

Budget contributions, EU expenditure, budgetary balances and relative prosperity of the Member States

The purpose of this note is to contribute to the current Agenda 2000 discussion by examining and analysing some important data relating to the budgetary relationships between the EU and its Member States. The note is organised around five themes: section one recalls the context in which the Agenda 2000 proposals have been formulated; section two reviews and discusses recent trends in Member States' contribution to the EU budget; section three reviews trends in EU expenditure and discusses some implications of enlargement for budgetary balances; section four reviews some methodological questions concerning the measurement and meaning of the budgetary balance concept; and section five discusses trends in the Member States' contributive capacity and in their relative prosperity in recent years.

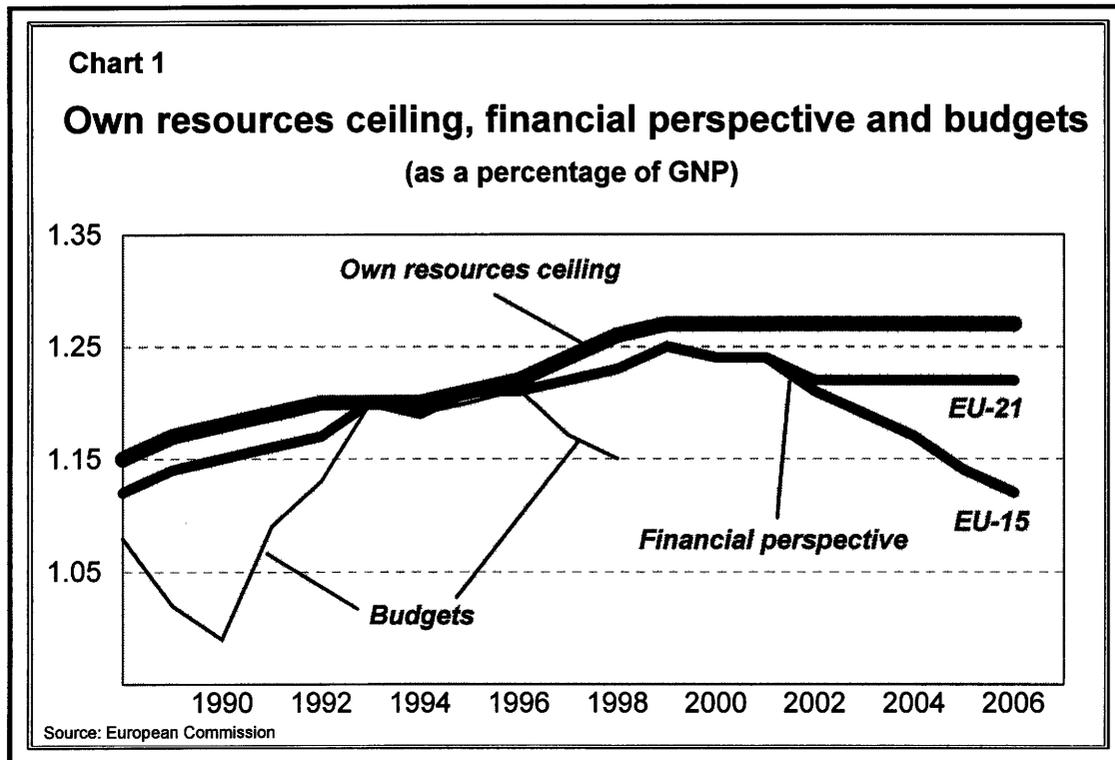
1. The context of the Agenda 2000 proposals

In Edinburgh, the European Council decided a significant increase in the own resources ceiling: from 1.20 per cent of the Union's GNP to 1.27 per cent. This decision was taken because of the need to strengthen the cohesion effort in the perspective of EMU and as a result of the desire to contribute more effectively to the transition taking place in Central and Eastern Europe. At the time enlargement towards these countries was not yet seen as a realistic short term prospect.

However, over the years 1993-1996, the Union has spent significantly less (almost 30 billion Ecus over the four year period) than the payments appropriations voted in the budgets. This was essentially due to favourable world agricultural prices trends and some underspending in structural operations linked to the transition to a new programming period. More recently, a deliberate political effort to curb spending has resulted in very low increases in budgetary appropriations

The Agenda 2000 proposals are based on a much tighter control of EU spending. Whereas agricultural expenditure is expected to continue to be constrained by the so-called "agricultural guideline" (74 per cent of the nominal increase in GNP), other categories of expenditure will increase much more modestly. If the Agenda 2000 proposals are implemented, EU spending would not exceed 1.22 per cent of GNP in 2006, with spending in the original 15 Member States being kept at 1.10 per cent (see chart 1). The Edinburgh decisions resulted in a Financial Perspective allowing an increase in commitment appropriations of 31.6 per cent¹ in real terms between 1992 and 1999. Agenda 2000, proposes a real increase in the same type of appropriations of 17.1 per cent between over the same time span (between 1999 and 2006) and including a first

¹ Including the effects of enlargement to Austria, Finland and Sweden.



wave of accessions half way through the period (excluding enlargement commitment appropriations increase by only 3.5 per cent in real terms between 1999 and 2006).

2. Trends in Member States' contributions

Apart from “traditional own resources” (TOR), i.e. customs and agricultural duties and sugar levies, the Union’s budget is financed through transfers based essentially on the amount of consumption taking place in each Member State (the VAT resource) and the total amount of income at its disposal (the GNP resource). These transfers are calculated applying a given percentage, identical for all Member States, to the VAT harmonised base and to GNP expressed in national currencies. The resulting contributions are also denominated in national currencies.

2.1 *Following the reforms of 1988 and 1992 the contributions of the Member States have become more “equitable” ...*

The VAT resource, however, by being a consumption tax, results in contributions which are regressive both for taxpayers and for Member States. Moreover, as table 3 shows, there are systematic deviations between VAT and GNP payments in some Member States, reflecting underlying structural differences or there may be temporary deviations, resulting from cyclical developments (e.g. the increase in the VAT base of Germany in 1992-94).

In order to ensure that contributions are more “equitable” (more correlated to income, i. e. GNP), the reform of 1988, instead of increasing the resources put at the disposal of the EU through an increase in the VAT rate, introduced a fourth resource based on GNP.

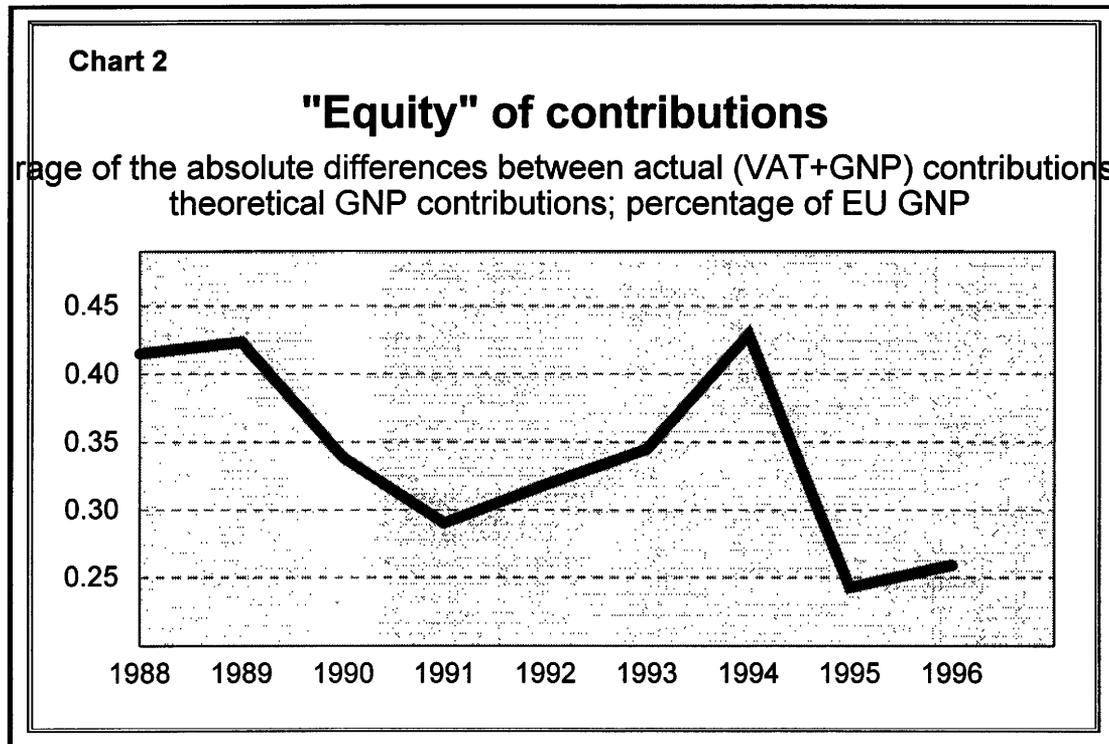
The reform of 1992 went much further since it deliberately reduced the relative weight of the VAT resource through a progressive reduction of the maximum rate that could be called (from 1.4 per cent in 1994 to 1.0 in 1999) and the introduction of a system of upper limits to the harmonised VAT base of each Member State which will eventually limit it to no more than 50 per cent of a country’s GNP².

Table 1									
The composition of EU own resources									
(in per cent of the total, accrual basis)									
	1988	1989	1990	1991	1992	1993	1994	1995	1996
TOR	27.6	29.2	29.9	26.8	24.3	21.3	19.7	20.9	19.7
VAT	58.9	64.0	70.1	59.0	61.0	53.2	53.2	54.8	50.5
GNP	13.5	6.8	0.0	14.2	14.7	25.5	27.1	24.3	29.8
Source: Commission services									

The effects that these reforms have produced until now are shown by the data of table 1. It is clear that whereas the relative weight of the VAT resource had declined only modestly until 1995, significant reductions took place in 1996 and in 1997. In the current year, the relative weight of the VAT resource has declined to less than 50 per cent of total resources. Further significant reductions are expected in 1998 and 1999 as the call rate will continue to decline and the generalised system of capping is likely to affect a greater number of Member States.

The progressive reduction in the weight of the VAT resource has increased the overall consistency between Member States contributions (excluding TOR) and their GNP, thus increasing the “equity” of the system (see chart 2 and table 3). In some countries, however, the reduction in the relative weight of the VAT resource has not been sufficiently large to completely offset an increase in the ratio of the VAT base to GNP. This is particularly evident in the case of Germany where the VAT base increased significantly in 1992-94 as economic growth was largely driven by private consumption and was simultaneously accompanied by significant growth in imports. In 1995 and 1996, however, this trend was reversed and the German VAT base has remained practically constant whereas the VAT contribution actually declined in line with the reductions in the rate of call. If in the years ahead, cyclical developments were to

² The VAT base was immediately limited to 50 per cent of GNP for Ireland, Spain, Portugal and Greece, whereas those of the other countries were capped at 54 per cent in 1995 descending progressively to 50 per cent in 1999.



increase again the VAT base of Germany relative to GNP, this would not have again such an effect over the VAT payments of this country, since the capping system would apply.

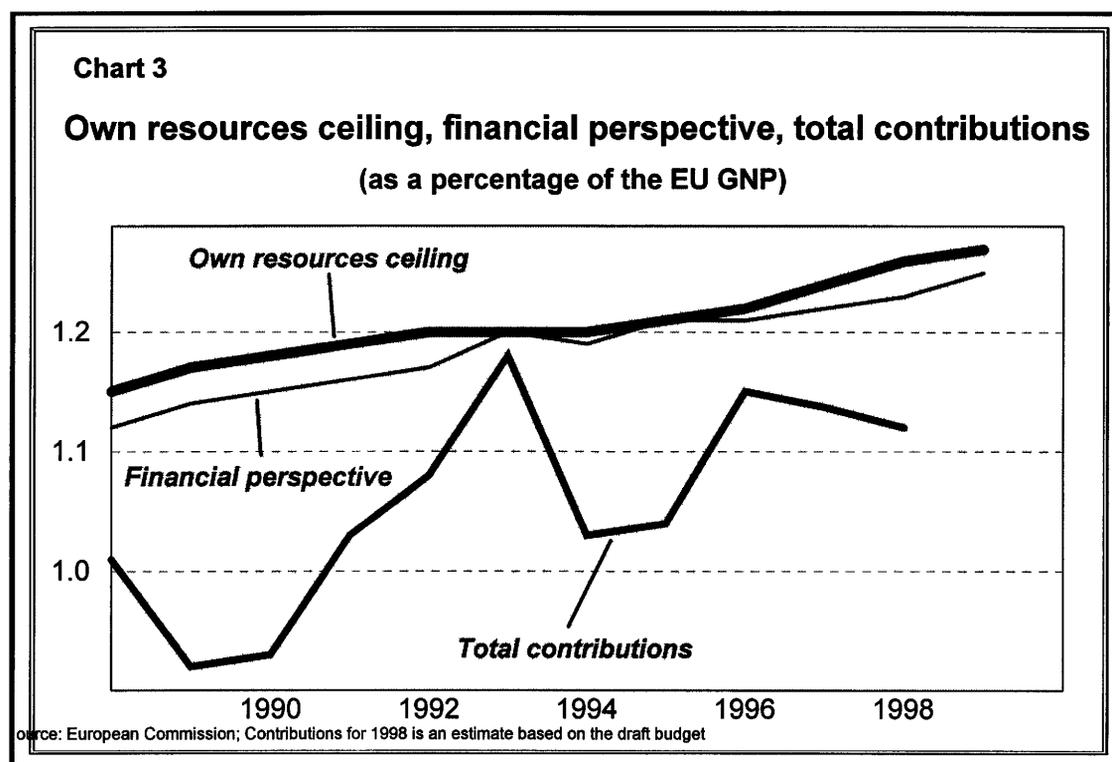
Had EU spending increased as much as allowed by the Financial Perspective, the trend towards greater alignment of contributions with GNP shares would have been even more pronounced as all additional spending would have been financed through the GNP resource. By 1999, it is expected that the GNP resource will be by far the most important one with a weight of well over 50 per cent against about 30 per cent for VAT.

The relative weight of traditional own resources (TOR) has also declined significantly (from 28.7 per cent in 1989 to about 18 per cent in 1997. In absolute terms TOR have remained broadly stable since 1990, fluctuating between Ecu 12 and 14 billion.

2.2 And, after a significant increase between 1990 and 1996, are now increasing more slowly.

After a two year period of small increases in 1989 and 1990, due to lower financial needs arising from a significant underspending in agriculture (a period of very favourable world prices), Member States contributions³ increased strongly in 1991 and

³ In this paragraph (and in chart 3), total contributions are taken as equal to total payments; they therefore correspond to the effective withdrawals made by the Commission from its accounts with the national treasuries. This aggregate allows a more meaningful time series analysis since it is not affected by the utilisation of the surpluses from previous years.



1992 as the trend in agricultural markets was reversed. 1993-1996 saw again rapid increases, often two-digits, as the Edinburgh decisions on the increase in structural spending were implemented. During this period contributions reached almost the maximum allowed by the own resources ceiling. This trend was interrupted in 1997 following the decision by the European Institutions to accompany the budgetary consolidation efforts carried out in the Member States. In 1998, spending is expected to continue to increase moderately, thus leaving a substantial margin under both the Financial Perspective and the Own Resources ceiling (see chart 3).

2.3 The individual contributions of each Member State have increased above or below the general trend depending on the changes in their rate of growth.

Different rates of economic growth in nominal terms can increase or reduce substantially deviations from the general trend of total contributions. Given that each country pays the same percentage of its VAT base or its GNP, the contributions of a country whose economy grows faster than the rest will also increase faster whereas the contrary will take place when relative economic growth slows down.

Moreover, exchange rate fluctuations exert a significant influence on changes in contributions when these are expressed in a common currency (e.g. Ecus) even if they remain unaffected when denominated in national currencies.

The trend in actual contributions on a cash basis is further affected by the budgetary procedure according to which the initial estimates entered into the budget of a given year be updated the following year on the basis of the outturn for VAT and GNP. This procedure often leads to an amplification of the swings resulting from the economic cycle. A country whose rate of growth is strong over a number of years will see its contributions rising in line with the expansion of its economy, but will also pay a complement on the contribution of the previous years if, as it is likely during an upswing, its GNP and VAT base had been initially underestimated. The contrary will happen during a protracted period of weak and decelerating growth.

The combined effect of these factors is sometimes to cause considerable fluctuations in Member States contributions expressed in Ecus. For instance, the German contribution to the Community budget in Ecu increased by about 20 per cent a year on average between 1990 and 1994 whereas it practically stagnated between 1994 and 1996. Italy's payments to the EU budget in Ecu declined by 24 per cent in 1994, declined again by 17 per cent in 1995 and increased by 40 per cent in 1996. These data are to be appreciated against average increases in overall contributions of about 12 per cent a year between 1990 and 1994 and of almost 6.5 per cent a year between 1994 and 1997.

The contributions of the Member States to the EU budget are roughly proportional to their GNP and they ought therefore to be seen as broadly "fair".

3. Trends in EU expenditure in Member States

EU expenditure reflects policy priorities in the following areas :

- i) the ***Structural Operations*** which is explicitly redistributive between countries and should therefore result in very large differences between the relative size of each Member State's economy (and therefore its share in the financing of the EU budget) and its share in this type of expenditure; and
- ii) the ***Common Agricultural Policy*** which is redistributive between sectors of the economy and produces a distribution of budgetary spending among countries which depends on the choices made by the Union in this sector and bears little resemblance with the financing shares (see table 5).

In 1996, structural spending represented 32 per cent of total spending and the CAP represented 51 per cent. The so called "internal policies" (research and development, energy, transport, education, etc.) represented 6 per cent, external and administrative expenditure represented about 5 per cent each.

Give the predominance of the two main categories of expenditure, EU spending is distributed very unevenly across Member States and this naturally influences budgetary positions. The uneven distribution of spending is the implicit result of deliberate policy decisions.

In coming years, EU spending, and its distribution among Member States, will be significantly affected by enlargement. Given that the applicant countries all have low levels of relative prosperity, they should be expected to be large beneficiaries of spending under the Structural Funds. At the same time, the proposed reform of structural actions will lead to a greater concentration of interventions which may affect the distribution of spending among the current 15 Member States.

Table 2															
Member States' shares in EU financing and in spending under the CAP and structural operations															
(1996, percentage shares in the EU total, cash figures)															
	B	DK	D	G R	E	F	IR L	I	L	NL	A	P	FI N	S	UK
Financing															
Total	3.9	1.9	29. 2	1.6	6.4	17. 5	1.0	12. 7	0.2	6.2	2.6	1.2	1.4	2.8	11. 6
of which VAT/GNP	3.1	1.9	30. 0	1.7	6.8	18. 9	0.8	13. 8	0.2	4.9	2.8	1.3	1.4	2.8	9.6
TOR	7.3	2.0	25. 8	1.1	4.6	11. 4	1.5	7.7	0.1	11. 9	1.9	1.0	1.1	2.8	19. 9
Spending															
Total (1)	3.1	2.3	14. 8	7.6	15. 6	17. 7	4.4	11. 4	0.2	3.0	2.4	5.4	1.5	1.9	8.8
of which CAP	2.9	3.5	15. 5	7.2	10. 4	24. 5	4.4	10. 8	0.1	3.9	3.1	1.7	1.7	1.6	8.9
Structural	1.8	0.4	14. 0	9.1	25. 8	8.0	4.9	12. 4	0.1	1.1	1.1	12. 0	0.6	0.5	8.0
(1) Total operational expenditure. See also Table 7															

Less significant on the distribution of spending among Member States will be the effects of the CAP reforms which has been proposed by the Commission in its Agenda 2000 communication, but which is independent of enlargement.

Current EU spending is shaped by the decisions taken in 1992 (increase in structural spending and CAP reform). Over the period covered by Agenda 2000, expenditure will be modified by enlargement and the proposed reforms of the Community policies. Current and prospective EU budgetary imbalances of the Member States are the result of the explicit political choices made when determining the most important Community policies.

4. Problems with measuring and interpreting budgetary balances

Budgetary balances, i. e. the difference between budget contributions and budget expenditure received by each Member States, while appealing in their simplicity either invariably misrepresent or are inadequate measures of the benefits from membership in the EU.

Budgetary flows do not capture all the benefits from membership in the EU. EU membership, which gives rise to financial and non-financial advantages as well as obligations, has a non-budgetary dimension the importance of which dwarfs the budgetary one. For example, the benefits from the pursuit of common objectives, such as trade liberalisation and European economic integration, cannot be evaluated in terms of budgetary flows alone. Moreover, flows from the EU budget invariably benefit not only recipients but other Member States in the form of return flows; typical examples are structural funds and external expenditure, where the implementation of projects often gives rise to purchases of goods and services from other Member States.

Conventionally measured budgetary balances fail to adequately represent the benefits of EU membership for at least three reasons:

- *first*, recorded budgetary flows fail to account for positive externalities arising from EU policies; for example, CAP, structural operations and external expenditure benefit not only the immediate recipients but also give rise to spill-over effects transcending national borders;
- *secondly*, there are often difficulties associated with the identification of the ultimate beneficiaries of EU expenditure policies; for example, CAP expenditure on export restitution may be recorded as allocated to the member state from which goods are exported when in fact the ultimate beneficiaries are the producers in other member states; another example can be derived from research expenditure where multinational consortia ask for EU payments to be made to one member of the consortium or to a bank account opened in Belgium or Luxembourg;
- and, *thirdly*, EU budget expenditure is heterogeneous and comparisons of total amounts received are often meaningless in appreciating the “benefit” resulting from such payments. Transfers under the structural operations increase the resources available in recipient countries by the exact amount of the recorded payment (although significant spillovers may result from the ultimate spending of these moneys); on the other hand, payments made for the purchase of goods and services (a large part of administrative expenditure) increase the resources available in the recipient country only for a part of their total amount (the value added generated in the country). Between these two extremes lie different categories of expenditure with different degrees of “benefit” for the recipient that make it difficult to either exclude some items of expenditure or to regroup them in meaningful categories.

Moreover, important definitional problems undermine the reliability of simple measures of budgetary balances:

- *first*, depending on which contributions (traditional own resources, traditional own resources redistributed among Member States according to a conventional key, total own resources) are included in the calculation it is certain to arrive at different estimates of the balance;
- *secondly*, in a similar manner, EU expenditure can be defined to include or exclude such items as administrative expenditure, external expenditure conventionally reapportioned by Member State etc.;
- *thirdly*, since an important fraction of total expenditure cannot be accurately or completely identified (either because it is external expenditure, or because the ultimate beneficiary cannot be established, as mentioned previously) the sum of balances of the Member States will not sum to zero; adjusting them to sum to zero or not, the resulting budgetary balances are inaccurate measures of Member States' transactions through the EU budget; and,
- *finally*, while it is possible to use either cash or accruals data, the resulting budgetary balances will be distorted by carry-over surpluses or deficits which play an important role in determining current-year contributions.

The compensation paid to the United Kingdom offers an example of the choices that must be made when choosing any definition and of the questionable character of many the assumptions that must be made. The principle of the compensation is that the United Kingdom receives a rebate equal to two thirds of its negative budgetary balance calculated in the following way: the difference between the share of the United Kingdom in the VAT and GNP contribution and the share of this country in "allocated expenditure" is multiplied by the total of operational expenditure.

This definition makes many implicit assumptions. The exclusion of traditional own resources is equivalent to assuming that their economic cost is distributed among Member States in proportion to their combined VAT and GNP contributions. On the expenditure side, the concept of "allocated expenditure" excludes from the calculation expenditure made outside the territory of the Union and some minor items which are either conceptually impossible to allocate or that would require too great an administrative effort. On the other hand, "allocated expenditure" includes administrative expenditure.

There is no single definition of budgetary balance. This ambiguity inevitably makes possible the design of various methods of approximating the budgetary benefits from membership in the EU, and the choice of particular method often reflects the desire to highlight a particular point of view or to defend a specific issue.

5. Trends in relative prosperity in the EU in recent years

In recent discussions of budgetary balances, attention has been drawn to the relative prosperity of Member States and references have been made to the conclusions of the European Council meeting in Fontainebleau which link the possibility of granting a budgetary correction to a Member State experiencing a severe imbalance in relation to its relative prosperity⁴. In this context some confusion has appeared between the two distinct concepts of *relative prosperity* and *contributive capacity*.

The first concept (*relative prosperity*) aims at determining how well off are the citizens of a country, (or of a region) compared to the EU average. This comparison requires that : i) each individual Member State's *actual* per capita average income be converted into a common numeraire to ensure comparability and ii) on the assumption that the income is spent in the home country or region, that incomes be adjusted for the differences in the price levels. This result is achieved by converting nominal income data into real income data in a common numeraire using Purchasing Power Parities (PPP). The resulting data in Purchasing Power Standards (PPS) allow comparisons of the domestic prosperity of the average citizens of a country or of a region relative to the EU average. Such data are relevant, for example, when choosing the regions which qualify for regional aid or when assessing the relative prosperity of a country in the context, for instance, of the application of the Fontainebleau conclusions.

The second concept (*contributive capacity*) can be used to determine the capacity of citizens or of countries to pay for a given expenditure. The cost of financing an action (an infrastructure project, a seminar, etc.) in a given place, or of making a specific purchase of goods and services, is the same for all financiers or buyers. In the domestic currency of each buyer or financier, however, the cost will depend on the current level of the exchange rate, since the current exchange rate constitutes the terms in which one country's income purchases international goods and services, including EU budget contributions. Exchange rate fluctuations against the currency in which the purchase is made or the action financed affect significantly their domestic-currency cost. The best way to assess the capacity of a country to pay in an international context, or the capacity to contribute to the EU budget, is by using actual nominal GNP data converted in a common currency (e.g. Ecus) using current exchange rates. Whereas the relative prosperity is best assessed comparing GNP per capita (converted in a common numeraire at PPP), the contributive capacity of a country depends on its total GNP.

Over the last decade, substantial changes in the relative position of various Member States according to both these concepts have taken place (e. g. Finland, Sweden, Germany, Ireland, Belgium, Denmark; see tables 5 and 6).

⁴ "However, it has been decided that any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time".

The concept of “relative prosperity” measures how well off average citizens are when they spend their income in their country or region. This is best assessed by PPP comparisons and should be used when identifying the regions eligible for aid or when assessing the relative prosperity of a country. When assessing the ability to contribute to the EU budget, the relevant concept is the “contributive capacity” which is properly measured by nominal GNP data converted in a common currency using current exchange rates.

Table 3															
Effects of the reduction in the relative weight of the VAT resource on the "equity" of contributions															
a) Differences between Member States' shares in VAT payments and in Community GNP (negative figures indicate lower VAT shares, positive figures higher VAT shares)															
	B	DK	D	G R	E	F	IR L	I	L	NL	A	P	FI N	S	UK
1988	- 0.15	- 0.27	- 0.34	- 0.04	0.7 9	1.15	0.0 7	- 2.18	0.0 2	0.0 4	--	- 0.98	--	--	1.8 9
1990	- 0.31	- 0.27	0.11	- 0.03	0.3 4	0.83	0.0 7	- 2.79	0.0 2	0.1 2	--	0.1 2	--	--	1.7 7
1992	- 0.30	- 0.20	1.13	0.0 6	0.6 7	0.15	0.0 9	- 2.61	0.0 3	0.0 0	--	0.1 7	--	--	0.8 1
1994	- 0.42	- 0.28	2.62	- 0.03	0.2 2	0.09	0.0 9	- 3.23	0.0 3	- 0.17	--	0.1 7	--	--	0.9 1
1996	- 0.45	- 0.20	1.94	0.0 9	0.0 3	- 0.02	0.0 5	- 2.84	0.0 3	0.2 3	0.1 1	0.0 9	- 0.09	- 0.15	1.1 7
b) VAT payments to the EU budget as a percentage of EU GNP and as a percentage of total own resources															
	1989	1990	1991	1992	1993	1994	1995	1996	1997						
% of EU GNP	0.63	0.60	0.59	0.61	0.59	0.62	0.59	0.52	0.50						
% of Resources	64.0	70.1	59.0	61.0	53.2	53.2	54.8	50.5	---						
c) Differences between Member States' shares in VAT and GNP payments and in Community GNP (negative figures indicate lower payments shares, positive figures higher payments shares)															
	B	DK	D	G R	E	F	IR L	I	L	NL	A	P	FI N	S	UK
1988	- 0.12	- 0.22	- 0.28	- 0.03	0.6 5	0.94	0.0 6	- 1.77	0.0 2	0.0 3	--	- 0.80	--	--	1.53
1990	- 0.31	- 0.27	0.11	- 0.03	0.3 4	0.83	0.0 7	- 2.79	0.0 2	0.1 2	--	0.1 2	--	--	1.77

1992	- 0.2 4	- 0.1 6	0.91	0.0 5	0.5 4	0.12	0.0 7	- 2.10	0.0 2	0.0 0	--	0.1 4	--	--	0.65
1994	- 0.2 8	- 0.1 9	1.74	- 0.0 2	0.1 5	0.06	0.0 6	- 2.14	0.0 2	- 0.1 1	--	0.1 1	--	--	0.60
1996	- 0.2 8	- 0.1 2	1.22	0.0 6	0.0 2	- 0.01	0.0 3	- 1.79	0.0 2	0.1 5	0.0 7	0.0 6	- 0.0 6	- 0.1 0	0.74
VAT and GNP payments on an accrual basis before UK correction. Source: Commission services															

Table 4															
Member States' shares in payments of TOR and Community GNP															
(1996)															
	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
TOR	7.3	2.0	25.8	1.1	4.6	11.4	1.5	7.7	0.1	11.9	1.9	1.0	1.1	2.8	19.9
GNP	3.1	2.0	27.4	1.5	6.9	18.1	0.7	14.1	0.2	4.6	2.6	1.2	1.4	2.8	13.5

Table 5														
Gross national product at current market prices per head of population														
(until 1990: EUR-15 excluding East Germany = 100; from 1991: EUR-15 including new Länder = 100)														
ECU														
	1980	1982	1984	1986	1988	1990	1991	1992	1993	1994	1995	1996	1997	
B	121.3	103.8	101.0	104.0	102.9	104.0	106.0	108.6	115.3	118.0	121.6	117.2	112.3	
DK	126.1	124.6	131.1	139.7	134.9	127.8	124.3	125.8	132.7	135.0	140.4	138.8	136.7	
D	131.9	126.5	129.9	132.4	129.2	127.3	114.7	119.6	126.9	127.7	131.0	124.7	118.9	
GR	52.1	58.4	53.5	43.1	42.6	44.0	46.7	46.6	48.7	48.8	49.8	52.3	53.9	
E	55.8	55.5	52.3	53.7	58.3	66.7	71.4	71.6	65.8	62.1	63.4	65.2	62.5	
F	123.8	120.6	115.7	118.9	113.2	111.4	110.5	111.2	115.7	116.2	117.3	115.6	111.4	
IRL	57.7	64.2	61.9	61.4	58.0	61.3	62.7	64.1	64.7	67.0	68.8	73.3	80.9	
I	79.8	83.8	92.7	95.8	97.1	101.1	105.4	102.4	91.5	88.8	83.2	91.4	92.2	
L	157.8	163.1	171.4	179.4	173.3	184.0	192.4	191.7	197.6	199.7	202.4	195.7	186.2	
NL	120.9	115.8	112.0	111.1	102.9	100.7	101.5	102.8	110.1	111.8	114.1	111.5	107.6	
A	103.1	106.1	109.3	111.7	109.5	109.2	110.1	112.8	120.7	121.7	124.2	119.2	113.6	
P	28.5	29.9	26.2	29.6	31.5	35.8	40.4	45.3	44.9	43.7	45.0	45.4	45.6	
FIN	105.6	122.1	130.1	126.1	136.1	139.5	123.4	98.3	85.3	93.6	105.0	102.3	102.3	

S	149. 9	142. 1	144. 5	140. 9	139. 8	137. 8	141. 9	133. 9	110. 0	109. 9	110. 8	117. 8	114. 9
UK	95.2	102. 9	98.6	89.5	96.2	89.1	91.3	87.5	86.9	88.4	83.5	85.4	101. 2
EUR-15	100. 0												

Table 6													
Gross national product at current market prices per head of population													
(until 1990: EUR-15 excluding East Germany = 100; from 1991: EUR-15 including new Länder = 100)													
PPS													
	1980	1982	1984	1986	1988	1990	1991	1992	1993	1994	1995	1996	1997
B	108.5	107.9	106.8	104.1	104.7	105.3	109.3	111.9	116.7	116.7	115.7	115.7	115.7
DK	102.9	103.7	106.7	109.6	104.6	100.6	104.7	102.6	109.1	111.1	113.3	114.5	115.2
D	117.8	116.4	119.0	118.2	116.1	117.8	107.4	109.5	109.0	110.4	110.5	109.6	109.4
GR	66.6	65.2	62.8	61.4	59.9	59.3	62.3	63.3	66.1	66.6	67.3	67.8	68.1
E	70.0	69.7	69.0	69.5	72.1	74.2	78.9	76.9	77.7	75.1	76.3	76.6	77.1
F	112.9	115.3	111.7	110.1	109.5	109.7	113.2	111.1	108.9	107.4	107.4	107.3	107.1
IRL	62.3	62.3	59.6	58.0	58.6	64.3	69.0	71.6	73.4	77.4	80.1	85.3	89.0
I	102.1	101.9	101.9	102.4	102.9	101.9	105.6	104.9	102.4	103.1	103.7	103.1	102.2
L	146.7	168.7	173.5	181.5	176.7	185.2	196.7	192.0	188.2	184.0	182.1	179.3	179.5
NL	105.1	102.3	102.7	102.7	98.4	101.3	102.7	102.5	104.6	105.6	107.1	108.9	109.6
A	104.9	106.5	106.1	105.2	103.5	105.8	108.9	109.1	112.3	112.2	110.8	110.1	109.3
P	53.6	53.1	49.4	52.3	55.7	58.9	62.8	64.1	67.5	68.0	67.8	68.3	69.2
FIN	94.9	98.3	99.1	99.1	101.3	99.9	90.6	83.1	86.3	87.5	93.2	95.4	97.7
S	110.9	110.3	111.8	111.0	109.1	104.5	102.0	96.4	95.2	95.1	97.0	96.4	96.5
UK	97.0	97.4	99.6	101.5	103.5	99.5	96.3	98.1	99.2	98.8	96.0	96.5	96.8
EUR-15	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 7

Allocation of operating expenditure by sector and by Member State

(Year 1996 - in million Ecus)

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	TOTAL
1. Agriculture	152.8	358.4	050.3	801.6	054.6	572.3	700.0	231.3	20.0	536.2	214.1	646.0	649.2	624.1	470.0	39 080.9
2. Struct. Operations	437.0	103.7	423.9	221.9	304.8	958.7	189.3	037.1	15.2	262.4	270.6	941.3	155.9	132.7	963.9	24 418.4
of which:																
EAGGF guidance section	66.2	26.2	720.9	293.8	945.3	442.3	266.9	339.2	5.2	24.2	98.2	349.4	57.4	43.2	102.9	3 781.3
Regional Fund	70.4	3.2	455.4	1.343.	2	637.1	366.0	2	0.4	42.2	24.6	1	25.4	11.7	784.6	10 610.1
Social Fund	129.2	53.4	869.8	120.4	1.789.	650.7	306.0	332.2	3.9	177.5	93.9	538.2	34.4	23.3	913.4	6 035.9
Cohesion Fund	0.0	0.0	0.00	245.0	1.112.	0.0	189.3	0.0	0.0	0.0	0.0	325.1	0.0	0.0	0.0	1 872.2
Other Struct. Actions	171.2	20.9	377.9	219.5	336.3	228.6	61.1	234.6	5.6	18.5	53.8	134.9	38.7	54.4	162.9	2 118.8
3. Internal Policies	506.	122.	614.	152.	275.	579.	96.8	496.	84.2	265.	58.7	102.	69.8	107.	606.	4 139.0
of which:																
training youth and other soc. actions	120.	14.2	76.7	40.1	48.9	84.8	26.2	69.7	8.0	36.8	13.2	26.1	12.6	15.3	78.2	671.1
energy	14.7	20.4	15.2	10.8	15.5	22.3	4.6	12.8	2.2	8.2	3.2	6.0	3.6	4.8	20.8	165.2
industry	74.6	16.6	59.5	23.9	38.0	58.2	5.8	36.2	55.7	32.5	8.8	23.8	9.5	11.7	58.0	512.8
research	285.	68.8	444.	67.2	149.	394.	42.8	359.	17.9	176.	31.3	35.7	42.1	72.7	423.	612.2
others	10.9	2.7	18.5	10.0	24.0	19.7	17.5	18.0	0.4	11.4	2.2	11.3	2.1	3.3	25.7	177.7
4. Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	106.	0.0	163.	432.	0.0	701.0

TOTAL	2	1	10	5	10	12	2	7	119.4	2	1	3	1	1	6	68 339.4
	096.2	584.7	088.4	175.5	634.9	110.4	986.2	764.7		064.2	649.4	690.2	037.9	296.7	040.6	

(1) Export refunds are allocated to the Member State from which the goods leave the Union. This convention might overestimate payments to Member States with major ports like Belgium and the Netherlands to the extent that the recipient of the refund is not a local trader.

(2) Belgium and Luxembourg benefit from the large number of multinational consultancies or ad-hoc companies based in these countries. Payments made by the Commission to these companies may ultimately be paid to subsidiaries or parent companies located outside Belgium and Luxembourg. It is extremely difficult to identify where the final beneficiary of these payments is located.

(3) Except where more up-to-date information is available, multi-partner research contracts are allocated to the country where the leader contractor is located.