget 1995 to 1996

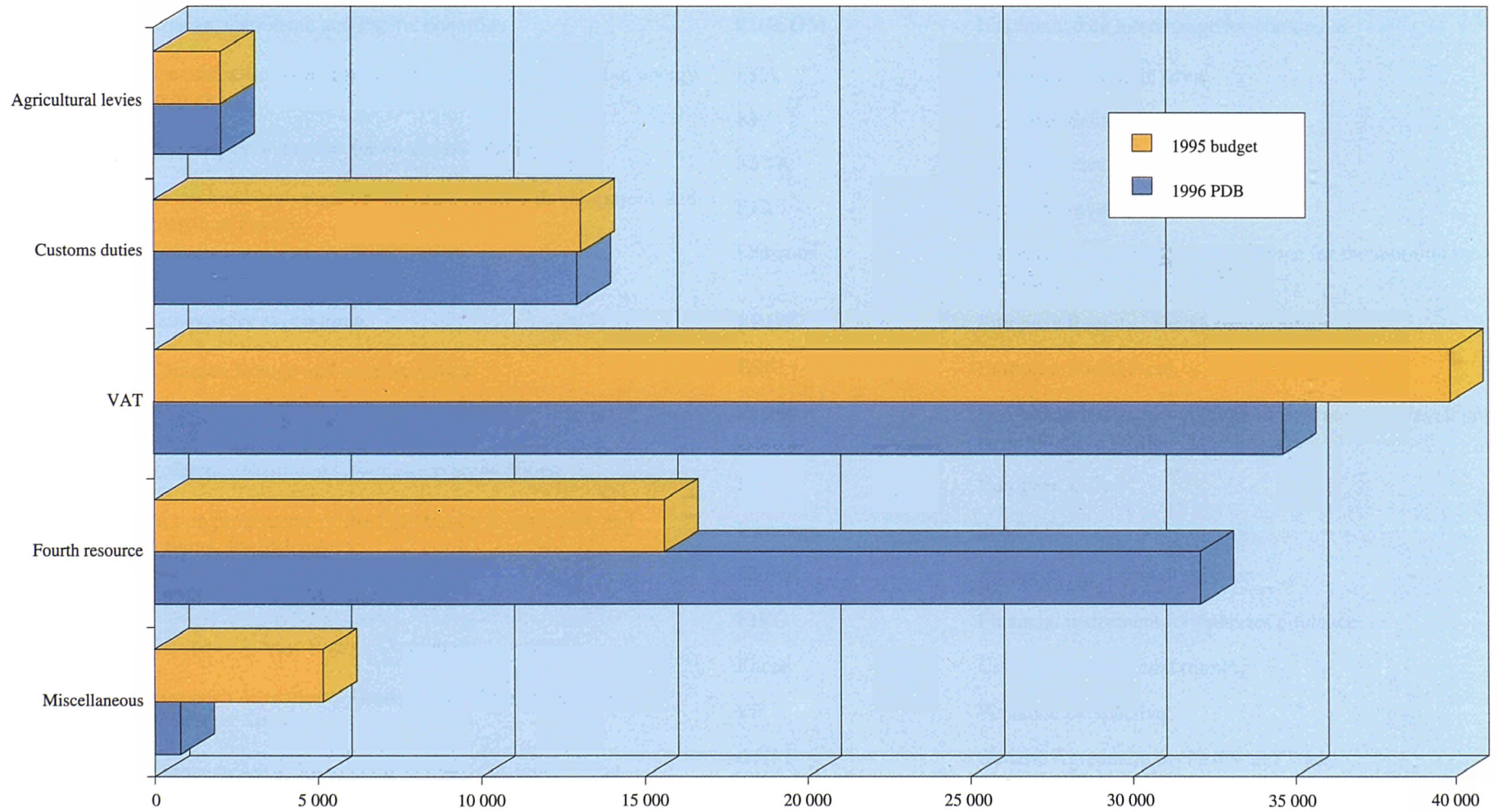
(ECU million)

Type of revenue	1995 budget ⁽¹⁾		1996 PDB	
	Amount	%	Amount	%
Agricultural levies	1 963,8	2,6	1 935,5	2,4
Customs duties	12 942,1	17,2	12 852,9	15,7
VAT	39 893,9	52,9	34 594,3	42,2
Fourth resource	15 444,8	20,5	31 971,7	39,0
Miscellaneous	5 193,8	6,9	573,6	0,7
Total	75 438,4	100	81 927,8	100

⁽¹⁾ Including supplementary and amending budget No 1/95; based on old own resources decision.

Chart 21

Community revenue — Comparison between 1995 budget and preliminary draft budget for 1996



(ECU million)

Glossary

Abbreviation or acronym	Meaning		
ACP	African, Caribbean and Pacific countries	EDF	European Development Fund
Altener	Specific actions for greater penetration for renewable energy sources	EDICOM	Electronic data interchange for commerce
Ariane	Programme of support for books and reading	EEA	European Economic Area
Bridge	Biotechnology research for innovation, development and growth in Europe	EEC	European Economic Community
CAP	Common agricultural policy	EFTA	European Free Trade Association
CE	Compulsory expenditure	EIB	European Investment Bank
CFSP	Common foreign and security policy	Erasmus	European Community action scheme for the mobility of university
CIS	Commonwealth of Independent States	ERDF	European Regional Development Fund
COM	Reference to official Commission publications	ESF	European Social Fund
Comett	Action programme of the Community in education and training for technology	Esprit	European strategic programme for research and development in information technology
CSF	Community support framework	EU	European Union
EAEC	European Atomic Energy Community (Euratom)	Euratom	See EAEC
EAGGF Guarantee	European Agricultural Guidance and Guarantee Fund, Guarantee Section	Eures	European employment services
EAGGF Guidance	European Agricultural Guidance and Guarantee Fund, Guidance Section	FIFG	Financial instrument for fisheries guidance
ECSC	European Coal and Steel Community	Force	Continuing vocational training
ECU	European Currency Unit	FP	Financial perspective
		GATT	General Agreement on Tariffs and Trade
		GDP	Gross domestic product
		GNP	Gross national product
		IDA	Interchange of data between administrators

IMP	Integrated Mediterranean programmes	Phare	Poland-Hungary: aid for restructuring of the economy
Impact	Information market policy actions	p.m.	Pour mémoire (token entry)
JET	Joint European Torus	RACE	Research and development in advanced communication technologies for Europe
Kaleidoscope 2000	Programme of support for artistic and cultural activities of a European dimension	Raphael	Community action programme concerning the cultural heritage
Leonardo	Action programme for the implementation of a European Community vocational training policy	RTD	Research and technological development
LIFE	Financial instrument for the environment	SAB	Supplementary and amending budget
Lingua	Promotion of the teaching and learning of foreign languages	SAVE	Specific actions for vigorous energy efficiency
MEDA	Measures to accompany the reforms to the economic and social structures in non-member countries of the Mediterranean basin	Socrates	Community action programme in the field of education
NCE	Non-compulsory expenditure	SPD	Single programming document
NCI	New Community instrument	Sysmin	System of stabilization of export earnings for mineral products
OCT	Overseas countries and territories	Tacis	Technical assistance to the Commonwealth of Independent States
PDB	Preliminary draft budget	TEN	Trans-European networks
PDSAB	Preliminary draft supplementary and amending budget	Thermie II	European technologies for energy management
PETRA	Action programme for the training and preparation of young people for adult and working life	VAT	Value added tax

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FR = publication only available in French

The Directorate-General for Budgets was solely responsible for producing this publication, which is in no way binding on the Commission. Any comments may be made to the Directorate-General for Budgets, DG XIX (Unit A-2), rue de la Loi, 200, B-1049 Brussels — Tel. (32 2) 295 59 15 - 295 98 29 - 295 47 59.

European Commission

THE COMMUNITY BUDGET: THE FACTS IN FIGURES

Luxembourg: Office for Official Publications of the European Communities

1995 — 112 p. — 21,0 x 29,7 cm

ISBN 92-827-4338-1

Price (excluding VAT) in Luxembourg: ECU 16

C6-89-95-640-EN-C

Price (excluding VAT) in Luxembourg: ECU 16



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OF THE EUROPEAN COMMUNITIES

L-2985 Luxembourg

ISBN 92-827-4338-1



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