

# COMMISSION OF THE EUROPEAN COMMUNITIES

SEC(95) 275 final

Brussels, 22.02.1995

## COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

Technical adjustment of the financial perspective for 1996  
in line with movements in GNP and prices

(Paragraph 9 of the Interinstitutional Agreement of 29 October 1993 on  
budgetary discipline and improvement of the budgetary procedure)

1. The financial perspective framework for 1993-99, which forms an integral part of the Interinstitutional Agreement of 29 October 1993, is drawn up in 1992 prices.

Paragraph 9 of that Agreement states that each year the Commission will update the financial perspective ahead of the budgetary procedure for year  $t+1$ , making technical adjustments to the figures in line with movements in gross national product (GNP) and prices.

On 13 December 1994 the institutions decided to adjust the financial perspective for 1995-99 to allow for the enlargement of the European Union.

2. Table 1 sets out the macroeconomic figures and forecasts used by the Commission to make the technical adjustments for 1996, which for the period 1994-96 are based on the latest economic forecasts presented by the Commission (in November 1994).

3. For heading 1, the agricultural guideline for 1996 is calculated in accordance with the Council Decision on budgetary discipline. The method of calculation is shown in Table 2. The economic parameters applied relate to the twelve-nation Community for the period 1988-95 and the fifteen-nation Community for 1995-96.

The amounts for the sugar and isoglucose levies, food aid refunds and ACP sugar refunds are based on the latest estimates available. The amounts to be used for the 1996 budget will not be known until late April and might entail a final adjustment of the guideline as provided for in the Decision on budgetary discipline. Any adjustment will be incorporated in the financial perspective which the Commission will be presenting to the budgetary authority together with the preliminary draft budget for 1996.

4. For the other headings, the expenditure ceilings have been adjusted by applying the variation in the GNP deflator between 1992 and 1996, except for heading 2 (EEA financial mechanism), heading 6 (Monetary reserve) and heading 7 (Compensation), which were fixed from the outset at current prices.

In heading 2 (Structural Funds) the adjustment in respect of the amounts intended for the new Member States, fixed at 1995 prices in the Act of Accession, has been based on 1995 prices (see Table 3).

The economic parameters applied relate to the twelve-nation Community for the period 1992-95 and the fifteen-nation Community for 1995-96.

5. The results of these adjustments to the financial perspective for 1996 are set out in Table 4.

By way of indication, adjusted figures are given for the years 1997-99, expressed in constant 1996 prices. In extrapolating the agricultural guideline for these years, a real GNP growth rate of 2.5% per year has been assumed.

6. The total amount of payment appropriations required for 1996 comes to ECU 81 267 million; this is ECU 2 259 million beneath the own-resources ceiling based on current GNP forecasts.

7. The fourth subparagraph of paragraph 6 of the Agreement states that information relating to operations not included in the general budget and the foreseeable development of the various categories of own resources is to be set out in tables, as an indication, and updated annually when the technical adjustment is made to the financial perspective.

The relevant information, based on the latest figures and forecasts available, is set out in Tables 5.1 to 5.3.

**TABLE 1: COMMUNITY GNP - FIGURES AND FORECASTS**

	1992	1993	1994	1995	1996	96/92
<b>Real growth rate (% per year)</b>						
- Adjustment for 1993		1,4				
- Adjustment for 1994		0,6	1,8			
- Adjustment for 1995		-0,7	1,2	2,1		
- Adjustment for 1996						
EUR 12		-0,4	2,6	3,0	3,2	
EUR 15					3,2	8,6
<b>GNP deflator in ecus (% variation per year)</b>						
- Adjustment for 1993		4,3				
- Adjustment for 1994		2,3	3,5			
- Adjustment for 1995		1,5	2,8	3,1		
- Adjustment for 1996						
EUR 12		1,5	2,0	2,1	2,7	
EUR 15					2,7	8,6
<b>GNP at current prices (ECU billion)</b>						
- Adjustment for 1993	5410	5720				
- Adjustment for 1994	5398	5558	5855			
- Adjustment for 1995	5405,4	5449,7	5668,5	5963,8		
- Adjustment for 1996						
EUR 12	5428,6	5483,0	5730,4	6026,9	6385,5	
EUR 15				6458,9	6846,4	

TABLE 2: CALCULATION OF THE AGRICULTURAL GUIDELINE (\*)

1996 financial year (Provisional figures) (\*)

ECU million

1996		1995	
<b>BASIC EXPENDITURE (1988 budget)</b>		27.500	
<i>Less:</i>			
- sugar and isoglucose levy	1.540	1.540	
- food aid refunds	386	386	
- ACP sugar refunds	660	660	
- Subtotal	2.586	2.586	
<b>CORRECTED EXPENDITURE (1988 prices)</b>	<b>24.914</b>	<b>24.914</b>	
<b>ANNUAL GNP GROWTH RATE</b>			
1989	3,60%	3,70%	
1990	2,90%	3,10%	
1991	1,70%	1,50%	
1992	1,00%	1,10%	
1993	-0,40%	-0,70%	
1994	2,60%	1,20%	
1995	3,00%	2,10%	
1996	3,20%		
<i>Cumulative growth rate</i>	<b>18,94%</b>	<b>12,57%</b>	
<i>74 % of cumulative growth rate</i>	<b>14,02%</b>	<b>9,30%</b>	
<b>CORRECTED EXPENDITURE (1988 prices)</b>	<b>28.407</b>	<b>27.231</b>	
<b>GNP DEFLATOR</b>			
1989	5,10%	5,10%	
1990	4,50%	4,40%	
1991	5,10%	5,10%	
1992	3,50%	3,50%	
1993	1,50%	1,50%	
1994	2,00%	2,80%	
1995	2,10%	3,10%	
1996	2,70%		
<i>Cumulative growth rate</i>	<b>29,70%</b>	<b>28,40%</b>	
<b>CORRECTED EXPENDITURE (1996 prices)</b>	<b>36.843</b>	<b>34.964</b>	
<b>IMPACT OF ENLARGEMENT</b>			
GNP growth rate in 1995	7,17%	7,00%	
<i>74 % of growth rate</i>	5,31%	5,18%	
<b>CORRECTED EXPENDITURE</b>	<b>38.797</b>	<b>36.775</b>	
<b>Plus</b>			
<i>Estimated needs (*) for:</i>			
- sugar and isoglucose levies	1.250	1.253	
- food aid refunds	130	142	
- ACP sugar refunds	630	635	
- Subtotal	2.010	2.030	
<b>AGRICULTURAL GUIDELINE</b>	<b>40.807</b>	<b>38.805</b>	
<i>Compensation (to be deducted in 1995)</i>		861	
<b>TOTAL (*)</b>	<b>40.807</b>	<b>37.944</b>	

(\*) In accordance with the Council Decision on budgetary discipline, the final level of the various corrections will be determined in the preliminary draft budget for 1996 when the final figure for the guideline will be fixed. The estimate shown in this table remains provisional until that date.

**TABLE 3: THE "STRUCTURAL FUNDS" SUBHEADING (1996 PRICES)**

1996	FINANCIAL PERSPECTIVE (1992 prices)	BASIC DECISIONS		DEFLATOR	RESULT (1996 prices)
TOTAL	23688				25710
Former EUR 12 (*)	22803	1992 PRICES	22803	1,086	24764
Three new Member States	865	1995 PRICES	921	1,027	946
1997 (**)	FINANCIAL PERSPECTIVE (1992 prices)	BASIC DECISIONS		DEFLATOR	RESULT (1996 prices)
TOTAL	24980				27135
Former EUR 12 (*)	24089	1992 PRICES	24089	1,086	26161
Three new Member States	891	1995 PRICES	949	1,027	975
1998 (**)	FINANCIAL PERSPECTIVE (1992 prices)	BASIC DECISIONS		DEFLATOR	RESULT (1996 prices)
TOTAL	26610				28906
Former EUR 12	25690	1992 PRICES	25690	1,086	27899
Three new Member States	920	1995 PRICES	980	1,027	1006
1999 (**)	FINANCIAL PERSPECTIVE (1992 prices)	BASIC DECISIONS		DEFLATOR	RESULT (1996 prices)
TOTAL	28345				30790
Former EUR 12	27400	1992 PRICES	27400	1,086	29756
Three new Member States	945	1995 PRICES	1006	1,027	1033

(\*) Including additional amount for Ireland for 1996 and 1997.

(\*\*) For the years 1997 to 1999, the result at 1996 prices is merely a guide.

## TABLE 4: FINANCIAL PERSPECTIVE

### 1996 ADJUSTMENT

#### APPROPRIATIONS FOR COMMITMENTS ECU MILLION

	Current prices		1996 prices		
	1995	1996	1997	1998	1999
<b>1. COMMON AGRICULTURAL POLICY</b>	<b>37944</b>	<b>40807</b>	<b>41555</b>	<b>42323</b>	<b>43110</b>
<b>2. STRUCTURAL OPERATIONS</b>	<b>26329</b>	<b>28262</b>	<b>29958</b>	<b>31783</b>	<b>33614</b>
Structural Funds	24069	25710	27135	28906	30790
Cohesion Fund	2152	2444	2715	2769	2824
EEA Financial mechanism	108	108	108	108	0
<b>3. INTERNAL POLICIES</b>	<b>5060</b>	<b>5337</b>	<b>5557</b>	<b>5789</b>	<b>6010</b>
<b>4. EXTERNAL ACTION</b>	<b>4895</b>	<b>5264</b>	<b>5576</b>	<b>5981</b>	<b>6465</b>
<b>5. ADMINISTRATION</b>	<b>4022</b>	<b>4191</b>	<b>4316</b>	<b>4380</b>	<b>4445</b>
<b>6. RESERVES</b>	<b>1146</b>	<b>1152</b>	<b>1152</b>	<b>1152</b>	<b>1152</b>
Monetary reserve	500	500	500	500	500
Guarantee	323	326	326	326	326
Emergency aid	323	326	326	326	326
<b>7. COMPENSATION</b>	<b>1547</b>	<b>701</b>	<b>212</b>	<b>99</b>	<b>0</b>
<b>8. TOTAL APPROPS. FOR COMMITMENTS</b>	<b>80943</b>	<b>85714</b>	<b>88326</b>	<b>91507</b>	<b>94796</b>
<b>9. TOTAL APPROPS. FOR PAYMENTS</b>	<b>77229</b>	<b>81267</b>	<b>84327</b>	<b>87245</b>	<b>90255</b>
Appropriations for payments as % of GNP (*)	1,20	1,19	1,20	1,21	1,22
MARGIN as % of GNP	0,01	0,03	0,04	0,05	0,05
OWN RESOURCES CEILING as % of GNP	1,21	1,22	1,24	1,26	1,27

(\*) The figure for 1995 is based on the GNP used for the adjustment of the financial perspective as a result of enlargement.

**TABLE 5: INDICATIVE PROGRAMME OF EXPENDITURE NOT ENTERED IN THE GENERAL BUDGET  
AND PROSPECTIVE TREND IN THE VARIOUS OWN RESOURCES**

**5.1. EUROPEAN DEVELOPMENT FUND**

Forecasts of decisions (D) and payments (P)

ECU million - current prices

	1993		1994(**)		1995		1996		1997		1998		1999	
	D	P	D	P	D	P	D	P	D	P	D	P	D	P
6th EDF	24	572	48	422	165	406	150	409	50	350	0	310	0	300
7th EDF	1981	706	2324	1397	1831	1431	1528	1570	827	1720	300	1320	170	920
8th EDF (***)	0	0	0	0	0	0	500	400	1000	450	2300	800	2500	1500
<b>TOTAL</b>	<b>2005 (*)</b>	<b>1277</b>	<b>2372</b>	<b>1819</b>	<b>1996</b>	<b>1837</b>	<b>2178</b>	<b>2379</b>	<b>1877</b>	<b>2520</b>	<b>2600</b>	<b>2430</b>	<b>2670</b>	<b>2720</b>

(\*) Does not include ECU 373 million cancelled credits under the 5th EDF.

(\*\*) Provisional outturn

(\*\*\*) SEC(94) 1959 5.12.94

**5.2. ECSC OPERATING BUDGET**

ECU million - current prices

	1993	1994	1995	1996	1997	1998	1999
	(2)	(3)	(4)	Estimates			
<b>TOTAL (1)</b>	<b>596</b>	<b>427</b>	<b>291</b>	<b>275</b>	<b>191</b>	<b>124</b>	<b>103</b>

(1) Not including the effects of enlargement, which might marginally alter this programming from 1995 onwards.

(2) Outturn

(3) Provisional amount

(4) Budget published

**5.3. OWN RESOURCES BY CATEGORY**

% of total	Published Budget			Estimates based on adjusted financial perspective for 1996			
	1993	1994	1995	1996	1997	1998	1999
Traditional own resources	20	21	20	19	18	17	17
VAT	54	52	52	44	40	37	33
GNP	26	27	28	37	42	46	50