



COMMISSION OF THE EUROPEAN COMMUNITIES

DOCUMENTS

PRELIMINARY DRAFT GENERAL BUDGET of the European Communities for the financial year 1991

OVERVIEW

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for the financial year 1991**

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FOR THE FINANCIAL YEAR 1991**

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FOREWORD

The overall volume of commitment appropriations in the preliminary draft budget for 1991 has increased by around 13 % from the 1990 figure of ECU 49 047 million to ECU 55 472 million, corresponding to around 1,1 % of Community gross national product.

For the first time, the proportion accounted for by structural operations exceeds 25 % of the total budget. At 54,7 %, the proportion accounted for by agricultural expenditure remains virtually stable. At more than ECU 2 000 million, research and development is another major item of expenditure in the budget.

The new priorities in the preliminary draft budget reflect the revision of the financial perspective on 6 June 1990 :

- ECU 838 million is proposed for cooperation with countries of Central and Eastern Europe, including ECU 18 million as a contribution to the capital of the European Bank for Reconstruction and Development,
- ECU 777 million is entered in the preliminary draft budget to promote the economic development of the countries of Asia and Latin America and to step up cooperation with the Mediterranean countries,
- ECU 418 million will boost the flanking policies for action to fully implement the Single Act (environment, audiovisual, transport, energy, vocational training).

Overall, the preliminary draft budget for 1991 thus takes account of the new requirements raised by the Community's external policy and the objectives adopted in early 1988 completing the internal market, enhancing economic and social cohesion and drawing up the framework research programme.



Peter SCHMIDHUBER
*Member of the Commission
with special responsibility
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I. GENERAL FRAMEWORK

The budgetary procedure for 1991 will be governed by the revision and the adjustment of the financial perspective for 1990 to 1992, which provides the reference framework for the budget discussions. The decisions on the revision made it quite clear that the Community institutions are capable of adjusting policy priorities to the internal and external changes affecting the Community while at the same time respecting the principles of budgetary discipline and the Interinstitutional Agreement.

On the basis of the Commission's proposals of 22 February 1990 designed to :

- provide active support for political and economic change in Central and Eastern Europe,
- strengthen cooperation with Mediterranean countries, Asia and Latin America,
- promote the internal market process by bolstering certain policy areas,

the Council and Parliament have jointly decided to revise and adjust the financial perspective.

The changes concern the following items :

- *other policies* — non-compulsory expenditure — (Item 4), for which the ceiling for 1991 has been raised by ECU 1 175 million (from ECU 2 180 million to ECU 3 355 million, an increase of over 50 %). The increase in the maximum amount of non-compulsory expenditure for Item 4 between 1990 (including the ECU 200 million for Central and Eastern Europe) and 1991 is thus 33 %.

In addition to the ECU 820 million (in non-compulsory expenditure) expressly earmarked in the revision decision of the financial perspective for Central and Eastern Europe, the extra scope provided by this increase will make it possible to give a significant boost to the Commission's priority policies (Mediterranean countries, Asia and Latin America and support policies for the completion of the single internal market). It will also allow a fairly substantial increase in the appropriations for policies other than those concerned by the revision,

- *structural operations* (Item 2), for which the ceiling was raised by ECU 90 million, in addition to a transfer of ECU 157 million proposed by the Commission under points 10 and 11 of the Interinstitutional Agreement. This increase concerns the difference between the forecast and the actual rate of inflation.

The ceiling for Item 2 thus rises from ECU 11 555 million in 1990 to ECU 14 054 million in 1991, an increase of 22 %,

- *repayments and administration* (Item 5), where the ceiling for 1991 was lowered by ECU 40 million, with the result that the margin of manœuvre for administrative expenditure is reduced by the same amount.

II. PRELIMINARY DRAFT BUDGET FOR 1991 IN FIGURES

Compared with the ECU 49 047 million in the 1990 general budget ⁽¹⁾, the overall volume of the preliminary draft budget for 1991 is ECU 55 472 million in appropriations for commitments, an increase of 13,1 %, appropriations for payments total ECU 52 970 million in 1991, as against ECU 46 767 million in 1990, representing around 1,06 % of the Community's gross national product.

To finance the preliminary draft budget, the uniform call-in rate for VAT own resources is 1,2179 %, slightly below the 1990 rate of 1,2465 %.

The uniform call-in rate for the gross national product-based resource (including cover for the monetary reserve) is 0,1574 %.

The table on page 8 gives an overall summary of the figures for the 1991 preliminary draft budget, comparing them with the 1990 budget.

The layout follows the new budget nomenclature under the revised Financial Regulation. This is designed to make the budget more transparent and readable and to make it easier to compare budget headings with items in the financial perspective.

⁽¹⁾ Including the additional ECU 200 million for Central and Eastern Europe.

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General summary of appropriations for 1991 and 1990

(ecu million)

Financial perspective	Subsection Title	Heading	Appropriations for 1991		Appropriations for 1990		Percentage change 1991/1990	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
		PART A						
5	A-1	Expenditure relating to persons working with the institution	1 154,647	1 154,647	1 042,427	1 042,427	10,77	10,77
5	A-2	Buildings, equipment and miscellaneous operating expenditure	313,679	313,679	288,128	288,128	8,87	8,87
5	A-3	Expenditure resulting from special functions carried out by the institution	202,577	202,577	184,211	184,211	9,97	9,97
5	A-10	Other expenditure	p.m.	p.m.	p.m.	p.m.		
		Part A — Total	1 670,903	1 670,903	1 514,766	1 514,766	10,31	10,31
		PART B						
	B1	EAGGF Guarantee section						
1	B1-1	Plant products	18 886,000	18 886,000	16 801,000	16 801,000	12,41	12,41
1	B1-2	Animal products	9 320,000	9 320,000	8 284,000	8 284,000	12,51	12,51
1	B1-3	Ancillary expenditure	2 050,000	2 050,000	1 367,000	1 367,000	49,96	49,96
1	B1-4	Set-aside	100,000	100,000	70,000	70,000	42,86	42,86
6	B1-5	Monetary reserve	1 000,000	1 000,000	1 000,000	1 000,000		
		B1 — Sub-total	31 356,000	31 356,000	27 522,000	27 522,000	13,93	13,93
	B2	Structural operations and fisheries						
2	B2-1	European Agricultural Guidance and Guarantee Fund, Guidance Section	2 424,000	2 022,000	1 700,000	1 651,500	42,59	22,43
2	B2-2	European Regional Development Fund	6 725,000	6 309,000	5 408,000	4 704,500	24,35	34,11
2	B2-3	European Social Fund	4 312,000	4 069,000	4 075,000	3 321,900	5,82	22,49
2	B2-4	Other structural operations	136,600	128,700	124,500	113,700	9,72	13,19
2 and 4	B2-5	Other agricultural operations	464,900	450,200	358,875	355,475	29,54	26,65
4	B2-6	Other regional operations	30,500	29,800	30,500	29,500		1,02
4	B2-7	Transport and tourism	132,100	104,100	71,000	59,000	86,06	76,44
3	B2-8	Integrated Mediterranean programmes	334,000	291,000	344,000	303,000	- 2,91	- 3,96
4	B2-9	Common policy on fisheries and the sea	497,300	405,900	420,600	372,600	18,24	8,94
		B2 — Sub-total	15 056,400	13 809,700	12 532,475	10 911,175	20,14	26,56

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General summary of appropriations for 1991 and 1990 (cont'd)

(ecu million)

Financial perspective	Subsection Title	Heading	Appropriations for 1991		Appropriations for 1990		Percentage change 1991/1990	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
	B3	Training, youth, culture, information and other social operations						
4	B3-1	Education, vocational training and youth policy	199,200	197,000	150,100	144,100	32,71	36,71
4	B3-2	Culture	9,000	9,000	8,800	8,800	2,27	2,27
4	B3-3	Information and communication	59,180	45,180	36,380	34,380	62,67	31,41
4	B3-4	Other social operations	86,242	88,840	84,355	85,445	2,24	3,97
		B3 — Sub-total	353,622	340,020	279,635	272,725	26,46	24,68
	B4	Energy, Euratom nuclear safeguards and environment						
4	B4-1	Energy	145,000	118,300	58,550	131,850	147,65	-10,28
4	B4-2	Euratom nuclear safeguards	7,355	7,355	4,670	4,670	57,49	57,49
4	B4-3	Environment	73,600	57,674	52,160	41,560	41,10	38,77
		B4 — Sub-total	225,955	183,329	115,380	178,080	95,84	2,95
	B5	Consumer protection, internal market, industry and innovation technology						
4	B5-1	Consumer protection	8,800	9,800	8,600	8,600	2,33	13,95
4	B5-2	Aid for reconstruction	22,400	22,400	27,300	27,300	-17,95	-17,95
4	B5-3	Internal market	150,080	126,825	118,500	106,700	26,65	18,86
4	B5-4	Industry	64,000	46,540	52,500	50,300	21,90	-7,48
4	B5-5	Innovation and market information	41,500	39,500	47,500	32,500	-12,63	21,54
4	B5-6	Statistical information	42,400	39,600	36,000	26,000	17,78	52,31
		B5 — Sub-total	329,180	284,665	290,400	251,400	13,35	13,23
	B6	Research and technological development						
3	B6-1	Joint Research Centre — Staff and resources	189,417	189,146	181,952	177,154	4,10	6,77
3	B6-2	Joint Research Centre — Direct operating appropriations — 1987 to 1991 framework programme	29,928	33,638	34,277	29,860	-12,69	12,65
3	B6-4	Joint Research Centre — Direct operating appropriations — Support of framework programmes 1987 to 1991 and 1990 to 1994	17,649	22,309	14,240	18,516	23,94	20,48
3	B6-5	Indirect action projects (shared-cost projects) and concerted action projects — Framework programme 1987 to 1991	539,716	949,826	1 381,645	1 154,095	-60,94	-17,70

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General summary of appropriations for 1991 and 1990 (cont'd)

(ecu million)

Financial perspective	Subsection Title	Heading	Appropriations for 1991		Appropriations for 1990		Percentage change 1991/1990	
			Commitments	Payments	Commitments	Payments	Commitments	Payments
3	B6-6	Indirect action projects (shared-cost projects) concerted action projects and supplementary programmes — Framework programme 1990 to 1994	1 183,590	299,350	81,686	10,000	1 348,95	2 893,50
3	B6-7	Dissemination and exploitation activities — Framework programme 1990 to 1994	11,000	4,000				
3	B6-8	Other research activities outside the 1987 to 1991 and 1990 to 1994 framework programmes	53,200	52,970	33,383	22,633	59,36	134,04
		B6 — Sub-total	2 024,500	1 551,239	1 727,183	1 412,258	17,21	9,84
		B7 Cooperation with developing countries and third countries						
4	B7-1	European Development Fund	p.m.	p.m.	p.m.	p.m.		
4	B7-2	Food aid	516,900	569,740	506,380	507,850	2,08	12,19
4	B7-3	Cooperation with Asia and Latin American developing countries	447,500	319,000	402,900	271,850	11,07	17,34
4	B7-4	Cooperation with Mediterranean countries	329,200	225,600	257,200	175,800	27,99	28,33
4	B7-5	Other cooperation measures	244,480	230,280	235,790	198,090	3,69	16,25
4	B7-6	Cooperation with countries of Central and Eastern Europe	838,000	350,000	500,000	350,000	67,60	
		B7 — Sub-total	2 376,080	1 694,620	1 902,270	1 503,590	24,91	12,70
		B0 Repayments, guarantees and reserves						
5	B0-1	Repayments and refunds to Member States	1 147,438	1 147,438	2 353,503	2 353,503	- 51,25	- 51,25
5	B0-2	Guarantees for borrowing and lending operations	p.m.	p.m.	p.m.	p.m.		
5	B0-3	Deficit carried over from previous year	p.m.	p.m.	p.m.	p.m.		
4	B0-4	Reserve and provisional appropriations			- 38,400			
		B0 — Sub-total	1 147,438	1 147,438	2 315,103	2 353,503	- 50,44	- 51,25
		Part B — Sub-total	52 869,175	50 367,011	46 684,446	44 404,731	13,25	13,43
		Other Institutions	932,000	932,000	847,321	847,321	10,00	10,00
		Grand total	55 472,078	52 969,914	49 046,534	46 766,818	13,10	13,26

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III. EXPENDITURE

Analysis by item

The tables and charts on pages 11 to 17 give an overview of the figures for the 1991 preliminary draft budget by reference to the items in the financial perspective.

They also provide a comparison with the 1990 budget.

Figures by item of the financial perspective

(million ecus)

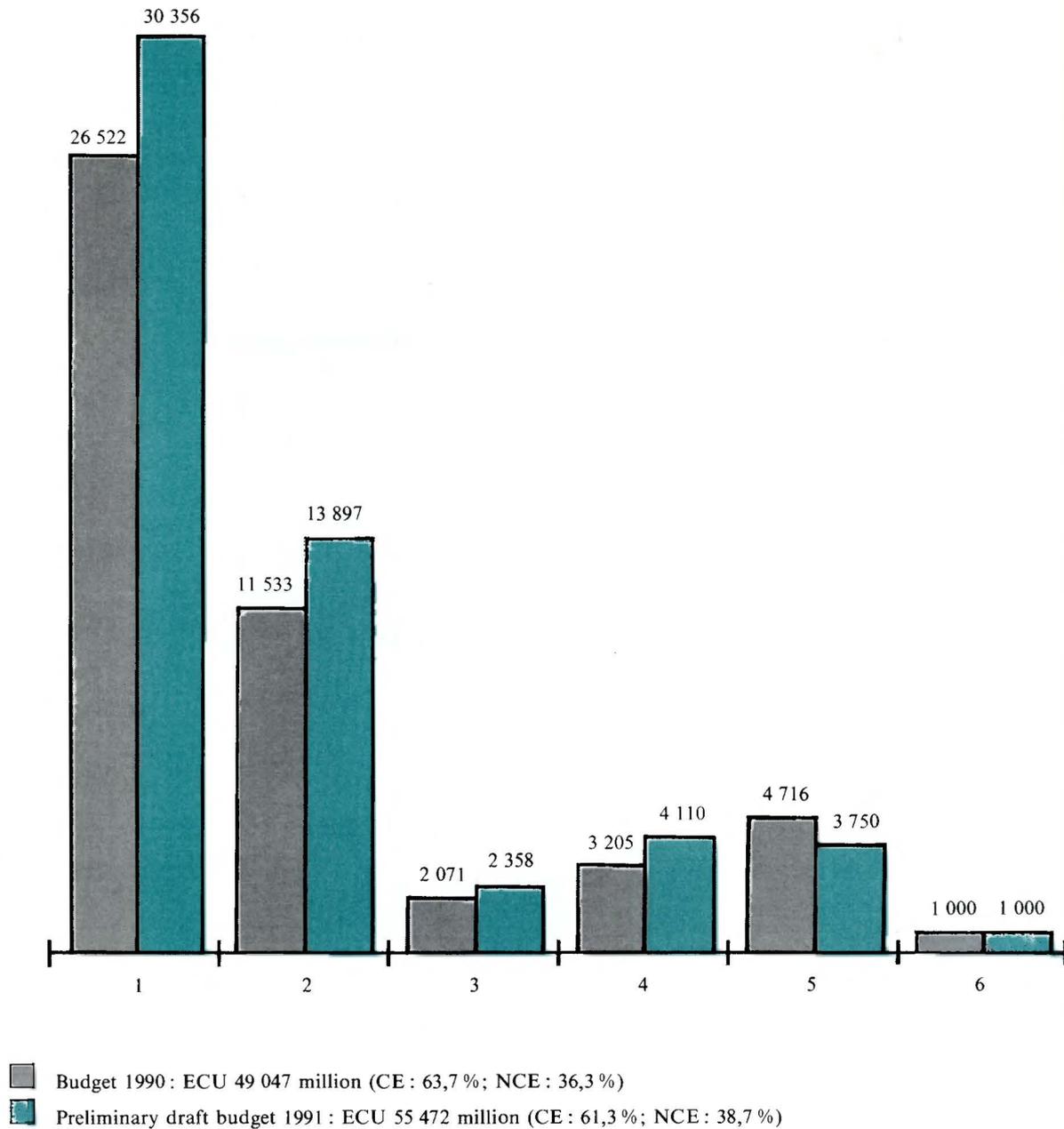
Item	Compulsory expenditure (CE) Non-compulsory expenditure (NCE)	Budget 1990	Financial perspective 1991	Preliminary draft budget 1991	Difference	Difference
		Commitments	Commitments	Commitments		
		1	2	3		
1. Guarantee section of the European Agricultural Guidance and Guarantee Fund	CE NCE	26 522	33 000 (1)	30 356	3 834	- 2 644
Total 1		26 522	33 000	30 356	3 834	- 2 644
2. Structural operations	CE NCE	476 11 057		387 13 511	- 89 2 454	
Total 2		11 533	14 054	13 898	2 365	- 156
3. Policies with multiannual allocations	CE NCE	2 071		2 358	287	
Total 3		2 071	2 516	2 358	287	- 158
4. Other policies	CE NCE	682 2 523	900 3 355	855 3 255	173 732	- 45 - 100
Total 4		3 205	4 255	4 110	904	- 145
5. Repayments and administration	CE NCE	2 567 2 148		1 387 2 363	- 1 181 215	
Total 5		4 716	4 559	3 750	- 965	- 809
6. Monetary reserve	CE NCE	1 000	1 000	1 000		
Total 6		1 000	1 000	1 000		
Grand Total		49 047	59 384	55 472	6 426	- 3 912
Appropriations for payments		Payments	Payments	Payments	Difference	Difference
		1	2	3	3-1	3-2
Appropriations for payments	CE NCE	31 222 15 545	37 536 19 414	33 951 19 019	2 729 3 475	- 3 585 - 395
Grand Total		46 767	56 950	52 970	6 203	- 3 980

(1) The updated guideline for 1991 amounts to ECU 32 511 million.

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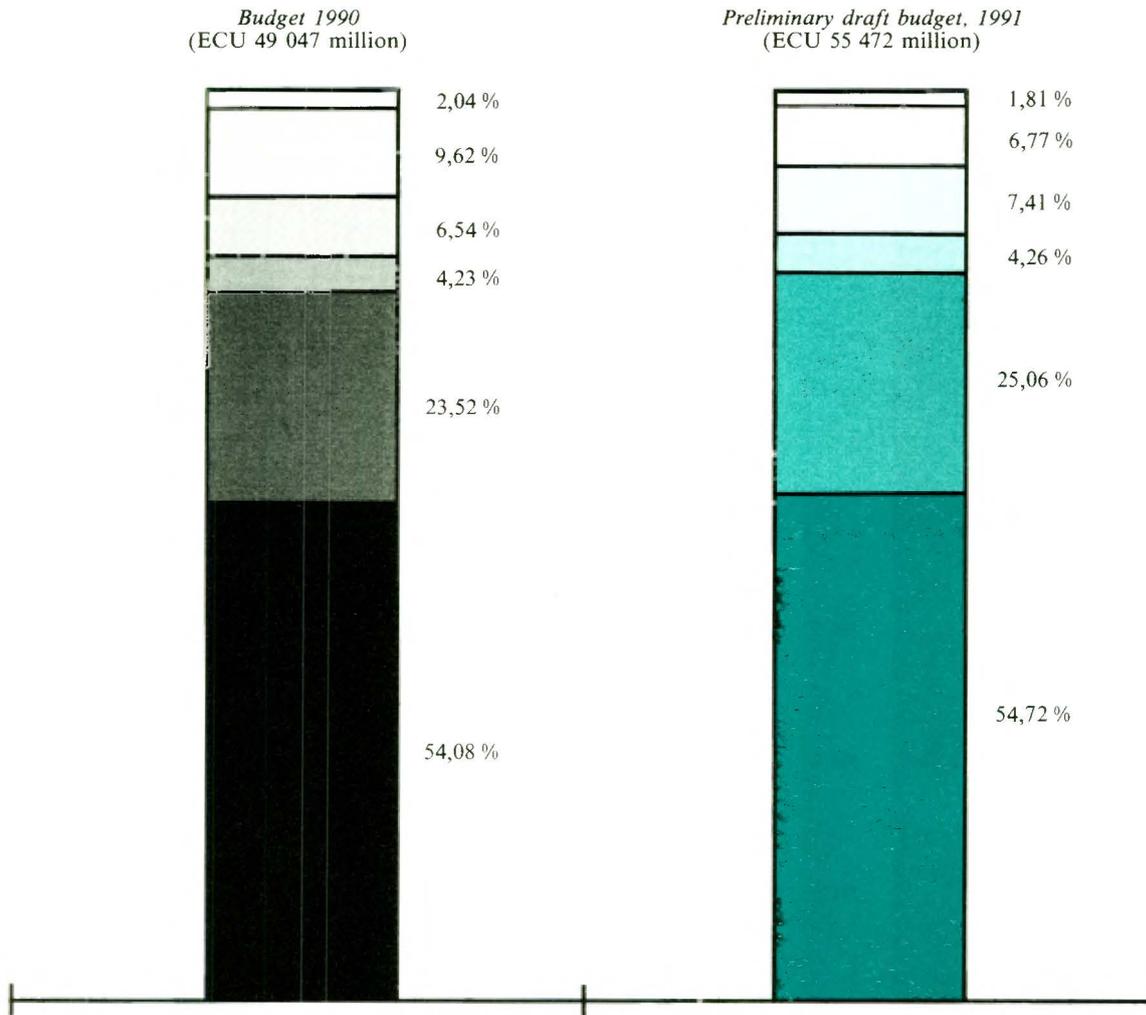
Budget 1990 — Preliminary draft budget, 1991
(appropriations for commitments)

(million ecus)



- Item 1: European Agricultural Guidance and Guarantee Fund, Guarantee Section
- Item 2: Structural operations
- Item 3: Policies with multiannual allocations
- Item 4: Other policies
- Item 5: Repayments and administration
- Item 6: Monetary reserve

Budget 1990 — Preliminary draft budget 1991
Breakdown of expenditure by item



-   Monetary reserve (Item 6)
-   Repayments and administration (Item 5)
-   Other policies (Item 4)
-   Policies with multiannual allocations (Item 3)
-   Structural operations (Item 2)
-   European Agricultural Guidance and Guarantee Fund, Guarantee Section (Item 1)

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Breakdown by items in the financial perspective
(with subdivisions)

(million ecus)

Item	Compulsory expenditure (CE)	Budget 1990	Financial perspective 1991	Preliminary draft budget 1991	Percentage difference	Difference
	Non-compulsory expenditure (NCE)	Commitments	Commitments	Commitments		
		1	2	3		
1. EAGGF Guarantee Section (Sub-section B1)	CE	26 522,000	33 000,0 ⁽¹⁾	30 356,000	14,5	- 2 644,0
Total 1		26 522,000	33 000,0	30 356,000	14,5	- 2 644,0
2. Structural operations :						
— European Agricultural Guidance and Guarantee Fund, Guidance section (Title B2-1)	CE	251,000		87,000	— 65,3	
	NCE	1 449,000		2 337,000	61,3	
— European Regional Development Fund (Title B2-2)	NCE	5 408,000		6 725,000	24,4	
— European Social Fund (Title B2-3)	NCE	4 075,000		4 312,000	5,8	
— specific programme for the development of Portuguese industry (Chapter B2-4 0)	NCE	108,800		119,800	10,1	
— preparation and implementation of community support frameworks — Technical assistance and assessment (Chapter B2-4 1)	NCE	15,700		16,800	7,0	
— set-aside and income aid (Chapter B2-5 0)	CE	225,000		300,000	33,3	
Sub-total	CE	476,000		387,000	— 18,7	
Sub-total	NCE	11 056,500		13 510,600	22,2	
Total 2		11 532,500	14 054,0	13 897,600	20,5	- 156,4

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**Breakdown by items in the financial perspective
(with subdivisions) (cont'd)**

(million ecus)

Item	Compulsory expenditure (CE)	Budget 1990	Financial perspective 1991	Preliminary draft budget 1991	Percentage difference	Difference
	Non-compulsory expenditure (NCE)	Commitments	Commitments	Commitments		
		1	2	3		
3. Policies with multiannual allocations :						
— integrated Mediterranean programmes (Title B2-8)	NCE	344,000		334,000	- 2,9	
— research and technological development (Subsection B6)	CE NCE	0,183 1 727,000		0,200 2 024,300	9,3 17,2	
Sub-total	CE	0,183		0,200	9,3	
Sub-total	NCE	2 071,000		2 358,300	13,9	
Total 3		2 071,183	2 516,0	2 358,500	13,9	- 157,5
4. Other policies :						
— expenditure in the agricultural sector (Chapter B2-5 1)	CE NCE	79,375 54,500		109,000 55,900	37,3 2,6	
— other regional operations (Title B2-6)	NCE	30,500		30,500		
— transports (Chapter B2-7 0)	NCE	67,000		127,000	89,6	
— tourism (Chapter B2-7 1)	NCE	4,000		5,100	27,5	
— common policies on fisheries and the sea (Title B2-9)	CE NCE	238,900 181,700		302,600 194,700	26,7 7,2	
— education, vocational training and youth policy (Title B3-1)	NCE	150,100		199,200	32,7	
— culture (Title B3-2)	NCE	8,800		9,000	2,3	
— information and communication (Title B3-3)	NCE	36,380		59,180	62,7	
— other social operations (Title B3-4)	NCE	84,355		86,242	2,2	
— energy (Title B4-1)	NCE	58,550		145,000	147,7	
— Euratom nuclear safeguards (Title B4-2)	NCE	4,670		7,355	57,5	
— environment (Title B4-3)	NCE	52,160		73,600	41,1	
— consumer protection (Title B5-1)	NCE	8,600		8,800	2,3	
— aid for reconstruction (Title B5-2)	NCE	27,300		22,400	- 17,9	
— internal market (Title B5-3)	NCE	118,500		150,080	26,6	
— industry (Title B5-4)	NCE	52,500		64,000	21,9	
— information market and innovation (Title B5-5)	NCE	47,500		41,500	- 12,6	

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**Breakdown by items in the financial perspective
(with subdivisions) (cont'd)**

(million ecus)

Item	Compulsory expenditures (CE)	Budget 1990	Financial perspective 1991	Preliminary draft budget 1991	Percentage difference	Difference
		Commitments	Commitments	Commitments		
	Non-compulsory expenditure (NCE)	1	2	3	3 : 1	3 - 2
4. Other policies (cont'd) :						
— statistical information (Title B5-6)	NCE	36,000		42,400	17,8	
— food aid (Title B7-2)	CE	120,600		116,900	— 3,1	
	NCE	385,780		400,000	3,7	
— cooperation with Asia and Latin American developing countries (Title B7-3)	NCE	402,900		447,500	11,1	
— cooperation with Mediterranean countries (Title B7-4)	CE	243,400		306,700	26,0	
	NCE	13,800		22,500	63,0	
— other cooperation measures (Title B7-5)	CE			1,830		
	NCE	235,790		242,650	2,9	
— cooperation with Central and Eastern European countries (Title B7-6)	CE			18,000		
	NCE	500,00 (²)	(820,0)	820,000	64,0	
— negative reserve (Chapter B0-4 3)	NCE	— 38,400			— 100,0	
Sub-total	CE	682,275	900,0	855,030	25,3	— 45,0
Sub-total	NCE	2 522,985	3 355,0	3 254,607	29,0	— 100,4
Total 4		3 205,260	4 255,0	4 109,637	28,2	— 145,4
5. Repayments and administration :						
— stock disposal (Chapter B0-1 0)	CE	1 470,000	(1 598)	810,000	— 44,9	(— 788)
— refunds and financial compensation (Chapter B0-1 1)	CE	883,503 (³)		337,438	— 61,8	
— Commission (Part A)	CE	213,849		239,409	12,0	
	NCE	1 300,917		1 431,494	10,0	
— Parliament	NCE	448,451				
— Council	NCE	277,977		932,000		
— Court of Justice	NCE	66,621				
— Court of Auditors	NCE	54,273				
Sub-total	CE	2 567,352		1 386,847	— 46,0	
Sub-total	NCE	2 148,238		2 363,494	10,0	
Total 5		4 715,591	4 559,0	3 750,341	— 20,5	— 808,7

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**Breakdown by items in the financial perspective
(with subdivisions) (cont'd)**

(million ecus)

Item	Compulsory expenditure (CE)	Budget 1990	Financial perspective 1991	Preliminary draft budget 1991	Percentage difference	Difference
		Commitments	Commitments	Commitments		
	Non-compulsory expenditure (NCE)	1	2	3	3 : 1	3-2
6. Monetary reserve (Title B1-5)	CE	1 000,000	1 000,0	1 000,000		
Total 6		1 000,000	1 000,0	1 000,000		
	CE	31 247,810	37 609,0	33 985,077	8,8	- 3 623,9
	NCE	17 798,723	21 775,0	21 487,001	20,7	- 288,0
Grand Total		49 046,534	59 384,0	55 472,078	13,1	- 3 911,9
Appropriations for payments		Payments	Payments	Payments	Percentage difference	Difference
		1	2	3	3 : 1	3-2
Appropriations for payments	CE	31 222,0	37 536,0	33 950,577	8,7	- 3 585,4
	NCE	15 545,0	19 414,0	19 019,338	22,4	- 394,7
Grand Total		46 767,0	56 950,0	52 969,915	13,3	- 3 980,1
<p>(1) The updated guideline for 1991 amounts to ECU 32 511 million. (2) Including ECU 200 million proposed by amending letter No 2 in the preliminary draft supplementary and amending budget No 2-1990. (3) The amount will change after the final adoption of the supplementary and amending budget No 2-1990.</p>						

Item 1 : Guarantee Section of the European Agricultural Guidance and Guarantee Fund

The Guarantee Section of the European Agricultural Guidance and Guarantee Fund expenditure is estimated at ECU 30 356 million.

Two years of favourable economic conditions, connected firstly with the general situation throughout the world (notably world prices and the rate of the dollar against the ecu) and, secondly with factors such as the major reduction in public stocks, the effect of stabilizers and the production levels for certain products, have meant that in 1989 and 1990 agricultural expenditure has levelled off or even declined. In 1991 agricultural spending will still be well below the guideline figure, which is ECU 32 511 million (leaving a margin of ECU 2 100 million in relation to the forecast in the 1991 preliminary draft budget), but the increase over 1990 is nevertheless an appreciable 14,5 %.

Three factors contribute to this increase :

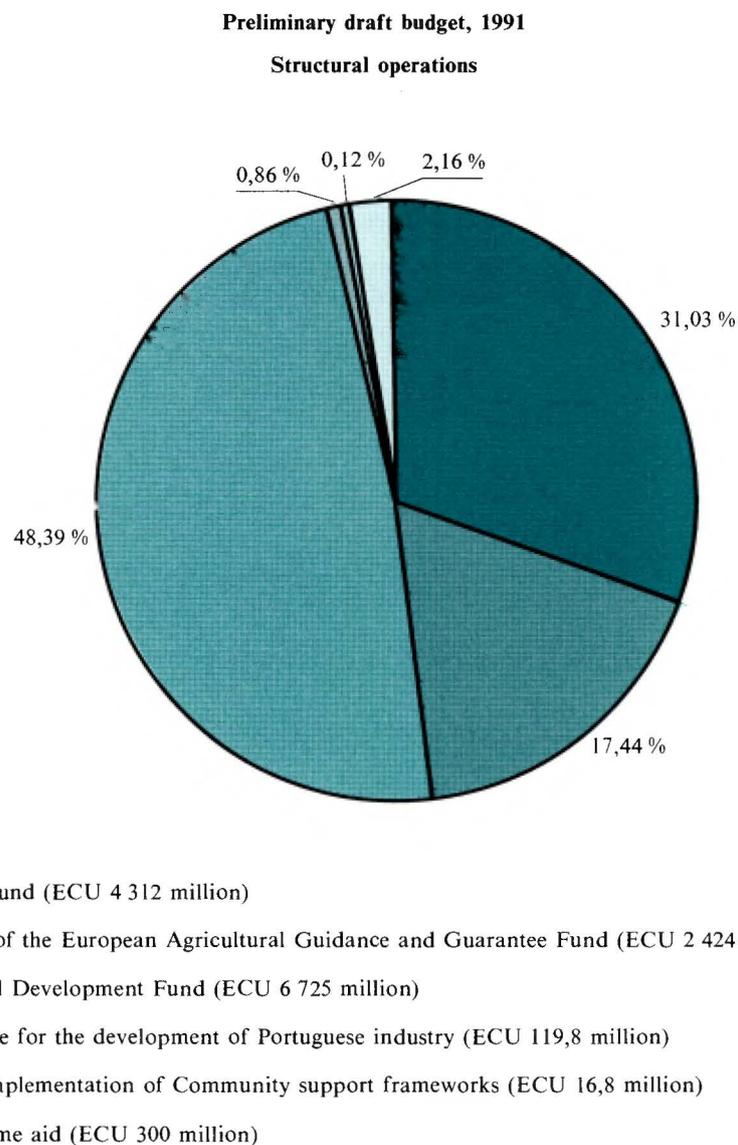
- the decline of the dollar against the ecu, the rate for 1991 being 0,83 as against 0,89 in 1990, this alone accounts for a fairly substantial part (around ECU 700 million) of the increase in requirements for 1991,
- the price decisions taken recently by the Agriculture Ministers will add around ECU 1 100 million to agricultural expenditure in 1991, some of these decisions will, in fact, only bring out their effect in 1991,
- developments on agricultural markets and the changes to certain points of the current rules will generate additional costs that will be particularly pronounced in the tobacco, sheepmeat, milk products and oils and fats sectors.

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Item 2 : Structural operations

The planned expenditure on structural operations reflects the high political priority that the Community attaches to this area.

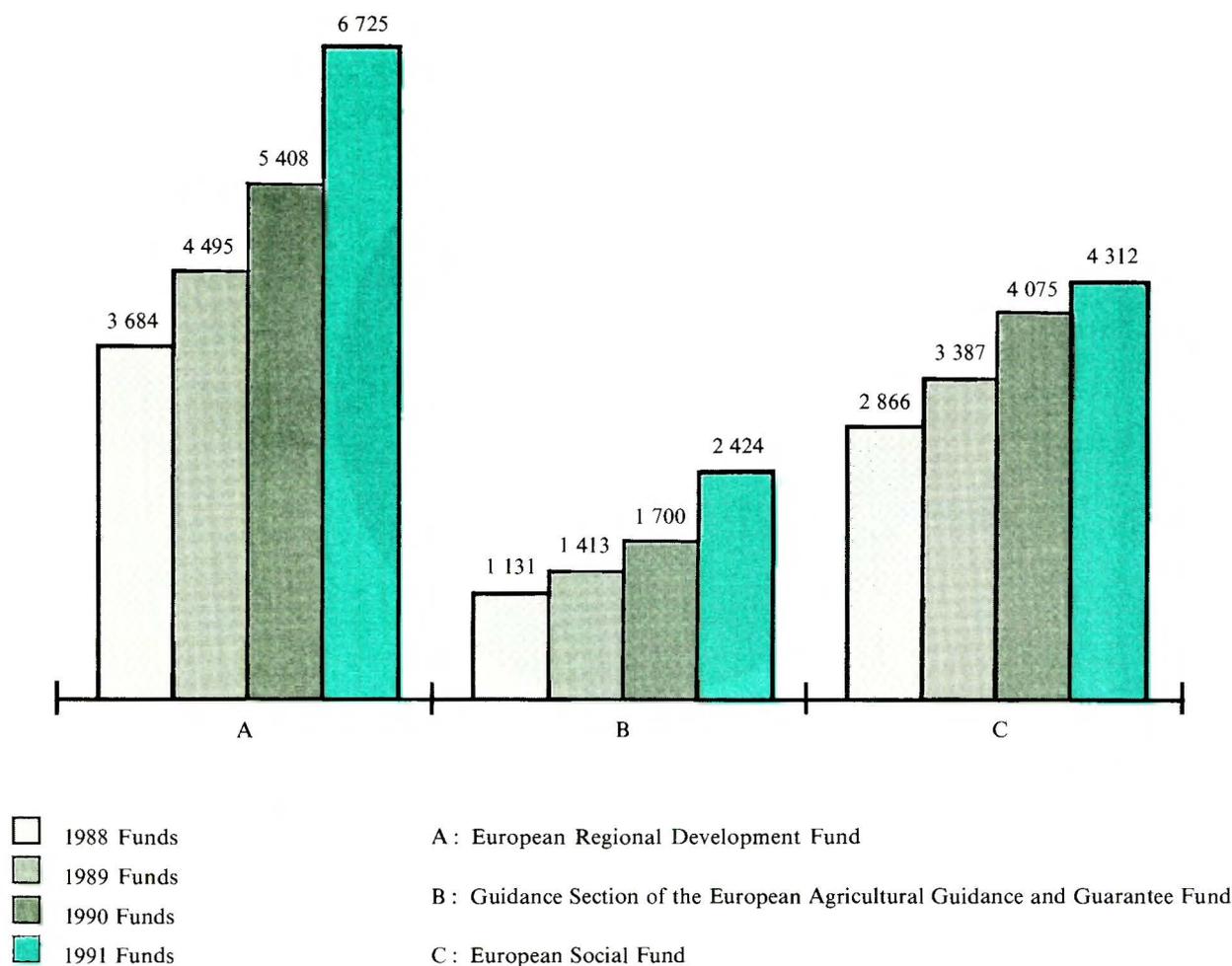
The appropriations for the Structural Funds, Pedip, the Community support frameworks, set-aside and income aid total ECU 13 900 million in all. For the first time, they will thus account for over a quarter of the Community budget (in appropriations for commitments).



The aim is to continue the cohesion effort which has guided the implementation of the reform of the Structural Funds and to remain on course for doubling the size of the Funds by 1992 to 1993 (see chart on page 21).

Breakdown of appropriations between Funds, 1988 to 1991

(million ecus)



The Community support frameworks (CSFs) are a key factor for these structural policies. Worked out in partnership with the national and regional authorities concerned, they define the development and conversion priorities, the types of assistance envisaged and the financing plans.

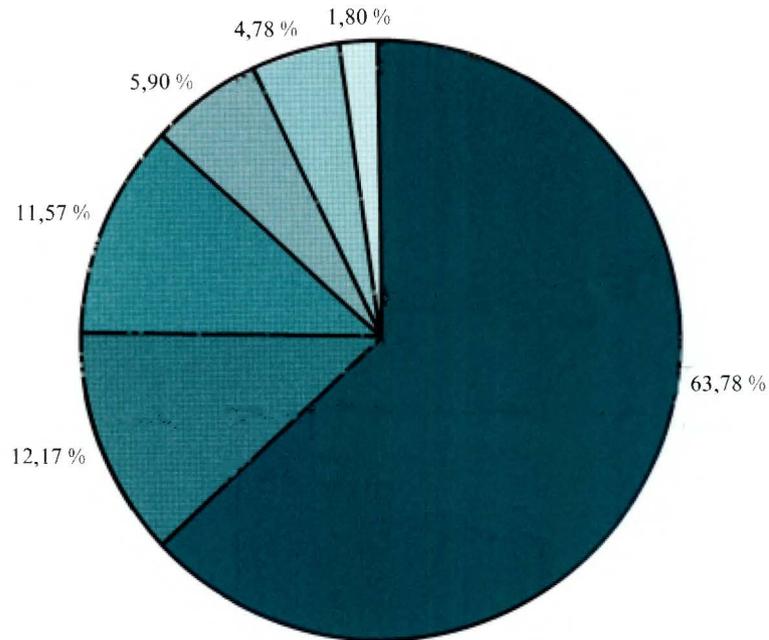
The schedules for the Community support frameworks were the basis for distributing appropriations between the Funds. The distribution of appropriations between objectives is shown in the chart on page 20.

An amount of ECU 119,8 million, up by 10 % in 1990, is devoted to the continuation of the specific industrial development programme for Portugal (Pedip).

The total of ECU 13 900 million is still ECU 156 million below the ceiling for the item, one reason for this is that the application of the set-aside measures and income aids for farmers is behind schedule.

OVERVIEW

Breakdown of appropriations by objectives for 1991
(appropriations for commitments)



- Objective No 1 : promoting the development and structural adjustment of the regions whose development is lagging behind (ECU 8 537 million)
- Objective No 2 : converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline (ECU 1 639 million)
- Objective No 3 : combating long-term unemployment
- Objective No 4 : facilitating the occupational integration of young people } (ECU 1 558 million)
- Objective No 5 (a) : with a view to reform of the common agricultural policy, speeding up the adjustment of agricultural structures (ECU 792 million)
- Objective No 5 (b) : with a view to reform of the common agricultural policy, promoting the development of rural areas (ECU 644 million)
- Transitional measures and innovatory operations (ECU 243 million)

Item 3 : Policies with multiannual allocations

(Integrated Mediterranean Programmes and Research)

The fundamental importance that the Community attaches to research and technological development is clearly highlighted by the substantial appropriations allocated to this area : expenditure will rise by 17,2 %, from ECU 1 700 million in 1990 to over ECU 2 000 million in 1991, broken down as follows :

- the estimates in the 1991 preliminary draft budget for the 1990 to 1994 framework programme of research and technological development are based on a figure of ECU 2 500 million for 1991 and 1992, assuming that the 15 specific programmes and the centralized operation for dissemination and utilization are adopted in time, it should be possible to use 48 % of this (ECU 1 195 million) in 1991,
- in addition, there will still be ECU 707 million for the 1987 to 1991 framework programme,
- finally, ECU 123 million is earmarked for support measures (outside the framework programme).

The appropriations required for the integrated Mediterranean programmes amount to ECU 330 million. This represents a reasonable estimate of spending capacity and leaves ECU 350 million to be allocated in 1992 in order to reach the planned figure of ECU 1 600 million for the period from 1985 to 1992.

Total appropriations under Item 3 are ECU 157 million below the ceiling in the financial perspective.

Should the budgetary authority wish, within this margin, to increase funding for specific programmes, the allocation for the framework programme in 1990 to 1994 could exceed the ECU 2 500 million currently earmarked for the period covered by the Interinstitutional Agreement. The Commission has said that it would support such a move.

Item 4 : Other policies

The raised ceiling for Item 4 offers scope for a marked increase in funds for the policies to which the Commission attaches particular importance.

Planned expenditure on the policies covered by Item 4 totals ECU 4 110 million in 1991 compared with ECU 3 205 million in 1990, an increase of 28,2 %.

Non-compulsory expenditure makes up ECU 3 255 million, against ECU 2 523 million in 1990 (including the additional ECU 200 million for Central and Eastern Europe), an increase of 29 %, whereas the maximum rate of increase for non-compulsory expenditure as calculated in accordance with Article 203 of the EEC Treaty is 7,2 %.

The following comments can be made on the distribution of appropriations within the item :

- Cooperation with Central and Eastern Europe is allocated a total of ECU 838 million (in commitment appropriations), including an ECU 18 million contribution to the capital of the European Bank for Reconstruction and Development. The Community will thus be able to make a major contribution to supporting the democratic process and to overcoming the economic difficulties in the countries concerned. The German Democratic Republic will also be entitled to receive allocations from these appropriations in 1991.
- Cooperation with the Mediterranean countries and with countries in Asia and Latin America will be stepped up to meet new needs which have arisen out of the diversification of economic structures and the growing complexity of the challenges to be met. At the same time, conventional development aid for the poorest sections of the population will continue. For these two groups of countries the 1991 preliminary draft budget allocates ECU 777 million (17,7 % up on the ECU 660 million in 1990), of which ECU 307 million is compulsory expenditure under the financial protocols with the Mediterranean countries.

OVERVIEW

- For the five flanking policies for implementing the Single Act (environment, audiovisual, transport, energy and vocational training), appreciable increases are planned.

As regards the environment, the enhancement of Community operations amounts to more than just the large increase (41 %) shown in the table below. Environment policy is covered by a whole series of measures which extend well beyond the environment budget headings, funds will be devoted to the environment under structural operations, research and technological development, agricultural operations, and cooperation with non-Member countries (Central and Eastern Europe) totalling some ECU 750 million, an increase of 50 % over 1990.

Appropriations for culture and information rise from ECU 45,2 million in 1990 to ECU 68,2 million in 1991 (an increase of 51 %). Most of this increase is devoted to the audiovisual action programme (Media), for which the appropriations rise from ECU 12 million to ECU 34 million. The growth in expenditure on information operations is less marked.

With these increases the Community will give a further boost to the process of implementing the Single Act and will make further progress towards economic integration.

**Increase in the allocations for the policies on which the revision of the financial perspective was based
(Appropriations for commitments)**

(million ecus)

Areas	Preliminary draft budget 1991	Budget 1990	Percentage difference 1991/1990
Central and Eastern Europe	838,0	500,0	67,6
Mediterranean countries, Asia and Latin America	776,7	660,1	17,7
Flanking policies for the implementation of the Single Act :			
— environment	73,6	52,2	41,1
— audiovisual	34,0	12,0	183,3
— transport	127,0	67,0	89,5
— energy	145,0	58,6	147,7
— vocational training	38,6	14,7	163,5

- There is also a marked increase for the policies other than those affected by the proposal for the revision of the financial perspective, with an overall rate of increase of 10,5 %. The most appreciable increases are for the internal market, in particular standardization (26,6 %), industry (21,9 %) and statistical information (17,8 %).

Total non-compulsory expenditure proposed by the Commission in the preliminary draft budget (ECU 3 255 million) is still ECU 100 million below the revised ceiling for non-compulsory expenditure under this item (ECU 3 355 million). In the circumstances resulting from the revision of the financial perspective, it is fairly certain that this margin will be taken up during the budgetary procedure. The Commission's concern has been to enable the budgetary authority to express its own priorities as regards the policies falling under Item 4.

Item 5 : Repayments and administration

The accession agreements for Spain and Portugal provide for the refund of a declining proportion of their contributions to the Community budget, refunds for 1991 are estimated at ECU 338 million, an amount which might increase slightly depending on the overall size of the final budget.

For the repayments of expenditure to Member States connected with the depreciation of stocks of agricultural products and the specific programme for the disposal of butter from public stocks, the 1991 preliminary draft budget covers only the commitments relating to butter, as the stock depreciation exercise was terminated at the beginning of 1990. The estimated cost is therefore reduced from ECU 1 470 million in 1990 to ECU 810 million in 1991.

However, under the rules on budgetary discipline ⁽¹⁾ the difference in relation to the maximum amount for stock disposals (ECU 1 598 million) cannot be used for any other purpose.

The amount still available for administrative expenditure (reduced, as mentioned above, by ECU 40 million) will allow an increase in relation to 1990 of 10 %. Although this may appear substantial when compared with past years, it is nevertheless a serious constraint for the operation of all the Community institutions.

To begin with, this increase must be put into perspective : for the Commission, at least, the requirements for 1990 were underestimated in the voted budget.

Secondly, account must be taken of the cumulative effects of the depreciation of the ecu against the Belgian and Luxembourg francs, the currencies in which salaries are mainly paid, and of the appropriations needed to finance, for a full year, the posts newly created in 1990.

The Commission assumes that in aggregate terms the other institutions will contain their administrative expenditure within the same limits.

(1) Second paragraph of Article 4 of the Council Decision 88/377/EEC of 24 June 1988 on the budgetary discipline (OJ No L 185, 15. 7. 1988, p. 29). This rule is restated in the recitals to the decision on the revision of the financial perspective.

IV. REVENUE

The 1991 budget will be financed entirely by the system of own resources agreed by the European Council in February 1988 and given substance by the Decision of 24 June 1988.

Categories of revenue

The main sources of revenue are :

- (a) agricultural levies (variable duties charged on imports of some agricultural products : ECU 1 218 million) and the levies paid by sugar and isoglucose producers (ECU 1 213 million),
- (b) common customs tariff duties and customs duties on coal and steel products covered by the ECSC Treaty (ECU 13 192 million),
- (c) resources from VAT calculated by applying a fixed 1,4 % rate to a VAT base determined in a uniform manner but limited, for each Member State, to 55 % of its gross national product at market prices (ECU 29 782 million),
- (d) an additional resource, also known as the 'fourth resource', obtained by applying a rate set each year during the budgetary procedure, to a base representing the sum of Member States' gross national products at market prices. This resource is the variable resource calculated to cover the part of expenditure not covered by the other sources of revenue (ECU 8 020 million).

To these can be added :

miscellaneous revenue (tax and other deductions from staff salaries, interest on bank deposits, etc.) which represent less than 1 % of total revenue (ECU 327 million), and the remainder of the balance from 1989 (ECU 780 million).

Before paying over agricultural levies, sugar levies and customs duties, Member States will first deduct 10 % to cover collection expenses (ECU 1 562 million).

The resources required to finance the appropriation of ECU 1 000 million entered in Title B1-5 of the statement of expenditure (monetary reserve for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund) will be called in only if and when the monetary reserve is drawn upon.

Revenue ceilings

The own resources decision fixes overall ceilings for own resources which can be called in. It is 1,19 % of Community gross national product in 1991 for appropriations for payments.

The preliminary draft budget 1991 is well within this limit.

OVERVIEW

The correction for the United Kingdom

Under the Council Decision of 24 June 1988 on the system of the Communities' own resources, the United Kingdom is entitled to an adjustment of its payments to correct the imbalance in its budgetary situation. This correction is mainly based on the United Kingdom's share of expenditure, on its share of payments of VAT and additional resources and on the volume of the budget.

The amount to be granted in 1991 can be estimated at ECU 3 211 million.

The results in figures

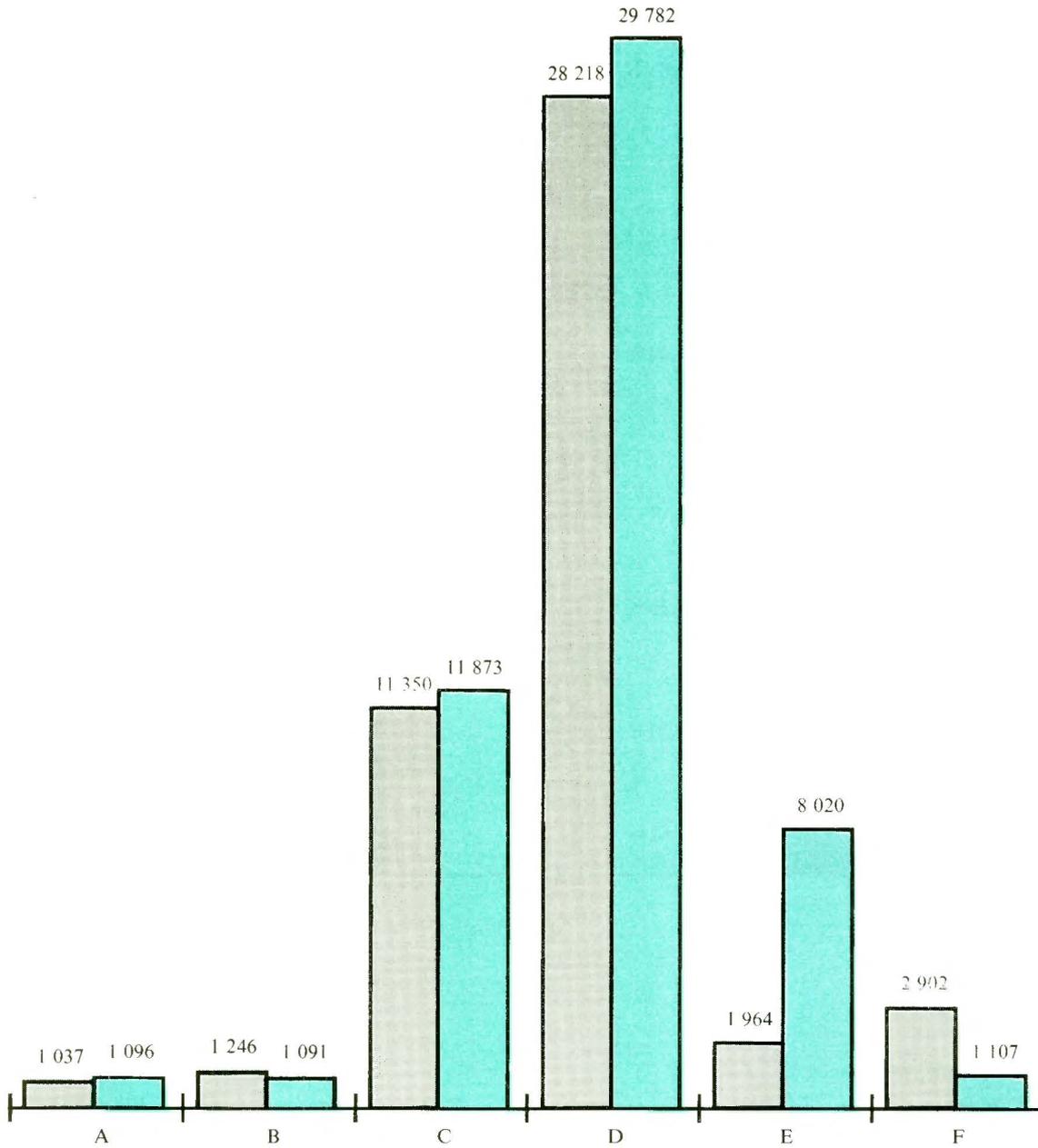
The payment appropriations to be covered in 1991 total ECU 52 970 million. The proportion of budget financing accounted for by each of the main categories of resource is shown in the charts on pages 29 and 30.

In 1991 the Community will be calling in ECU 7 015 million from the additional resource, not including the European Agricultural Guidance and Guarantee Fund monetary reserve.

Budget 1990 — Preliminary draft budget 1991

Revenue

(million ecus)

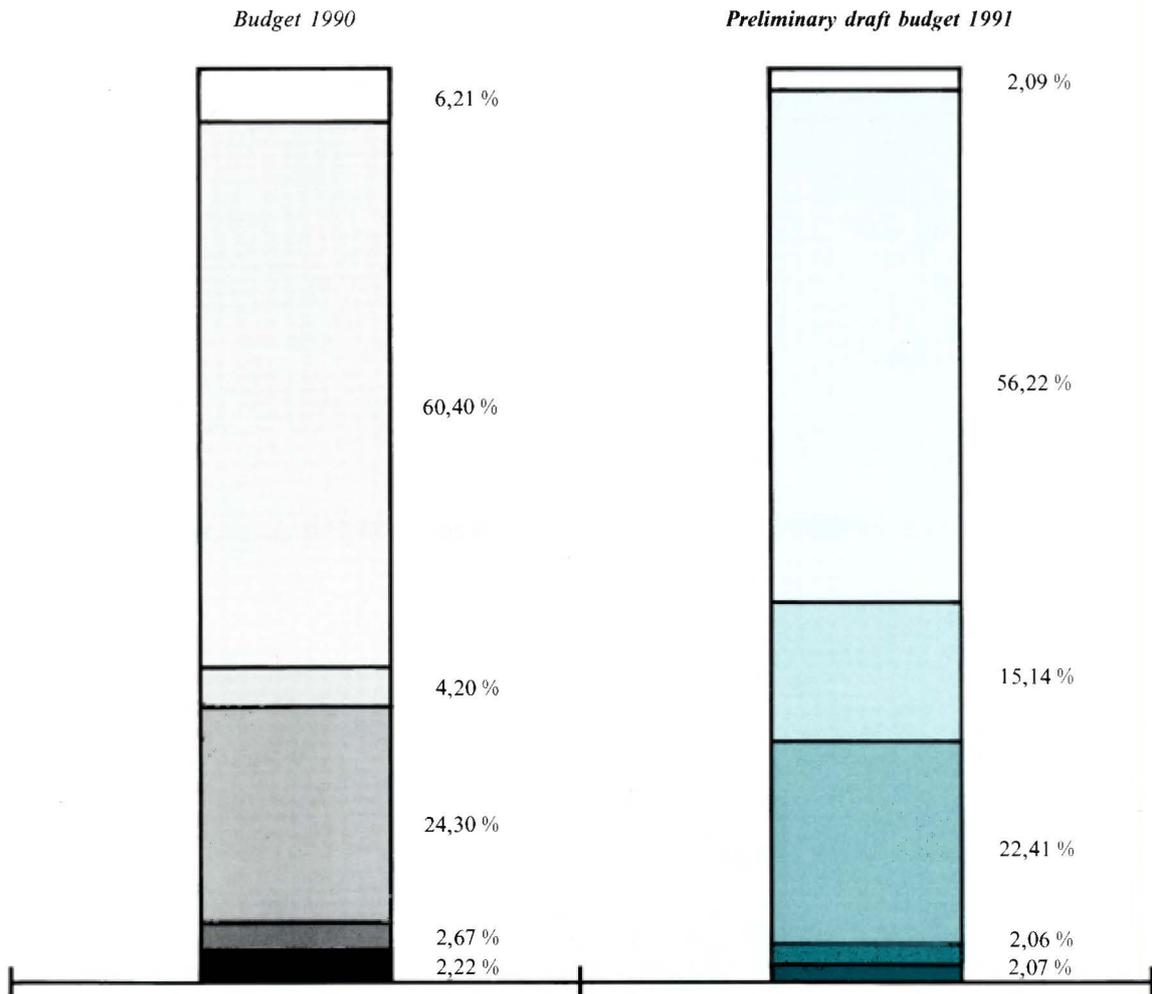


- Budget 1990
- Preliminary draft budget 1991

- A: Agricultural levies
- B: Sugar levies
- C: Custom duties
- D: VAT
- E: Additional resource
- F: Miscellaneous

OVERVIEW

Budget 1990 — Preliminary draft budget 1991
Breakdown of revenue



- Miscellaneous
- VAT
- Additional resource
- Customs duties
- Sugar levies
- Agricultural levies

OVERVIEW

ANNEX
Financial Perspective

(million ecus)

Description	1988 (1)	1989 (1)	1990 (1)	1991 (1)	1992 (2)
Appropriations for commitments					
1. European Agricultural Guidance and Guarantee Fund, Guarantee section (3)	27 500	28 613	30 700	33 000	33 750
2. Structural operations	7 790	9 522	11 555	14 054	15 598
3. Policies with multiannual allocations (4)	1 210	1 708	2 071	2 516	2 820
4. Other policies (3) <i>of which</i> : non-compulsory expenditure	2 103 1 646	2 468 1 864	3 229 2 523	4 255 3 355	4 823 3 876
5. Repayments and administration <i>of which</i> : financing of stock disposal	5 741 1 240	5 153 1 449	4 930 1 523	4 559 1 598	3 936 1 148
6. Monetary reserve (5)	1 000	1 000	1 000	1 000	1 000
Total	45 344	48 464	53 485	59 384	61 926
<i>of which</i> (6) :					
— compulsory expenditure	33 739	33 764	35 454	37 609	37 801
— non-compulsory expenditure	11 605	14 700	18 031	21 775	24 125
Appropriations for payments					
Appropriations for payments required	43 820	46 885	51 291	56 950	59 271
<i>of which</i> (6) :					
— compulsory expenditure	33 681	33 745	35 372	37 536	37 576
— non-compulsory expenditure	10 139	13 140	15 919	19 414	21 695
Appropriations for payments for gross national product	1,088 %	1,069 %	1,087 %	1,127 %	1,136 %
Margin for unforeseen expenditure :					
— according to Parliament and Commission	0,030 %	0,030 %	0,030 %	0,030 %	0,030 %
— according to Council	0,030 %	0,030 %	0,019 %	0,006 %	0,002 %
Own resources					
Own resources required for gross national product :					
— according to Parliament and Commission	1,118 %	1,099 %	1,117 %	1,157 %	1,166 %
— according to Council	1,118 %	1,099 %	1,106 %	1,133 %	1,138 %
Own resources ceiling for gross national product	1,150 %	1,170 %	1,180 %	1,190 %	1,200 %

(1) Current prices.

(2) Constant 1991 prices.

(3) In accordance with the joint statement made by the three institutions when the revision of the Financial Regulation was adopted and in order to ensure the proper financing of food aid without having to revise the financial perspective, compliance with the ceilings for Items 1 and 4 will not rule out the possibility of a transfer between the headings in Chapter B1-3 3 (refunds in connection with Community food aid) and Chapter B7-2 0 (food aid). This means that the amounts of these transfers will not count towards the totals of appropriations to be taken into consideration for the purpose of ensuring compliance with the ceilings in the financial perspective. The criteria for the examination of these transfers are those agreed by the Council, Parliament and the Commission in their statement of 12 February 1990.

(4) Chapter F on budget estimates of the European Council indicates a figure of ECU 2 400 million (1988 prices) for policies with multiannual allocations in 1992. The policies in question are research and technological development and integrated Mediterranean programmes. Only expenditure for which a legal basis exists may be financed under this item. The present framework programme provides a legal basis for research expenditure of ECU 863 million (current prices) for 1992.

The regulation on integrated Mediterranean programmes provides a legal basis for an estimated amount of ECU 300 million in 1992 (current prices).

The two arms of the budgetary authority undertake to respect the principle that further budget appropriations within this ceiling for 1990, 1991 and 1992 will require a revision of the existing framework programme, or, before the end of 1991, a decision on a new framework programme based on a proposal from the Commission in accordance with the legislative provisions in Article 130 q of the European Economic Community Treaty.

(5) At current prices.

(6) Based on the classification in the 1990 preliminary draft budget. Modifications resulting from decisions by the budgetary authority on changes of classification will be implemented as a technical adjustment, according to point 9 of the Interinstitutional Agreement.