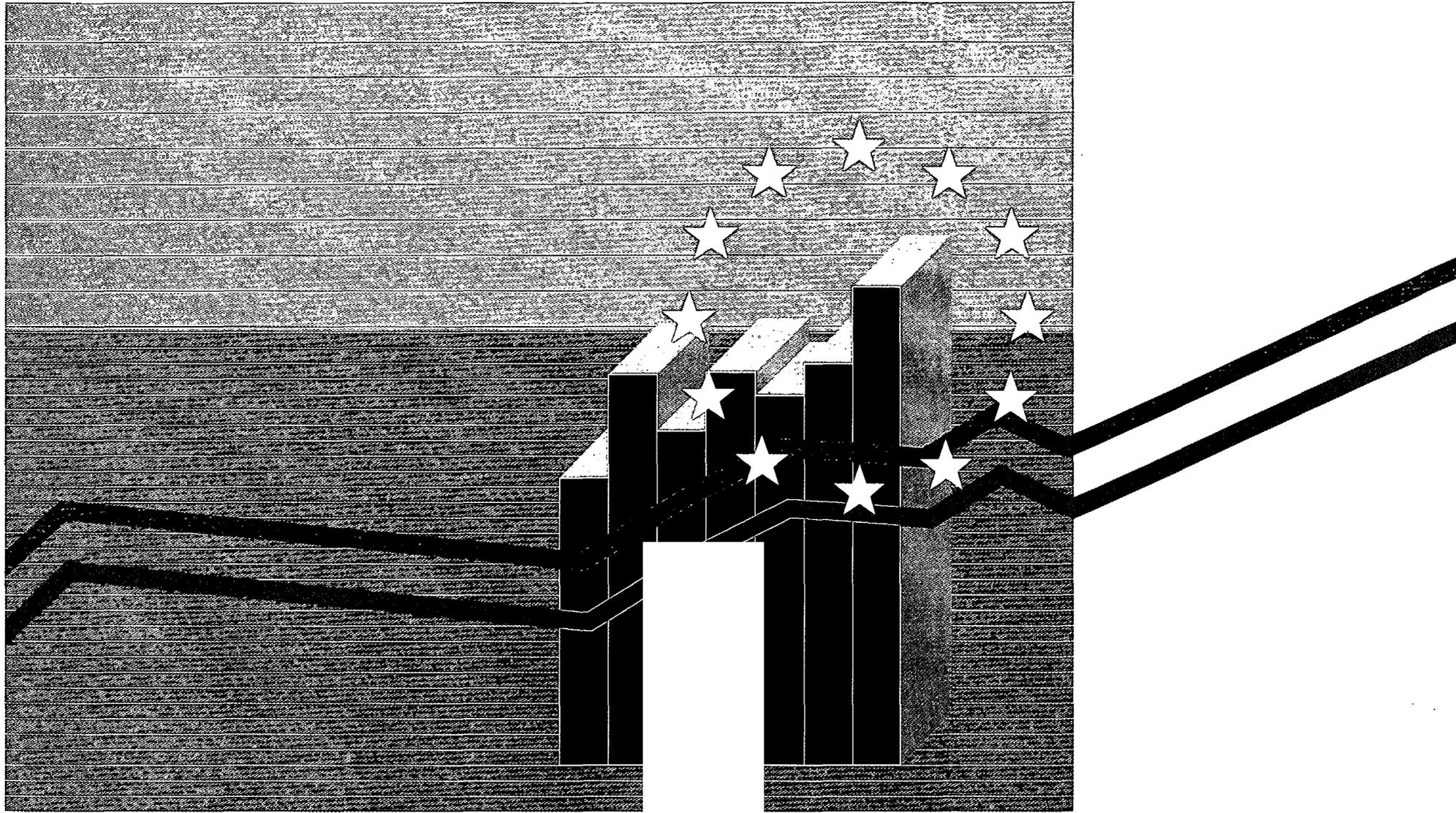


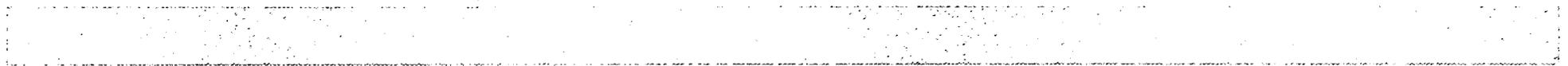


THE COMMUNITY BUDGET: THE FACTS IN FIGURES



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Foreword

The changes made to the previous edition were welcomed, but also led to a number of comments which the 1993 edition attempts to follow up.

Further details have been provided whenever considered necessary. The presentation has also been revised to make it easier for the reader to switch between text and statistics : every subject dealt with is now systematically accompanied by references to the tables and charts which illustrate or complement the text.

The design of several of the tables and charts has been revised to make them more precise and more attractive.

Finally, as some readers asked for more specific information in the 1993 edition, new statistical series have been added.

It is hoped that the new edition, improved in line with readers' comments, will be more in keeping with what is required. Further suggestions or criticisms are welcome so that the 1994 edition will be even better!

Introduction

The Community's public finances are based on principles set out in 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 12,
 - 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 43.

As stated on page 17, 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 and 5.

All the information in this edition is set out chronologically. 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 1994) 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) adopted by the Edinburgh summit, Part IV gives a detailed description of the budget adopted for 1993 and, finally, Part V describes the preliminary draft budget for 1994. An introductory chapter lists a number of concepts which should help readers and a glossary at the end of the volume gives the meanings of the abbreviations and acronyms used.

Some important concepts

DEFINITIONS

The Community budget complies with the principle of annuality, meaning 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.

Differentiated appropriations

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.

Non-differentiated appropriations

Unlike the differentiated appropriations, these 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.

Token entries and indents

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 for expenditure and payment procedures 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 the 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.

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.

The Presidents of the three institutions hold a trialogue 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.

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 is a frequent source of conflict between the two arms of the budgetary authority.

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.

— *Adoption 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, adopts, before 31 July, the draft budget, which it sends to Parliament in the first half of September.

— *First reading by Parliament*

Under Article 203 of the Treaty Parliament must receive the draft budget by no later than 5 October.

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.

The official time limit for the transmission of the amended draft to the Council is 19 November.

— *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, officially on 4 December, but in practice 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.

COMMUNITY EXPENDITURE

Community expenditure has considerably increased and diversified in the course of European integration (the main stages in this development are described on page 17). These days the general budget of the Communities 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, including the Economic and Social Committee (Section II), the Commission (Section III), the Court of Justice (Section IV) and the Court of Auditors (Section V).

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

Part A covers not only the institution's administrative expenditure but also some expenditure of a more general nature such as the pension payments to former staff of all the institutions, grants to outside bodies (such as the College of Europe in Bruges and non-governmental organizations pursuing humanitarian objectives and dealing with the protection of human rights) or contributions to events of Community interest (e.g. world fairs).

Part B comprises all the operating appropriations needed to implement the various Community policies. At present, Part B 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 assure the availability of supplies and to ensure that supplies reach consumers at reasonable prices. As these objectives have been largely achieved, the reform of this policy adopted in May 1992 is intended to cut surpluses, slow down the drift away from the land and preserve the environment by discouraging intensive production. As Chart 11 shows, agricultural expenditure accounted for half the Community's expenditure in 1993. Table 23 provides a detailed breakdown of EAGGF guarantee expenditure.

Subsection B2 covers structural operations, including operations under the Structural Funds (European Regional Development Fund — ERDF, European Social Fund — ESF, the EAGGF Guidance Section and, from this year onwards, the Cohesion Fund). Also included are other agricultural and regional operations, transport and fisheries. With the appropriations in this subsection, the Community supports the development of regions whose development is lagging behind, industrial areas in decline and rural areas in difficulty and the adjustment of agricultural structures. It helps to combat long-term unemployment and attempts to integrate young people into working life. This expenditure is the second main category of expenditure in the budget, accounting for 33 % of appropriations in 1993 (see Chart 11).

Subsection B3 covers expenditure on training, youth policy, culture, audiovisual media and other social operations. This subsection finances programmes designed to promote the mobility of young people, students, workers and scientists, such as Erasmus, Force and Comett, to encourage initiatives in connection with culture and the audiovisual media (development of the European cultural heritage and Media programme for example), improve social protection (measures in favour of families or the disabled, such as Helios) and draw people's attention to health problems (information on cancer, AIDS, alcohol and drugs).

Subsection B4 covers expenditure on energy, nuclear safeguards and the environment. This expenditure has two goals : to manage energy resources and preserve the environment. These are the objectives of programmes such as Thermie, Save or Life or of the Community's expenditure on the purchase and installation of control equipment in European nuclear power plants.

Subsection B5 covers expenditure on consumer protection, the internal market, industry and the trans-European networks. This expenditure reflects the Community's determination to achieve the large internal market which has been planned since its early days but which did not really get off the ground until the Single Act provided an impetus. This objective is being furthered by the harmonization of standards and laws, the spread of exchanges of information, the encouragement of trade and tourism, the establishment of Community policies on telecommunications and the transmission of information and the development of trans-European networks in the transport, energy and telecommunications sectors.

Expenditure on research and technological development is found in Subsection B6. In this sector the Community has launched framework programmes allowing it to support several projects linking research teams from all the Member States. The advantage of European cooperation in this sector is that efforts can be concentrated 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).

Subsection B7 contains all the Community's expenditure in favour of non-member countries. As Chart 15 shows, expenditure can be divided into three : some activities are broken down by geographical area — the countries of central and eastern Europe and the States of the CIS and the Mediterranean countries with which the Community has preferential relations since these regions are directly adjacent, and the countries of Asia and Latin America, for which the Community is the main trading partner and the primary donor of public development aid. The Community also devotes a considerable volume of appropriations to humanitarian aid, food aid and emergency aid. It is, for instance, the

world's second largest donor of food aid. Finally, the other cooperation measures with non-member countries largely correspond to the external aspects of certain Community policies such as support for fishing activities (through the signature of agreements authorizing fishing in other than Community waters) or environment policy, to the extent that its implications are not limited to Europe alone.

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 Community might have to finance if a country defaults on a loan which the Community has guaranteed. This subsection also contains the appropriations which cannot yet be used because no legal base for the expenditure existed when the budget was adopted but for which a legal basis is expected to be created in the course of the year.

Further details about Community expenditure in 1993 can be found on page 65 (1993 budget) and in Tables 22 to 31 and Charts 11 to 16.

COMMUNITY REVENUE

In order to finance its expenditure the Community has its own resources, which may be defined as tax revenue allocated once and for all to the Community 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.

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 will remain applicable in 1993 and 1994.

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).

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 elimination levy intended to cover over a five-year period (1987 to 1991) all the actual expenditure incurred on exports of surpluses from the 1981/82 to 1985/86 marketing years,
- an additional levy intended to offset in full the overall loss for the 1988/89 to 1990/91 marketing years not covered by the yield of the production levies.

The isoglucose production levies are similar to the 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.

4. A new category of revenue known as the fourth resource

This resource is based on GNP and is derived from the application of a rate to the GNP of each of the Member States.

It is a variable 'topping up' 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. This is why 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 accounted for a significant proportion of this item in 1988, 1989, 1990 and 1991 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 at the end of the year in line with the basis actually determined for that year.

Table 17 records the total contribution (all types of own resources) of each Member State between 1988 and 1992. For 1993, the data for each Member State are set out in the tables and charts showing each Member State's share of total financing (Chart 17), the breakdown of each Member State's contribution by type of revenue (Table 32), the proportion of each type of revenue accounted for by each Member State (Chart 18 and Table 33) and the proportion of each Member State's total contribution accounted for by each type of revenue (Table 34).

Part I

The Community budget from its beginnings

The Community budget from its beginnings

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 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.

As regards the EEC, it was not until 1975 that there were rules for borrowing and lending activities, which were expressly authorized by the Euratom Treaty from the beginning. 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.

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 10 Member State on 1 January 1981,
- Spain and Portugal acceded on 1 January 1986.

Table 1
Community expenditure from 1958 to 1994
 (Out-turn in payments)

(ECU million)

Heading	Financial year											
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
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
Euratom	3,7	8,5	5,8	6,9	54,8	84,7	100,1	120,0	129,2	129,5		
General budget												
EAGGF Guarantee								28,7	50,7	340,0	1 259,7	1 668,6
Structural Funds				8,6	11,3	4,6	7,2	4,6	22,1	81,1	58,5	70,8
of which :												
— EAGGF Guidance											34,0	51,3
— ERDF											24,5	19,5
— ESF												
Research											73,4	59,2
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
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
EDF			3,4	15,8	53,3	65,3	83,4	106,7	108,3	104,6	106,5	115,0
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

Table 1 (cont'd)
Community expenditure from 1958 to 1994
 (Out-turn in payments)

(ECU million)

Heading	Financial year												
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
ECSC	45,6	49,8	51,0	40,5	58,0	76,0	84,2	95,5	67,3	87,5	115,6	139,7	184,0
Euratom													
General budget													
EAGGF Guarantee	3 108,1	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
Structural Funds	95,4	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
of which :													
— EAGGF Guidance	58,4	61,5	53,2	10,8	37,8	76,7	112,1	113,0	325,6	286,5	314,6	539,9	650,8
— ERDF						150,0	300,0	400,0	525,0	699,0	793,4	2 406,5	2 905,4
— ESF	37,0	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
Research	63,4	64,9	76,3	70,1	110,3	115,9	127,2	180,8	266,9	267,6	364,2	311,6	437,3
External action	1,4	0,4	71,8	63,3	358,5	250,9	202,8	194,1	313,2	443,7	603,9	738,4	891,2
Administration	115,3	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
Repayments and other	1,6	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
General budget — Total	3 385,2	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
EDF	145,6	154,4	131,5	157,8	172,0	208,5	248,6	244,7	401,0	465,3	481,9	663,7	647,2
Grand total	3 576,4	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

Table 1 (cont'd)
Community expenditure from 1958 to 1994
 (Out-turn in payments)

(ECU million)

Heading	Financial year											
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 ⁽¹⁾	1994 ⁽²⁾
ECSC	207,7	255,2	267,9	298,1	308,9	277,2	229,9	288,6	314,3	412,2	475,0	464,0
Euratom												
General budget												
EAGGF Guarantee	15 785,8	18 330,4	19 727,8	22 118,1	22 950,1	27 635,2	25 844,3	27 094,2	30 960,8	31 243,2	35 052,0	37 465,0
Structural Funds	4 081,3	3 220,0	3 702,9	5 664,7	5 859,6	6 419,3	7 945,1	9 591,4	13 971,0	18 384,0	20 709,8	21 681,4
of which :												
— EAGGF Guidance	575,3	595,6	685,5	771,2	789,5	1 140,9	1 349,0	1 825,3	2 085,4	2 855,6	3 453,8	3 383,0
— ERDF	2 306,6	1 412,5	1 610,0	2 456,7	2 560,1	2 979,8	3 920,0	4 554,1	6 306,8	8 559,2	8 914,0	7 882,0
— ESF	1 199,4	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	5 416,0	5 898,0
Research	1 345,5	1 660,0	677,9	775,4	964,4	1 129,5	1 517,5	1 790,3	1 706,3	1 944,6	2 201,5	2 401,5
External action	901,3	996,5	963,8	1 057,3	809,2	768,1	1 044,3	1 430,6	2 209,6	2 064,7	2 997,3	3 393,6
Administration	1 108,2	1 212,9	1 304,8	1 533,9	1 696,9	1 915,7	2 070,7	2 353,4	2 656,4	2 751,9	3 400,9	3 579,0
Repayments and other	1 283,9	1 661,6	1 490,1	3 526,0	2 807,8	3 153,9	2 335,2	1 803,0	2 146,1	1 758,6	1 161,1	1 578,5
General budget — Total	24 506,0	27 081,4	27 867,3	34 675,4	35 088,0	41 021,7	40 757,1	44 062,9	53 650,2	58 147,0	65 522,6	70 098,9
EDF	718,8	703,0	698,0	846,7	837,9	1 196,3	1 297,1	1 256,5	1 191,3	1 941,7	1 900,0	1 880,0
Grand total	25 432,5	28 039,6	28 833,2	35 820,2	36 234,8	42 495,2	42 284,1	45 608,0	55 155,8	60 500,9	67 897,6	72 442,9

⁽¹⁾ 1993 budget.⁽²⁾ 1994 preliminary draft budget.

Chart 1
Community expenditure from 1958 to 1994 (at current prices and 1993 prices)

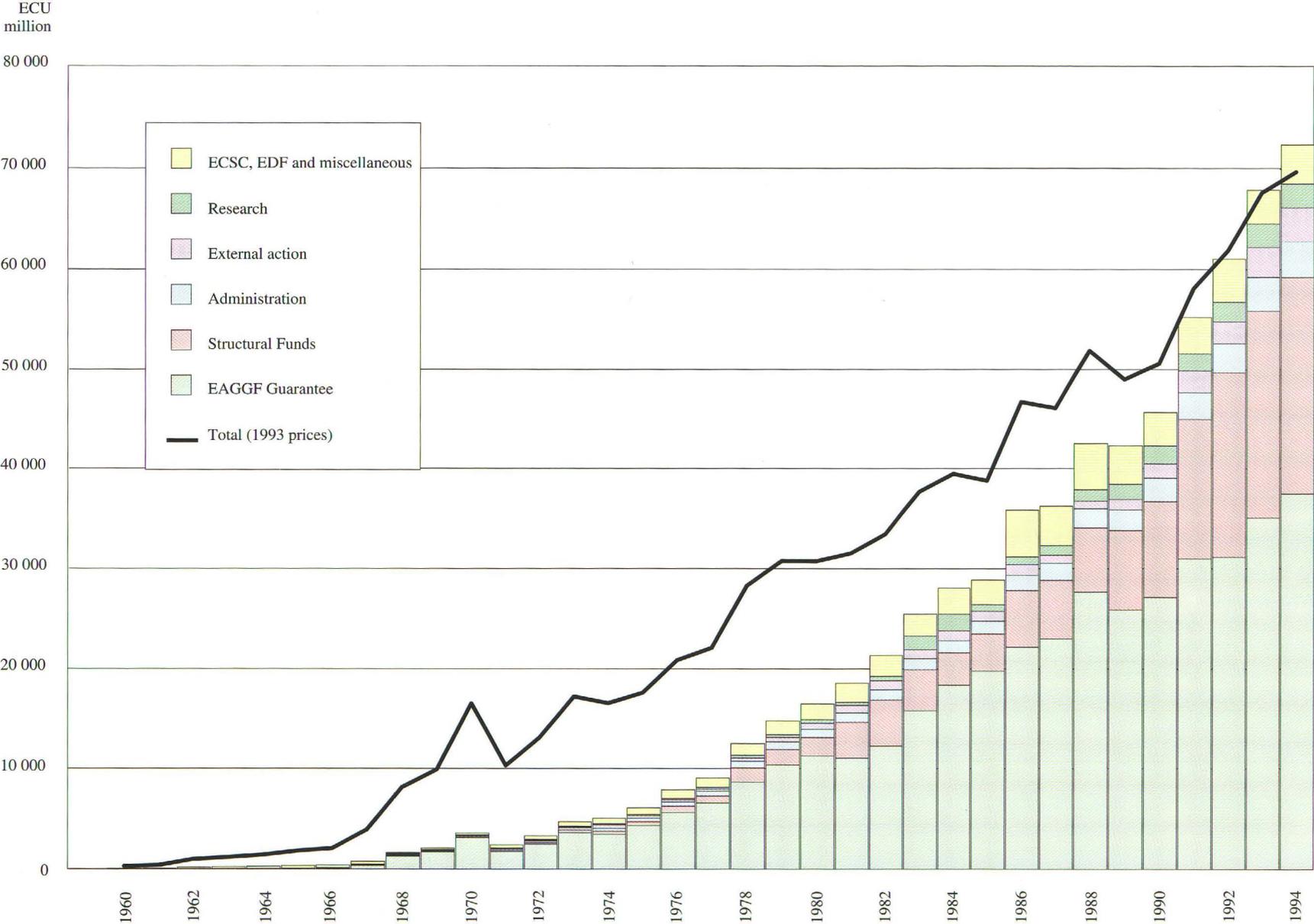


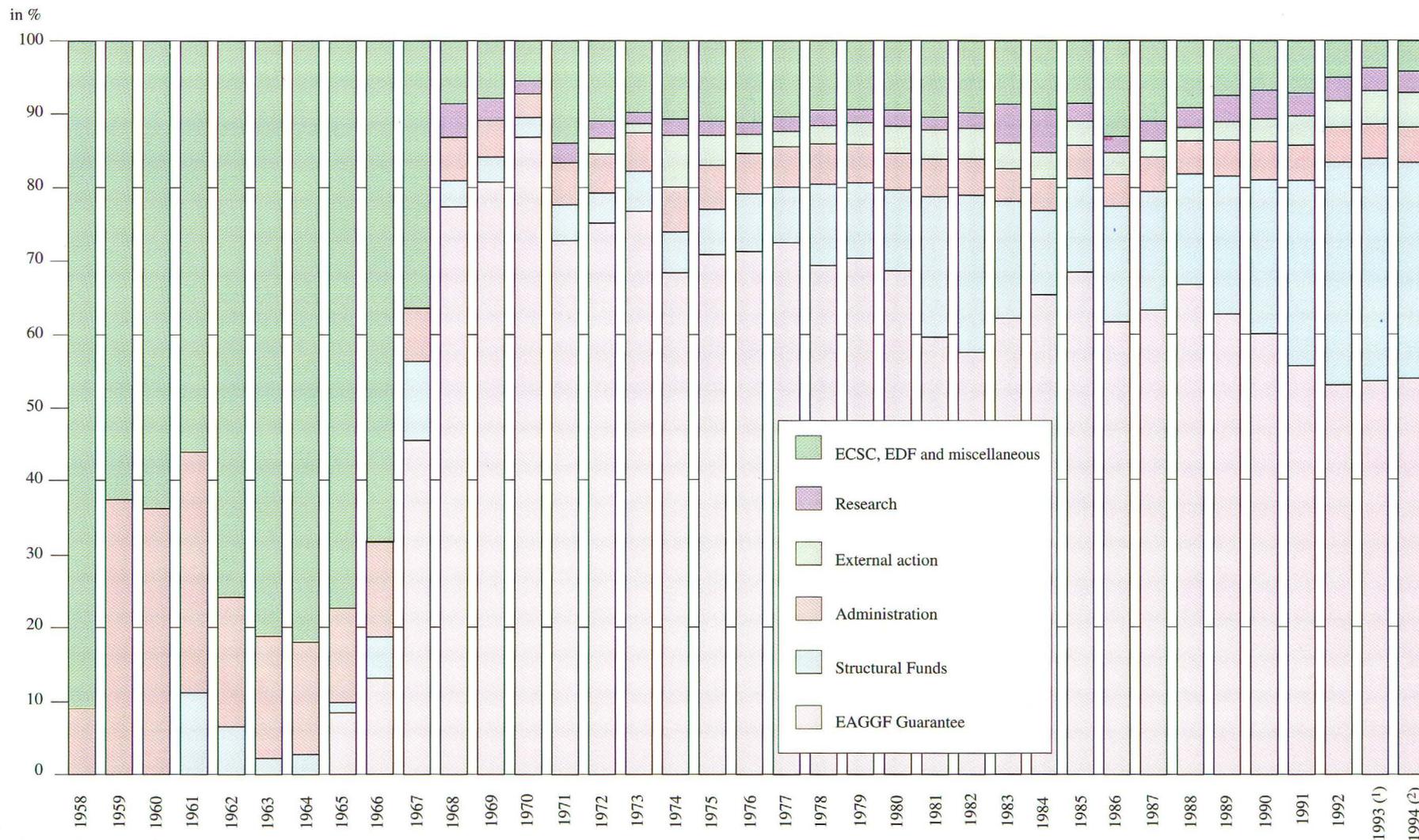
Table 2 (cont'd)
Community expenditure from 1958 to 1994
 (Out-turn in payments)

(in %)

Heading	Financial year											
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 ⁽¹⁾	1994 ⁽²⁾
ECSC	0,8	0,9	0,9	0,8	0,9	0,7	0,5	0,6	0,6	0,7	0,7	0,6
Euratom												
General budget												
EAGGF Guarantee	62,1	65,4	68,4	61,7	63,3	65,0	61,1	59,4	56,1	51,6	51,6	51,7
Structural Funds	16,0	11,5	12,8	15,8	16,2	15,1	18,8	21,0	25,3	30,4	30,5	29,9
of which :												
— EAGGF Guidance	2,3	2,1	2,4	2,2	2,2	2,7	3,2	4,0	3,8	4,7	5,1	4,7
— ERDF	9,1	5,0	5,6	6,9	7,1	7,0	9,3	10,0	11,4	14,1	13,1	10,9
— ESF	4,7	4,3	4,9	6,8	6,9	5,4	6,3	7,0	7,3	7,1	8,0	8,1
Research	5,3	5,9	2,4	2,2	2,7	2,7	3,6	3,9	3,1	3,2	3,2	3,3
External action	3,5	3,6	3,3	3,0	2,2	1,8	2,5	3,1	4,0	3,4	4,4	4,7
Administration	4,4	4,3	4,5	4,3	4,7	4,5	4,9	5,2	4,8	4,5	5,0	4,9
Repayments and other	5,0	5,9	5,2	9,8	7,7	7,4	5,5	4,0	3,9	2,9	1,7	2,2
General budget — Total	96,4	96,6	96,7	96,8	96,8	96,5	96,4	96,6	97,3	96,1	96,5	96,8
EDF	2,8	2,5	2,4	2,4	2,3	2,8	3,1	2,8	2,2	3,2	2,8	2,6
Grand total	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

⁽¹⁾ 1993 budget.⁽²⁾ Preliminary draft budget 1994.

Chart 2
Community expenditure from 1958 to 1994



(1) 1993 budget.

(2) 1994 preliminary draft budget.

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 (1993 prices) (ECU million)			420,3	533,2	1 130,5	1 335,3	1 560,5	1 967,2	2 211,4	4 070,6
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 (1993 prices)			2,5	3,1	6,5	7,5	8,7	10,8	12,1	22,0

	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 (1993 prices) (ECU million)	8 314,1	10 082,5	16 673,7	10 467,1	13 283,2	17 360,1	16 693,0	17 746,9	20 992,5	22 240,5
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 (1993 prices)	44,8	53,9	86,3	53,7	67,7	65,9	63,1	66,9	78,5	83,0

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
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
Annual growth in nominal terms (%)	37,8	18,1	11,4	12,6	15,0	19,4	10,3	2,8	24,2
Total Community expenditure (1993 prices) (ECU million)	28 463,8	30 951,7	30 918,6	31 709,2	33 627,2	37 877,2	39 695,9	38 987,0	46 887,2
Annual growth in real terms (%)	28,0	8,7	- 0,1	2,6	6,0	12,6	4,8	- 1,8	20,3
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
Expenditure as % of Community GDP	0,78	0,81	0,80	0,81	0,86	0,95	0,97	0,93	1,01
Expenditure per capita (ECU)	48,2	56,8	63,0	68,3	78,3	93,4	102,8	105,5	111,2
Expenditure per capita (1993 prices)	106,0	116,8	116,3	114,7	121,4	136,6	143,0	140,2	143,0

	1987	1988	1989	1990	1991	1992	1993 ⁽¹⁾	1994 ⁽²⁾	
Total Community expenditure (ECU million) (including ECSC, Euratom and EDF)	36 234,8	42 495,2	42 284,1	45 608,0	55 155,8	60 500,9	67 897,6	72 442,9	
Annual growth in nominal terms (%)	1,2	17,3	- 0,5	7,9	20,9	9,7	12,2	6,7	
Total Community expenditure (1993 prices) (ECU million)	46 273,1	52 030,5	49 166,2	50 747,5	58 282,2	61 589,9	67 897,6	69 993,2	
Annual growth in real terms (%)	- 1,3	12,4	- 5,5	3,2	14,8	5,7	10,2	3,1	
Community expenditure as % of public expenditure in Member States	2,0	2,2	2,0	2,0	2,2	2,2	2,4	2,4	
Expenditure as % of Community GDP	0,97	1,05	0,96	0,96	1,07	1,12	1,22	1,24	
Expenditure per capita (ECU)	112,2	131,1	129,9	139,1	159,6	174,3	194,7	206,7	
Expenditure per capita (1993 prices)	140,7	157,7	148,4	152,0	165,7	177,4	194,7	199,7	

⁽¹⁾ 1993 budget.

⁽²⁾ 1994 preliminary draft budget.

Chart 3

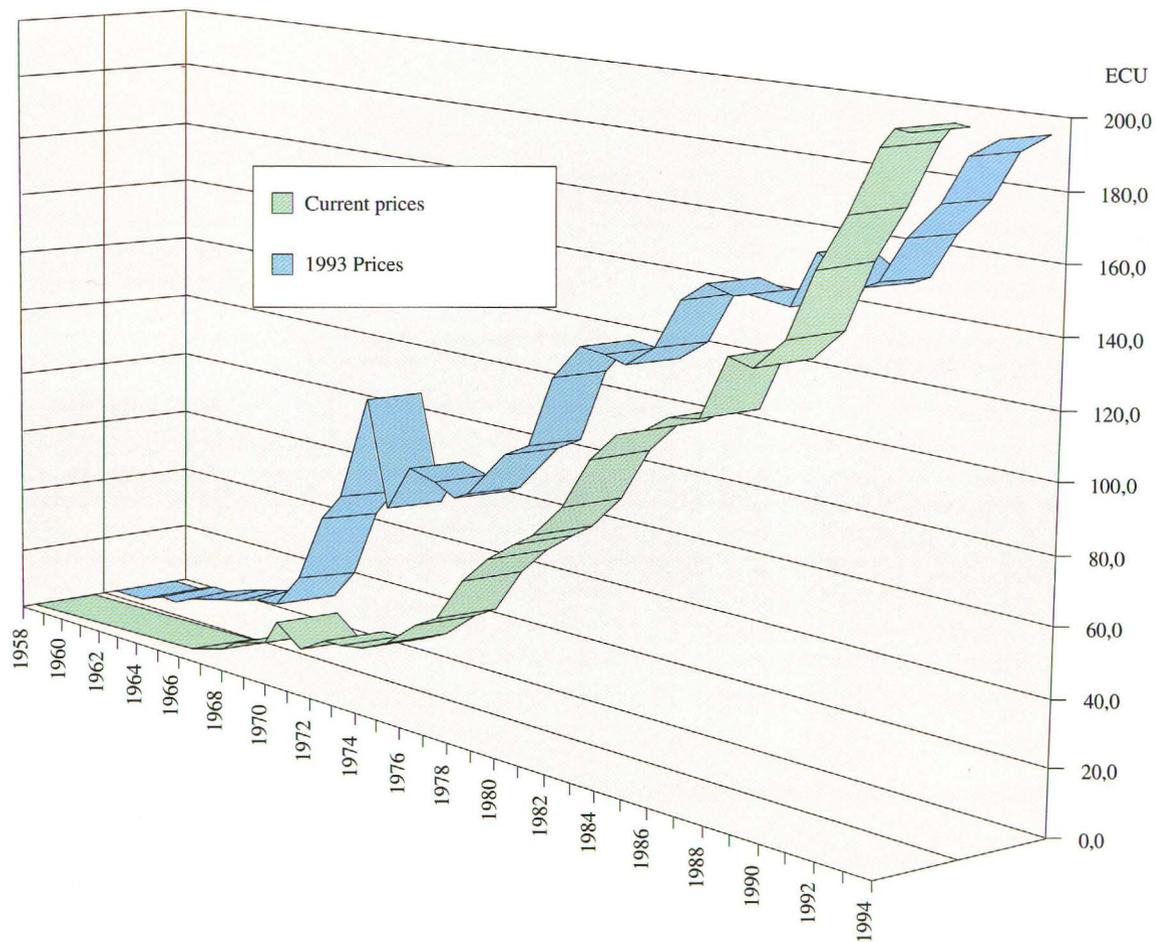
Total per capita expenditure at current prices and 1993 prices

Chart 4
Community expenditure as a percentage of Member States' budgets and Community GDP

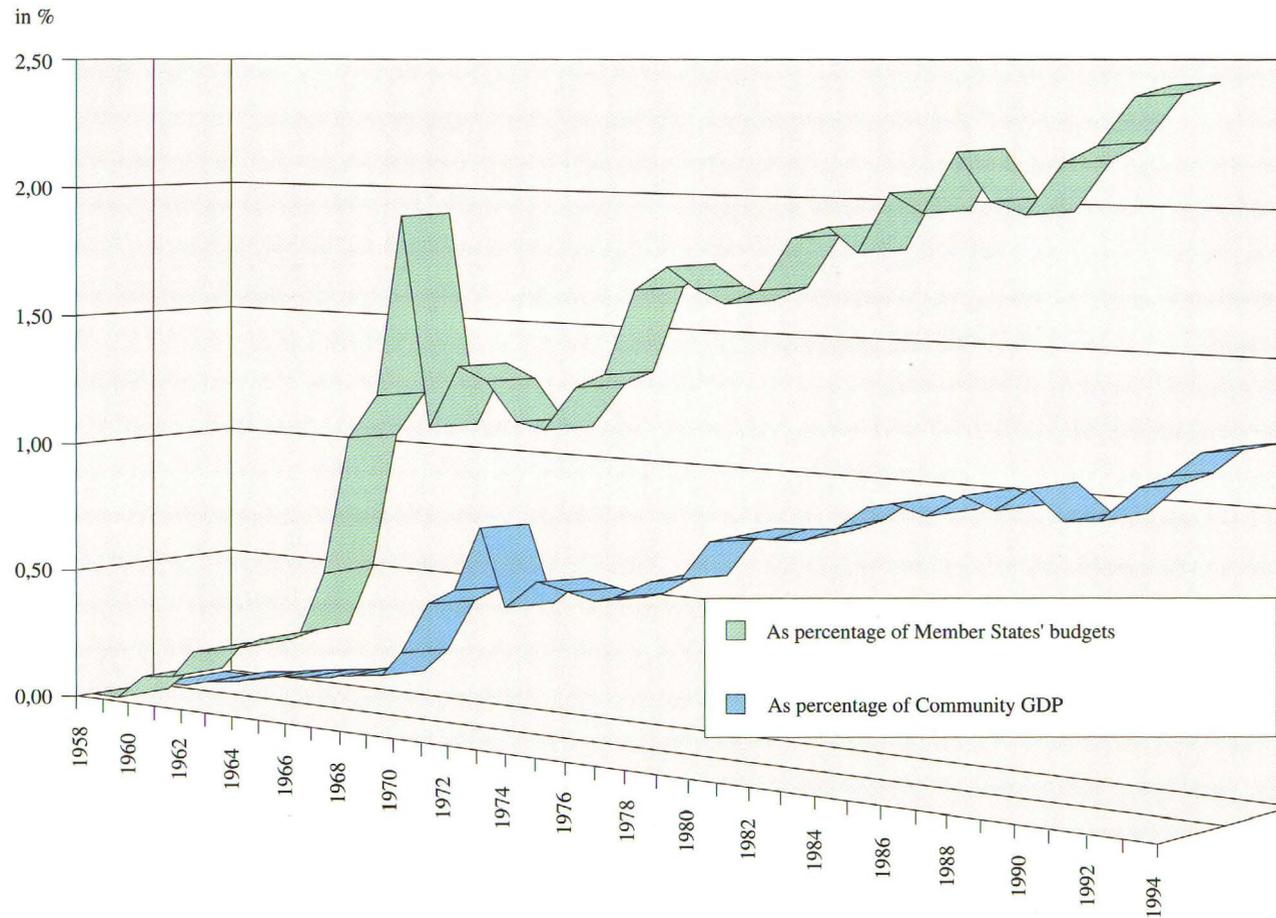


Table 4
Community revenue from 1971 to 1994

(ECU million)

Type of revenue	1971		1972		1973		1974		1975		1976		1977		1978		1979	
	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	100,0	3 117,5	100,0	4 914,3	100,0	5 143,4	100,0	6 385,1	100,0	8 184,7	100,0	8 675,1	100,0	12 452,8	100,0	14 891,5	100,0

Type of revenue	1980		1981		1982		1983		1984		1985		1986		1987		1988	
	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	100,0	18 918,0	100,0	22 082,1	100,0	25 729,2	100,0	26 082,4	100,0	28 085,1	100,0	33 667,2	100,0	35 783,3	100,0	41 843,4	100,0

Table 4 (cont'd)
Community revenue from 1971 to 1994

(ECU million)

Type of revenue	1989		1990		1991		1992		1993 (1)		1994 (2)							
	Amount	%																
Agricultural levies	2 397,7	5,2	1 875,7	4,0	2 486,0	4,4	1 987,8	3,3	2 239,4	3,4	2 039,0	2,9						
Customs duties	10 312,9	22,5	10 285,1	22,1	11 476,0	20,4	11 292,4	18,9	13 118,6	20,0	12 619,4	18,0						
VAT	26 293,4	57,3	27 440,1	59,1	30 269,0	53,8	34 659,3	58,0	35 677,1	54,5	35 850,5	51,1						
Fourth resource	4 519,0	9,8	94,9	0,2	7 445,1	13,2	8 322,2	13,9	14 029,9	21,4	19 088,6	27,2						
Miscellaneous	2 376,8	5,2	6 773,3	14,6	4 573,1	8,1	3 450,1	5,8	457,7	0,7	501,4	0,7						
Total	45 899,8	100,0	46 469,1	100,0	56 249,2	100,0	59 711,8	100,0	65 522,6	100,0	70 098,9	100,0						

(1) 1993 budget.

(2) 1994 preliminary draft budget.

Chart 5
Community revenue from 1971 to 1994

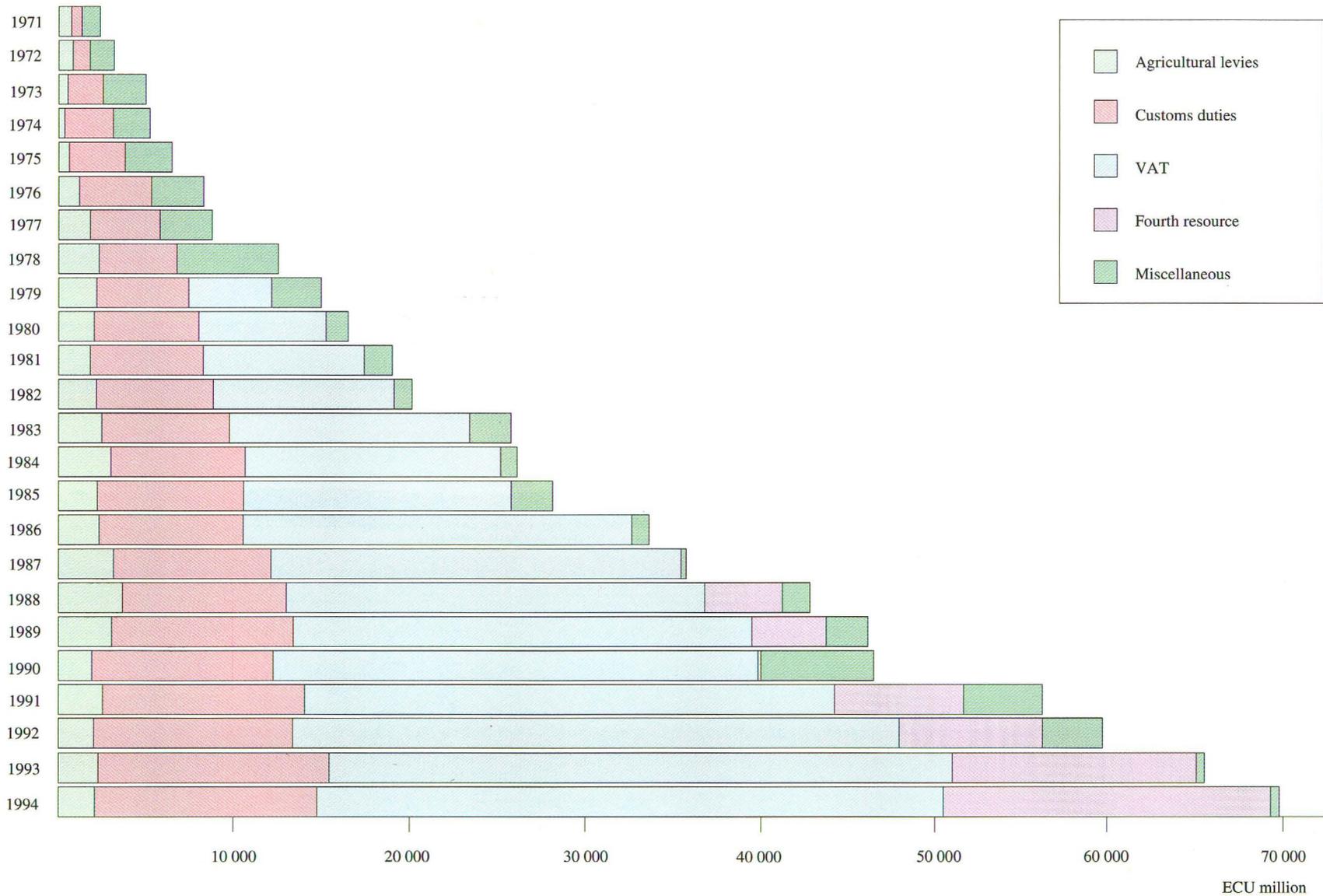


Chart 6
Community revenue from 1971 to 1994

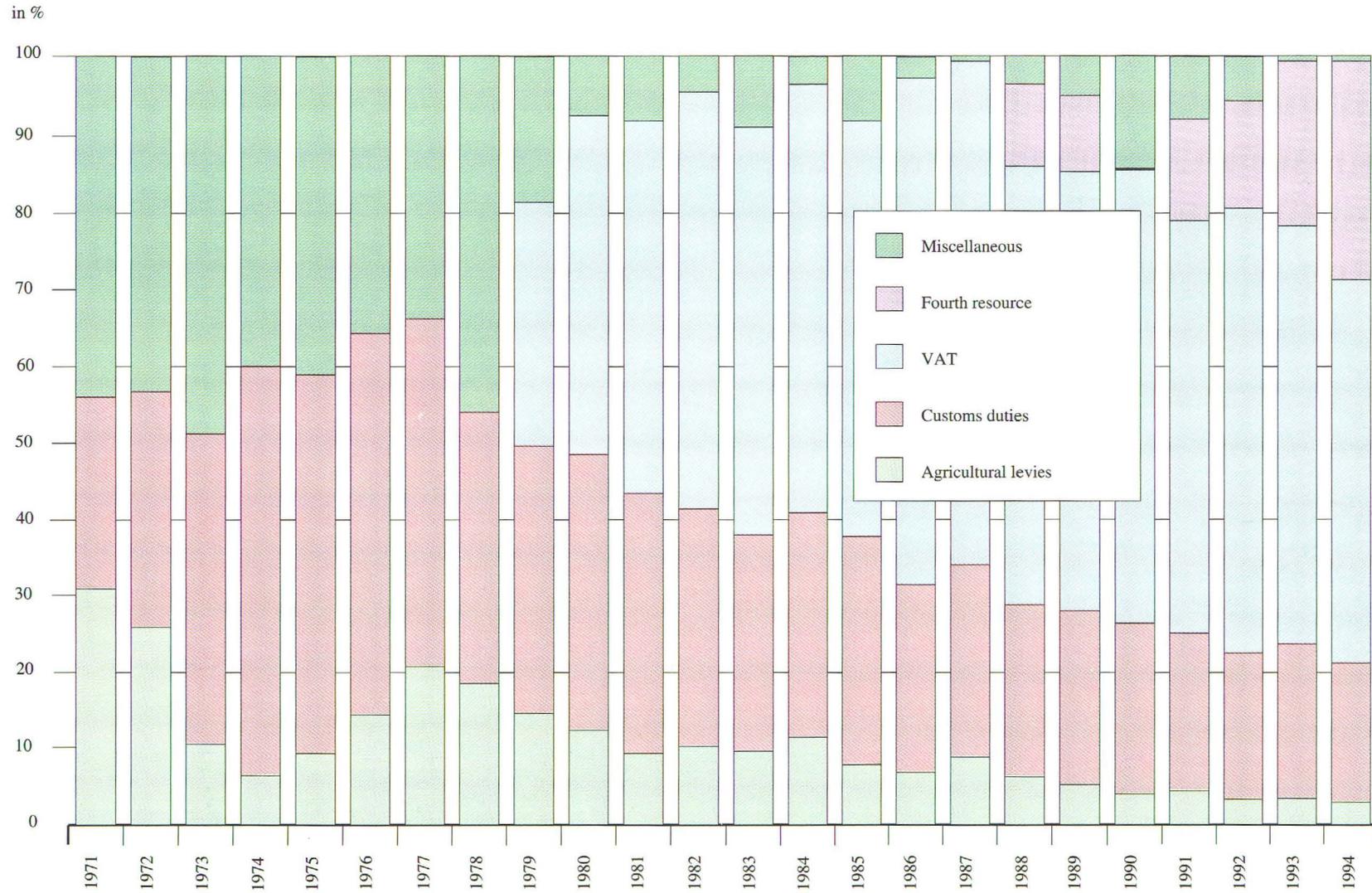


Table 5
Community borrowing and lending 1980 to 1993

(ECU million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 ⁽¹⁾	1994 ⁽¹⁾
Loans raised															
ECSC	1 004	325	712	750	822	1 265	1 517	1 487	880	913	1 086	1 446	1 474	1 200	(²)
Balance of payments				4 247			862	860			350	1 695	1 209	6 627	2 600
Euratom	181	373	363	369	214	344	488	853	93					300 ⁽³⁾	200 ⁽³⁾
NCI	305	339	773	1 617	967	860	541	611	945	522	76	49		(²)	(²)
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	(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	(²)	(²)
Loans granted															
ECSC	1 031	388	740	778	825	1 010	1 069	969	908	700	993	1 382	1 486	1 200	(²)
Balance of payments				4 247			862	860			350	1 695	1 209	6 627	2 600
Euratom	181	357	362	366	186	211	443	314						300 ⁽³⁾	200 ⁽³⁾
NCI	197	540	791	1 200	1 182	884	393	425	357	78	24	39	9	(²)	(²)
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	(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	(²)	(²)

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

Table 6
Staff of the Community institutions 1968 to 1993

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Parliament	514	529	532	589	787	1 096	1 172	1 206	1 404	1 537	1 709	2 112	2 573
Council	563	569	618	628	980	1 218	1 330	1 481	1 501	1 508	1 517	1 547	1 599
Economic and Social Committee	117	129	144	156	192	252	284	292	302	305	315	325	339
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
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
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
Publications Office			99	120	135	171	181	198	206	214	224	237	265
Other bodies (1)												61	61
Court of Justice	110	110	114	126	138	223	254	261	264	275	288	315	363
Court of Auditors	19	24	26	29	30	35	35	35	35	35	164	214	259
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

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Parliament	2 927	2 931	2 941	2 966	2 998	3 277	3 360	3 405	3 405	3 482	3 565	3 686	3 790
Council	1 700	1 755	1 798	1 792	1 888	2 016	2 066	2 130	2 165	2 184	2 205	2 225	2 256
Economic and Social Committee	374	378	391	400	405	448	471	485	494	501	506	510	510
Commission	12 283	12 675	12 998	13 280	13 703	14 262	15 161	15 905	16 309	16 720	17 175	17 946	18 576
of which: Administrative budget	9 173	9 565	9 852	10 037	10 369	10 881	11 622	12 328	12 611	12 887	13 157	13 975	14 540
Research budget	2 753	2 747	2 779	2 851	2 922	2 939	3 053	3 073	3 176	3 285	3 462	3 409	3 430
Publications Office	284	288	292	312	331	350	380	396	406	424	428	428	463
Other bodies (1)	73	75	75	80	81	92	106	108	116	124	128	134	143
Court of Justice	452	474	478	480	480	571	646	672	733	752	794	800	825
Court of Auditors	284	294	303	303	307	345	366	375	377	379	384	394	402
Total	18 020	18 507	18 909	19 221	19 781	20 919	22 070	22 972	23 483	24 018	24 629	25 561	26 359

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

Part II
1988 to 1992

The financial perspective

1. Why is there a financial perspective?

The succession of budget crises in the eighties prompted the Community institutions to agree on a method designed to ensure application of budgetary discipline and to improve the budgetary procedure. In the Interinstitutional Agreement concluded in June 1988 the Commission, the Council and the European Parliament set up a reference framework for Community expenditure in the shape of a financial perspective for 1988 to 1992. This financial perspective shows, in terms of commitment appropriations, the maximum amount and the composition of foreseeable Community expenditure, including expenditure on the development of new policies.

By and large the Interinstitutional Agreement and the financial perspective which is an integral part of it were a success between 1988 and 1992. In particular the budget was adopted on time each year.

The Commission has accordingly proposed that the three institutions should conclude a new Interinstitutional Agreement with a new financial perspective for 1993 to 1997. Its detailed proposals for a new financial framework are set out in COM(92) 2000 and COM(92) 2001. As the new Interinstitutional Agreement is still being negotiated, the Edinburgh European Council in December 1992 set guidelines for a new financial perspective extending over a longer period than initially planned by the Commission — 1993 to 1999.

2. What is the financial perspective?

The main categories of Community expenditure are divided into headings; for commitment appropriations, each of these headings carries an annual expenditure ceiling which the three institutions undertake to respect throughout budgetary procedure each year. The financial perspective also indicates the maximum amount of payment appropriations for the various categories of Community expenditure. This maximum amount is expressed in millions of ecus and as a percentage of Community GNP so that it may be compared with the ceiling on own resources which may be called in, fixed as a percentage of Community GNP by the 1988 own resources decision (see 'Community revenue' on page 12 and '1988 to 1992' on page 43).

Between 1988 and 1992 the six headings of the financial perspective were :

- Heading 1 : EAGGF Guarantee Section covering agricultural guarantee expenditure and half the aid for set-aside.
- Heading 2 : Structural operations, covering all expenditure to correct structural imbalances in order to establish a coherent European area. This heading 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, designed to cushion the effects of any exchange rate fluctuations between the dollar and the ecu on EAGGF guarantee expenditure. The necessary resources would be called in only if required.

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

In accordance with the 1988 Interinstitutional Agreement, the financial perspective, which was drawn up in 1988 prices, was updated each year by the Commission to allow for increases in Community GNP and in prices.

The financial perspective could also be adjusted in line with conditions of implementation, where the amounts planned for multiannual programmes could not be used in full during a given year and therefore had to be re-entered in the budget for a later year.

Tables 8-1 and 8-2 show the effects of the technical adjustments and the adjustment in line with conditions of implementation between 1988 and 1992.

Apart from these technical adjustments, the financial perspective could also be revised to raise (or lower) the ceiling for one or more headings in order to accommodate events which could not be foreseen when the agreement was signed. There were a number of revisions between 1988 and 1992, resulting mainly from the upheavals on the international scene between 1990 and 1992 (German unification, Gulf War, emergence of the CIS, fighting in former Yugoslavia, etc.).

The various revisions and amendments are set out in Table 8-3. Table 9 summarizes all the changes since 1988 in the form of an updated financial perspective.

The financial framework agreed at Edinburgh also revolves around six headings :

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 also cover Structural Fund operations and all structural operations in connection with fisheries and 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 exceptional expenditure.

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 exceptional expenditure on external policies (emergency aid and guarantee of loans granted to non-member countries) alongside the agricultural monetary reserve.

The financial framework adopted by the Edinburgh European Council is shown in Table 18. The amounts adopted in 1992 prices are updated to 1993 to 1994 prices in Table 19; Table 20 compares the figures on the basis of an index for the whole of the period.

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. The presentation of the budget in accordance with the budgetary nomenclature is set out in detail in the tables and charts contained in Part IV (1993 budget).

1988 to 1992

The legal, political and institutional balance of the Community's financial system which had been established in the mid-1970s was gradually upset over the following 10 years. During this time there were increasing strains which eventually erupted into a crisis, with the annual budgetary procedure proving more and more difficult to operate, the clashes between those involved in budgetary discussions becoming more and more bitter and available resources proving increasingly inadequate for covering Community requirements.

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.

This reform was set out in a comprehensive proposal, the 'Delors package', presented by the Commission in February 1987 and then followed by a series of specific proposals on the various aspects of the reform. Acting on these proposals the Brussels European Council in February 1988 agreed on the broad political lines of the reform. The decisions adopted in June 1988 to give effect to the conclusions of the European Council can be grouped in three main categories :

1. Own resources

In order to provide the Community with suitable resources that would be sufficient, stable and guaranteed and enable it to operate correctly throughout the period 1988 to 1992, the total of own resources was no longer to be tied to a specific item of revenue (VAT) but an overall ceiling in appropriations for payments required to finance the budget was fixed for each year from 1988 to 1992, expressed as a percentage of Community GNP (1,15 % in 1988, 1,20 % in 1992).

The range of own resources was also extended (see 'Community revenue', page 12).

2. 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 and lays down new pragmatic rules of cooperation between the three institutions.

The financial perspective 1988 to 1992, which is an integral part of the agreement, is the key to the new budgetary discipline arrangements. It is designed to produce harmonious and controlled growth in the broad sectors of budget expenditure and at the same time to establish a new balance in expenditure by means of the guarantees provided for the development of the policies connected with the Single Act and in particular the structural policies (see 'Financial perspective', page 39).

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.

3. 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 the 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).

Table 7
Initial financial perspective 1988 to 1992 ⁽¹⁾

	<i>(ECU million)</i>				
	1988	1989	1990	1991	1992
Appropriations for commitments					
1. EAGGF Guarantee	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⁾ Council Decision of 24 June 1988 (OJ No L 185, 15. 7. 1988).

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

	<i>(ECU million)</i>				
	1988	1989	1990	1991	1992
1. Technical adjustments in line with prices and GNP ⁽¹⁾					
Cumulative GNP deflator since 1988 (in %)		3,5	8,8	14,1	21,7
Adjusted total (commitments)		1 579	4 048	6 989	10 290
Adjusted total (payments)		1 585	3 872	6 659	9 705

⁽¹⁾ Point 9 of Interinstitutional Agreement.

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

		<i>(ECU million)</i>		
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⁾ Points 10 and 11 of Interinstitutional Agreement.

Table 8 (cont'd)
Changes made to the financial perspective (1988 to 1992)

3. Revisions and amendments

(ECU million)

Date of revision	Heading	1990	1991	1992
June 1990	Heading 2 : Inflation Structural Funds		90	
	Heading 4 :	500	1 175	1 628
	NCE : Central and eastern Europe	500	820	970
	NCE : Other external and internal policies		355	658
	Heading 5 :		-40	-150
	Stock disposal			-450
	Administration		-40	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		10	10
	NCE : German unification		90	100
	NCE : Internal policies		35	
	NCE : Gulf crisis		530	
	Heading 5 :		0	0
	Stock disposal		-220	-40
	Repayments Spain / Portugal		180	
Administration German unification		40	40	
	Commitments — Total		1 365	1 110
	Payments — Total		1 085	910
May 1991	Heading 4 :		728	
	NCE : Technical assistance USSR		400	
	NCE : Israel and Occupied Territories		88	
	NCE : Kurdish refugees		100	
	NCE : Famine in Africa		140	
	Heading 5 :		0	
	Stock disposal		-3	
Repayments Spain / Portugal		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 : Inflation Structural Funds			100
	Heading 3 : Carry-overs from 1991			-200
	Heading 4 :			412
	CE : Margin available			-88
	NCE : CIS technical assistance			450
	NCE : Tropical forests			50
	Heading 5 :			-312
	Stock disposal			-381
	Repayments Spain / Portugal			30
	Administration			40
	Commitments — Total			0
	Payments — Total			0
May 1992	Heading 3 : Redeployment			-10
	Heading 4 : Other policies			200
	CE : Redeployment			-5
	NCE : Food aid — Africa			205
	Commitments — Total			190
	Payments — Total			190
September 1992	NCE : New Länder and certain research programmes			550
	Commitments — Total			0
	Payments — Total			550
September 1992	Heading 4 : Humanitarian aid to former Yugoslavia			100
	CE :			-20
	NCE :			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	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 as % of GNP ⁽¹⁾	1,12	1,07	1,09	1,13	1,16
Own resources ceiling as % of GNP	1,15	1,17	1,18	1,19	1,20

⁽¹⁾ Based on the figures and estimates used for the 1992 technical adjustment.

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

(ECU million)

Description	1988	1989	1990	1991	1992
Appropriations for commitments					
1. EAGGF Guarantee	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 as % of GNP ⁽¹⁾	1,12	1,03	1,00	1,09	1,10
Own resources ceiling as % of GNP	1,15	1,17	1,18	1,19	1,20

⁽¹⁾ Based on the figures and estimates used for the 1992 technical adjustment.

Table 11
The general budget from 1988 to 1992. Appropriations for commitments by subsection

(ECU million)

	1988		1989		1990		1991		1992	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Commission (Section III)										
B1 : EAGGF Guarantee	27 500,0	60,6	26 741,0	57,6	27 522,0	55,9	32 516,0	54,8	33 095,0	51,8
B2 : Structural operations and fisheries	8 410,6	18,5	10 303,8	22,2	12 532,5	25,5	16 034,2	27,0	19 592,5	30,7
B3 : Training, youth, culture, information and other social operations	180,5	0,4	234,1	0,5	284,1	0,6	382,8	0,6	502,3	0,8
B4 : Energy, Euratom nuclear safeguards and environment	196,4	0,4	178,2	0,4	115,4	0,2	279,2	0,5	301,6	0,5
B5 : Consumer protection, internal market, industry and technological innovation	162,0	0,4	2 209,0	4,8	290,6	0,6	262,3	0,4	283,5	0,4
B6 : Research and technological development	1 075,2	2,4	1 441,4	3,1	1 727,0	3,5	2 131,8	3,6	2 438,0	3,8
B7 : Cooperation with developing countries and other third countries	1 072,8	2,4	1 240,5	2,7	1 912,3	3,9	3 594,4	6,1	3 715,5	5,8
B8 : Expenditure in support of Community operations							187,1	0,3	156,1	0,2
B0 : Repayments, guarantees, reserves	4 779,4	10,5	3 912,2	8,4	2 457,4	5,0	1 291,6	2,2	853,3	1,3
Operating appropriations (Section III/B) — Total	43 376,9	95,7	44 272,1	95,4	46 841,2	95,2	56 679,3	95,5	60 937,9	95,4
Administrative appropriations (Section III/A) — Total	1 271,4	2,8	1 417,4	3,1	1 515,3	3,1	1 719,5	2,9	1 912,7	3,0
Commission — Total	44 648,3	98,5	45 689,5	98,4	48 356,5	98,3	58 398,7	98,4	62 850,6	98,3
Other institutions (Sections I, II, IV and V)	695,8	1,5	736,3	1,6	851,5	1,7	970,8	1,6	1 056,5	1,7
Grand total	45 344,1 ⁽¹⁾	100,0	46 425,8	100,0	49 207,9	100,0	59 369,6	100,0	63 907,0	100,0

⁽¹⁾ Supplementary and amending budget No 1/1988, amounting to ECU 41,5 million, did not alter the total for the financial perspective (see Table 8).

Table 12
The general budget from 1988 to 1992. Appropriations for payments by subsection

(ECU million)

	1988		1989		1990		1991		1992	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Commission (Section III)										
B1 : EAGGF Guarantee	27 500,0	62,8	26 741,0	59,6	27 522,0	58,6	32 516,0	58,0	33 095,0	54,2
B2 : Structural operations and fisheries	7 304,6	16,7	9 222,6	20,6	10 911,2	23,3	14 268,4	25,4	18 239,5	29,9
B3 : Training, youth, culture, information and other social operations	172,2	0,4	240,5	0,5	277,2	0,6	368,9	0,7	506,3	0,8
B4 : Energie, Euratom nuclear sefguards and environment	177,1	0,4	155,3	0,3	178,1	0,4	199,9	0,4	225,6	0,4
B5 : Consumer protection, internal market, industry and technological innovation	133,6	0,3	187,3	0,4	251,6	0,5	218,3	0,4	252,9	0,4
B6 : Research and technological development	915,7	2,1	1 196,5	2,7	1 412,1	3,0	1 744,6	3,1	1 985,1	3,2
B7 : Cooperation with developing countries and other third countries	870,4	2,0	1 031,6	2,3	1 513,6	3,2	2 600,5	4,6	2 813,7	4,6
B8 : Expenditure in support of Community operations							187,1	0,3	156,1	0,3
B0 : Repayments, guarantees, reserves	4 779,4	10,9	3 912,2	8,7	2 495,8	5,3	1 291,6	2,3	853,3	1,4
Operating appropriations (Section III/B) — Total	41 853,0	95,5	42 687,0	95,2	44 561,5	95,0	53 395,2	95,2	58 127,6	95,1
Administrative appropriations (Section III/A) — Total	1 271,4	2,9	1 417,4	3,2	1 515,3	3,2	1 719,5	3,1	1 912,7	3,1
Commission — Total	43 124,4	98,4	44 104,4	98,4	46 076,8	98,2	55 114,6	98,3	60 040,3	98,3
Other institutions (Sections I, II, IV and V)	695,8	1,6	736,3	1,6	851,5	1,8	970,8	1,7	1 056,5	1,7
Grand total	43 820,4 ⁽¹⁾	100,0	44 840,6	100,0	46 928,2	100,0	56 085,4	100,0	61 096,8	100,0

⁽¹⁾ Supplementary and amending budget No 1/1988, amounting to ECU 41,5 million, did not alter the total for the financial perspective (see Table 8).

Table 13
Administrative expenditure of all institutions from 1988 to 1992

(ECU million)

	1988				1989				1990			
	Budget	%	Outturn	%	Budget	%	Outturn	%	Budget	%	Outturn	%
I : Parliament	400,0	20,1	372,2	19,5	405,5	18,8	375,4	18,1	448,4	18,8	425,2	18,2
II : Council	214,0	10,7	201,2	10,6	240,5	11,2	231,2	11,2	281,8	11,8	278,0	11,9
III : Commission (Part A)	1 298,2	65,1	1 257,3	66,0	1 416,4	65,8	1 378,4	66,6	1 529,8	64,2	1 510,5	64,7
IV : Court of Justice	53,0	2,7	48,6	2,5	59,7	2,8	57,3	2,8	66,6	2,8	65,5	2,8
V : Court of Auditors	28,8	1,4	26,6	1,4	30,6	1,4	27,4	1,3	54,6	2,3	53,7	2,3
Total	1 994,0	100,0	1 905,9	100,0	2 152,7	100,0	2 069,7	100,0	2 381,2	100,0	2 332,9	100,0

	1991				1992							
	Budget	%	Outturn	%	Budget	%	Outturn	%				
I : Parliament	512,2	19,0	488,7	18,4	589,4	19,9	580,0	20,0				
II : Council	350,0	13,0	349,0	13,1	347,1	11,7	346,8	11,9				
III : Commission (Part A)	1 722,2	64,0	1 711,6	64,4	1 912,7	64,4	1 859,2	64,0				
IV : Court of Justice	75,1	2,8	74,2	2,8	83,3	2,8	81,7	2,8				
V : Court of Auditors	33,5	1,2	33,0	1,2	36,7	1,2	35,6	1,2				
Total	2 693,0	100,0	2 656,4	100,0	2 969,2	100,0	2 903,3	100,0				

Table 14
General budget : budget outturn from 1988 to 1992 by headings in the financial perspective

(ECU million)

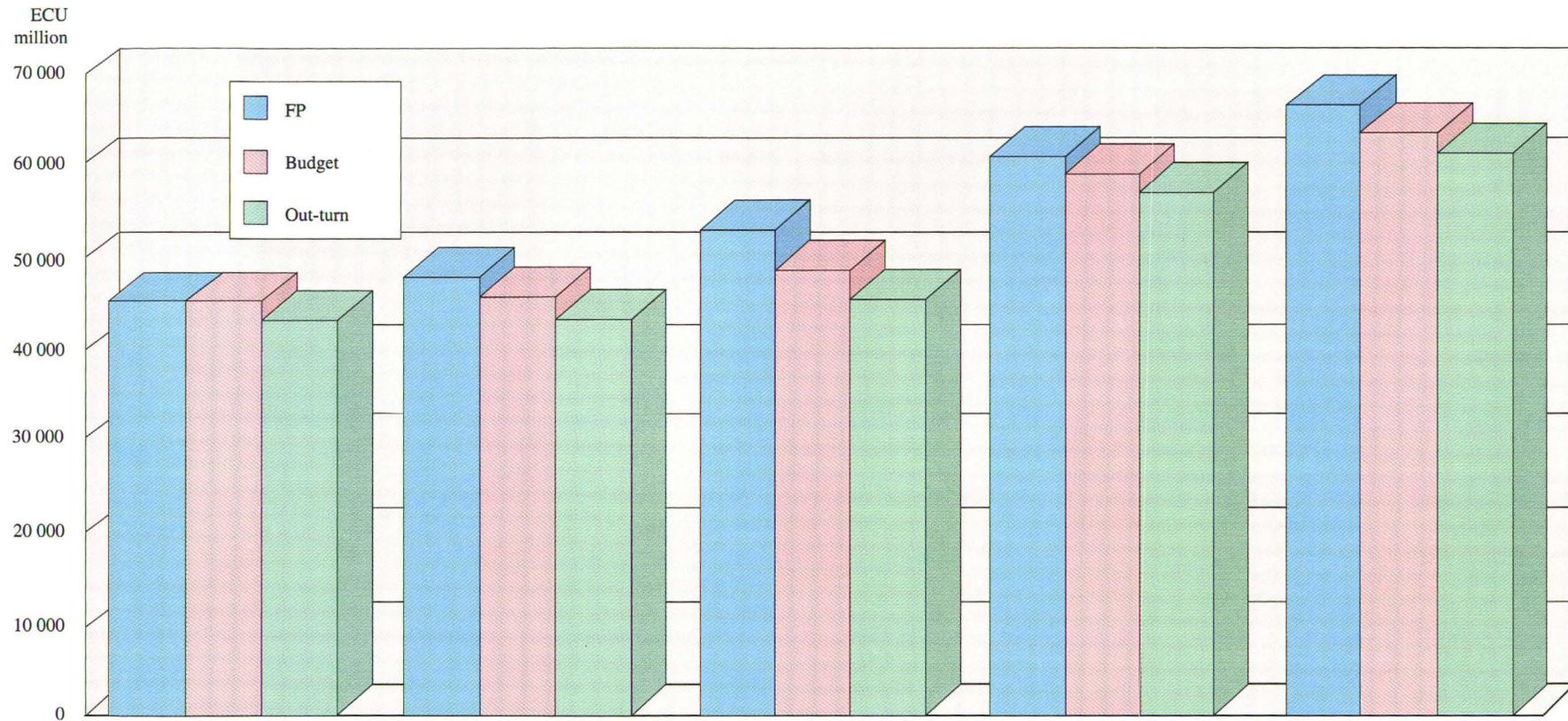
	1988	1989	1990	1991	1992 ⁽¹⁾
Appropriations for commitments					
1. EAGGF Guarantee	26 400	24 406	25 651	31 118	31 294
2. Structural operations	7 761	9 409	10 830	14 580	17 958
3. Policies with multiannual allocations	1 210	1 571	1 984	2 419	2 846
4. Other policies	2 075	2 594 ⁽²⁾	3 146	5 383	5 855
of which : non-compulsory expenditure	1 645	1 656	2 518	4 715	5 023
5. Repayments and administration	5 636	5 043	4 709	3 921	3 780
of which : stock disposal	1 240	1 443	1 361	798	800
6. Monetary reserve					
Total	43 083	43 023	46 319	57 421	61 734
Appropriations for payments	41 022	40 757	44 063	53 650	58 147
Appropriations for payments required as percentage of GNP (in %) ⁽³⁾	1,05	0,93	0,94	1,04	1,05
Own resources ceiling as percentage of GNP (in %)	1,15	1,17	1,18	1,19	1,20

⁽¹⁾ Outturn of appropriations granted for 1992 plus appropriations carried over to the following year.

⁽²⁾ Including the food aid pipeline transfer of ECU 182,7 million from heading 1 to heading 4.

⁽³⁾ Based on the figures and estimates used for the 1992 technical adjustment.

Chart 7
 General budget – Comparison between financial perspective, budget and out-turn from 1988 to 1992
 (Commitments)



	1988	1989	1990	1991	1992
FP	45 303,0	48 464,0	53 485,0	61 477,0	66 882,0
Budget	45 303,0	46 425,0	49 208,0	59 370,0	63 907,0
Out-turn	43 083,1	43 022,5	46 318,6	57 420,8	61 733,6

Table 15
General budget : comparison between financial perspective, budget and out-turn from 1988 to 1992

(FP = 100)

Description	1988			1989			1990			1991			1992		
	FP	Budget	Out-turn	FP	Budget	Out-turn	FP	Budget	Out-turn	FP	Budget	Out-turn	FP	Budget	Out-turn
Appropriations for commitments															
1. EAGGF Guarantee	100,0	100,0	96,0	100,0	93,5	85,3	100,0	86,4	83,6	100,0	95,5	94,3	100,0	91,6	89,3
2. Structural operations	100,0	100,0	99,6	100,0	99,6	98,8	100,0	99,8	93,7	100,0	100,0	98,5	100,0	100,0	99,2
3. Policies with multiannual allocations	100,0	100,0	100,0	100,0	99,2	92,0	100,0	100,0	95,8	100,0	100,0	98,1	100,0	100,0	98,0
4. Other policies	100,0	100,0	98,7	100,0	97,9	105,1 ⁽¹⁾	100,0	99,7	97,4	100,0	99,2	95,3	100,0	100,0	98,6
of which : non-compulsory expenditure	100,0	100,0	99,9	100,0	99,9	88,8	100,0	100,0	99,8	100,0	100,0	99,5	100,0	100,0	99,9
5. Repayments and administration	100,0	100,0	98,9	100,0	98,3	97,9	100,0	98,6	95,5	100,0	87,3	86,0	100,0	99,2	97,1
of which : stock disposal	100,0	100,0	100,0	100,0	100,0	99,6	100,0	96,5	89,4	100,0	58,9	58,0	100,0	100,0	98,8
6. Monetary reserve	100,0	100,0	0,0	100,0	100,0	0,0	100,0	100,0	0,0	100,0	100,0	0,0	100,0	100,0	0,0
Total	100,0	100,0	95,1	100,0	95,8	88,8	100,0	92,0	86,6	100,0	96,6	93,4	100,0	95,6	92,3
of which :															
— compulsory expenditure	100,0	100,0	—	100,0	94,0	—	100,0	88,5	—	100,0	94,9	—	100,0	92,3	—
— non-compulsory expenditure	100,0	100,0	—	100,0	99,9	—	100,0	98,8	—	100,0	99,1	—	100,0	100,0	—
Appropriations for payments															
Appropriations for payments required	100,0	100,0	93,7	100,0	95,6	86,9	100,0	91,5	85,9	100,0	95,9	91,8	100,0	95,3	90,7
of which :															
— compulsory expenditure	100,0	100,0	—	100,0	94,2	—	100,0	88,7	—	100,0	94,8	—	100,0	92,3	—
— non-compulsory expenditure	100,0	100,0	—	100,0	99,3	—	100,0	97,8	—	100,0	97,9	—	100,0	100,0	—

⁽¹⁾ Including the food aid pipeline transfer of ECU 182,7 million from heading 1 to heading 4.

Table 16
Appropriations for payments (1988 to 1992) ⁽¹⁾

(ECU million)

	1988		1989		1990		1991		1992	
	% GNP	Amount								
1. Own resources ceiling	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)	1,12	43 779	1,07	46 885	1,09	51 291	1,13	58 458	1,16	64 081
3. Appropriations for payments in budget	1,12	43 779	1,03	44 841	1,00	46 928	1,09	56 085	1,10	61 097
4. Out-turn in payments	1,05	41 022	0,93	40 757	0,94	44 063	1,04	53 650	1,05	58 147

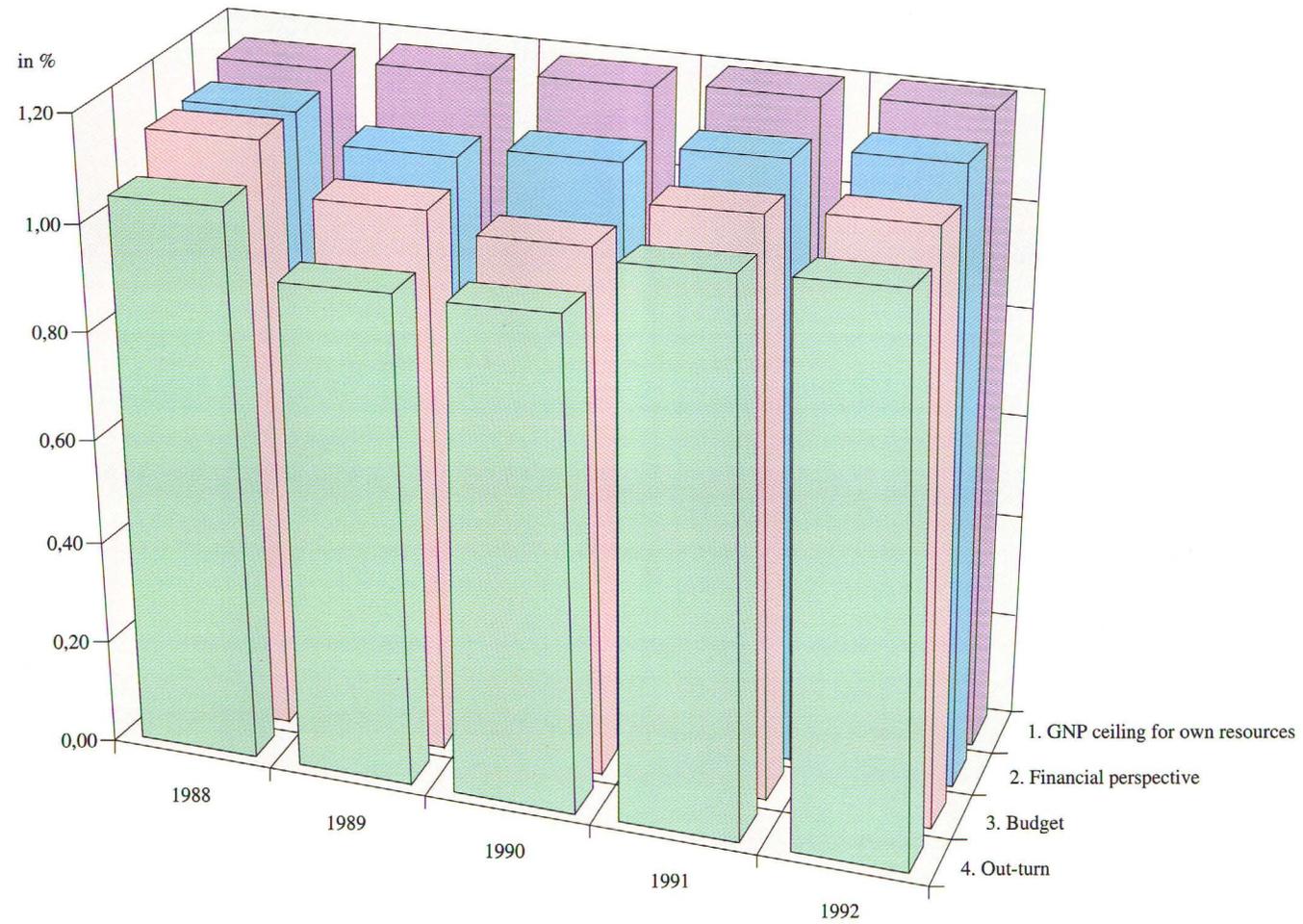
⁽¹⁾ Based on the figures and estimates used for the 1992 technical adjustments.

Table 17
Summary of own resources by Member State

(ECU million)

	1988		1989		1990		1991		1992	
	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	40 883,3	100,0	44 329,3	100,0	41 413,0	100,0	52 836,3	100,0	56 261,7	100,0

Chart 8
General budget — Payments 1988 to 1992 as % of GNP



Part III

Financial framework adopted by the Edinburgh European Council

Financial framework adopted by the Edinburgh European Council

With the expiry of the 1988 to 1992 financial perspective the Community had to consider its future financing. It had to take into account the financial implications of the reform of the common agricultural policy, determine how the structural funds were to develop over the new period, develop the policies needed for the internal market to run smoothly and provide itself with sufficient resources to meet its new international responsibilities. In drawing up its proposals, the Commission also had to take 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.

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 conclusions of the Edinburgh Council 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.

Tables 18 to 20 and Chart 9 show how the various headings of the financial perspective have developed.

1. Common agricultural policy

The increase in agricultural expenditure will still be governed by the agricultural guideline set in 1988. Under this budgetary discipline measure, the annual growth in agricultural expenditure cannot exceed 74 % of the real rate of growth of Community GNP.

2. 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. It will concentrate even more budgetary resources 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. With the combined assistance of the Cohesion Fund and Objective 1 of the Structural Funds, the four Member States benefiting from the Cohesion Fund will, together, receive in 1999 twice what they obtained under Objective 1 in 1992.

3. Internal policies

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

Contrary to the Commission's proposals, research is not to be given any special priority. However, the research budget will 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 main priority under internal policies is to be given to 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.

4. External action

In line with the policy pursued over the past three years, the funds provided for the Community's external action will increase considerably over the period, given the establishment of two reserves to contend with unforeseen circumstances : the reserve for

emergency aid and the reserve for loan guarantees. In both cases, the purpose is to ensure that budgetary funds may be called on quickly throughout the year.

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.

Table 18
Financial framework adopted by the Edinburgh European Council ⁽¹⁾

(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 :							
— guarantees	300	300	300	300	300	300	300
— emergency aid	200	200	300	300	300	300	300
Total commitment appropriations	69 177	69 944	72 485	75 224	77 989	80 977	84 089
Total payment appropriations	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

⁽¹⁾ Outcome of the Edinburgh European Council of 12 December 1992.

Table 19
Adjusted financial framework 1993 to 1999 ⁽¹⁾

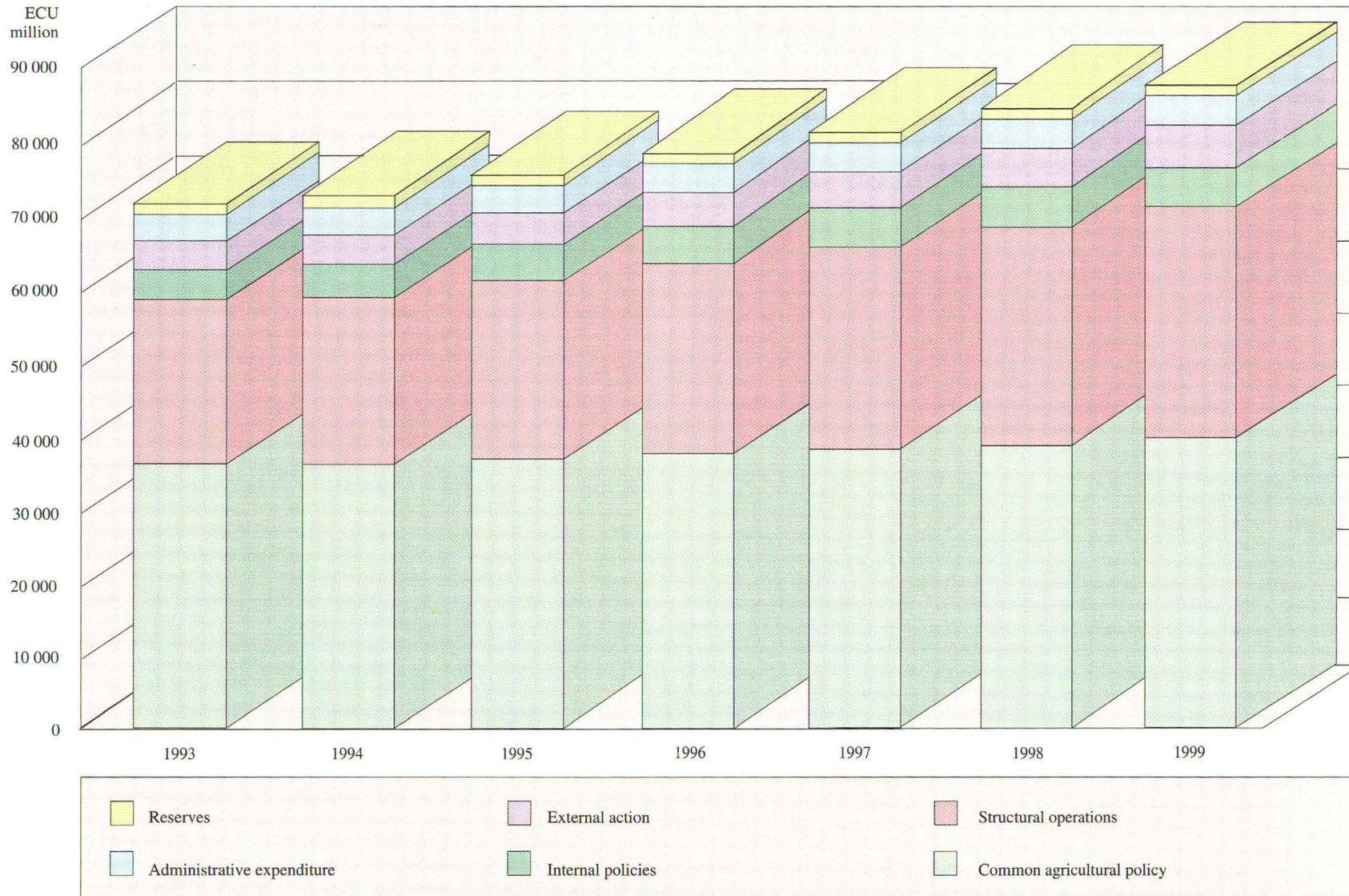
(Current prices)

(1995-1999 : 1994 prices)

	1993	1994	1995	1996	1997	1998	1999
Commitment appropriations							
1. Common agricultural policy	36 657	36 465	37 119	37 789	38 475	39 179	39 901
2. Structural operations	22 192	23 176	24 865	26 464	28 091	29 906	31 770
2.1. Structural Funds	20 627	21 323	22 747	24 082	25 444	27 206	29 017
2.2. Cohesion Fund	1 565	1 853	2 118	2 383	2 648	2 700	2 753
3. Internal policies	4 109	4 325	4 578	4 787	4 988	5 200	5 401
4. External action	4 120	4 236	4 533	4 829	5 115	5 486	5 930
5. Administrative expenditure	3 421	3 579	3 791	3 908	4 024	4 077	4 130
6. Reserves	1 522	1 530	1 135	1 135	1 135	1 135	1 135
Monetary reserve	1 000	1 000	500	500	500	500	500
External action							
— guarantees	313	318	318	318	318	318	318
— emergency aid	209	212	318	318	318	318	318
Total commitment appropriations	72 021	73 311	76 021	78 912	81 829	84 983	88 268
Total payment appropriations	68 611	70 232	72 483	74 739	78 117	81 028	84 050
Total payment appropriations (% GNP)	1,20	1,20	1,21	1,22	1,24	1,25	1,27
Margin (% GNP)	0,00	0,00	0,00	0,00	0,00	0,01	0,00
Own resources ceiling (% GNP)	1,20	1,20	1,21	1,22	1,24	1,26	1,27

⁽¹⁾ Outcome of the Edinburgh European Council of 12 December 1992.

Chart 9
Financial framework adopted at Edinburgh ⁽¹⁾



⁽¹⁾ 1993, 1994 : current prices. 1995 to 1999 : 1994 prices.

Table 20
Adjusted financial framework 1993 to 1999 ⁽¹⁾

(1993 = 100)

	1993	1994	1995	1996	1997	1998	1999
Commitment appropriations							
1. Common agricultural policy	100,0	99,6	101,4	103,2	105,1	107,0	109,0
2. Structural operations	100,0	102,9	110,4	117,5	124,7	132,7	141,0
2.1. Structural Funds	100,0	101,8	108,6	115,0	121,5	129,9	138,5
2.2. Cohesion Fund	100,0	116,7	133,3	150,0	166,7	170,0	173,3
3. Internal policies	100,0	103,7	109,7	114,7	119,5	124,6	129,4
4. External action	100,0	101,3	108,4	115,4	122,3	131,1	141,8
5. Administrative expenditure	100,0	103,0	109,1	112,5	115,9	117,4	118,9
6. Reserves	100,0	100,0	73,3	73,3	73,3	73,3	73,3
Monetary reserve	100,0	100,0	50,0	50,0	50,0	50,0	50,0
External action:							
— loan guarantees	100,0	100,0	100,0	100,0	100,0	100,0	100,0
— emergency aid	100,0	100,0	150,0	150,0	150,0	150,0	150,0
Total commitment appropriations	100,0	101,1	104,8	108,7	112,7	117,1	121,6
Total payment appropriations	100,0	101,7	104,9	108,2	113,0	117,2	121,6

(1) Outcome of the Edinburgh European Council of 12 December 1992.

Part IV
1993 budget

63-64

1993 budget

All the 1993 budgetary procedure was based on the financial perspective proposed by the Commission in the second package of structural and financial measures (Delors II package). The budget debate was thus inextricably linked with the negotiations on the Delors II package for the conclusion of a new Interinstitutional Agreement (see 'Financial framework adopted at Edinburgh', page 57).

The agreement reached at the Edinburgh European Council on a new financial framework for the period 1993 to 1999 made it possible to adopt a budget for 1993 which kept within the limits laid down for the first year of the financial perspective agreed, as Table 21 and Chart 10 show. The budget adopted thus turned out to be fairly close to what was proposed in the Commission's preliminary draft and faithfully reflects the policies given priority in the Maastricht Treaty: the emphasis is placed on increasing economic and social cohesion (the allocation for the Cohesion Fund), establishing an environment favourable to European competitiveness (adjustment and expansion of research and technological development programmes and development of trans-European networks) and stepping up external action.

The budget adopted on 17 December 1992 contains ECU 69 058 million in appropriations for commitments (8,1 % up on 1992) and ECU 65 523 million in appropriations for payments (7,2 % up).

Detailed analysis by financial perspective heading reveals a number of salient features:

In heading 1 (Common agricultural policy) the EAGGF's budgetary framework differs from previous years in two basic respects. First, it incorporates the initial effects of the reform of the CAP and, second, the heading has been redefined to include expenditure on fisheries and income aid as well as all the expenditure under the reformed CAP. The appropriations entered in the budget come to ECU 34 052 million (up by 5,1 %), leaving a margin of ECU 2 605 million below the ceiling of the financial perspective (agricultural guideline). Table 21 compares EAGGF Guarantee appropriations for 1992 and 1993.

In heading 2 (Structural operations) the ECU 22 178 million entered in the 1993 budget (19,5 % more than in the 1992 budget) will be sufficient to set up a Cohesion Fund with ECU 1 565 million in commitment appropriations and complete the doubling of the Structural Funds (1993 being the final year for doubling the allocation as decided in 1988). The margin still available beneath the ceiling for the heading decided in Edinburgh

comes to ECU 14 million. Table 24 and Chart 13 give details of the appropriations for each title of subsection B2.

In heading 3 (Internal policies), which covers policies considered decisive in creating a favourable environment for the competitiveness of European economies, i.e. research and technological development and the development of trans-European networks, as well as all the other internal policies of the Community, the research total is ECU 2 556 million (3,5 % more than in 1992), including ECU 296 million in a reserve for the third framework programme and for high-definition television; the trans-European networks are allocated ECU 209 million (up by 38,6 %). Finally, ECU 1 243 million is available for the other policies (up by 6,8 %). The appropriations for other social operations have been increased considerably, by 44,3 %; this includes ECU 30 million for measures for customs agents. No margin has been left available under this heading. Tables 25, 26, 27 and 28 and Chart 14 compare the 1992 appropriations and 1993 appropriations for subsections B3, B4, B5 and B6 which are covered by heading 3 of the financial perspective.

The appropriations for heading 4 (External action) total ECU 4 110 million (up by 4 %), to which should be added a reserve of ECU 209 million for emergency aid entered in heading 6. A large sum (ECU 1 573 million) is set aside for cooperation with central and eastern Europe. Parliament also emphasized the environmental measures arising from the Rio Conference. In all, a margin of ECU 10 million has been left available. Table 29 sets out the 1992 and 1993 appropriations for each title of subsection B7. Chart 15 shows the breakdown of the appropriations for external action by the main sectors of activity.

As regards heading 5 (Administrative expenditure of the institutions), the situation concerning all Part A appropriations will remain difficult in 1993 as the ecu has fallen in value against the Belgian franc. The Commission's administrative appropriations increase by 6,3 % in relation to 1992. Tables 30 and 31 and Chart 16 contain details of all the Community's administrative expenditure.

Finally, in heading 6 (Reserves), the monetary reserve of ECU 1 000 million has been retained and an emergency aid reserve of ECU 209 million has been set up; its use will depend on a joint decision by the two arms of the budgetary authority. The reserve of ECU 313 million for guarantees will be entered in the budget at a later stage when the necessary legal base has been adopted.

Table 21
Comparison between 1992 budget, 1993 financial perspective (FP) and 1993 budget

(ECU million)

	Budget 1992	FP 1993	Budget 1993	4 = 3/1	5 = 2 - 3
	1	2	3	%	Amount
Commitment appropriations					
1. Common agricultural policy	32 404	36 657	34 052	5,1	2 605
2. Structural operations	18 557	22 192	22 178	19,5	14
2.1. Structural Funds	18 557	20 627	20 613	11,1	14
2.2. Cohesion Fund		1 565	1 565	∞	0
3. Internal policies	3 897	4 109	4 109	5,4	0
4. External action	3 950	4 120	4 110	4,0	10
5. Administrative expenditure	3 206	3 421	3 401	6,1	20
(Repayments and stock disposal)	893				
6. Reserves	1 000	1 522	1 209	20,9	313
Monetary reserve	1 000	1 000	1 000	0,0	0
External action :					
— loan guarantees		313			313
— emergency aid		209	209	∞	0
Total commitment appropriations	63 907	72 021	69 058	8,1	2 963
Total payment appropriations	61 097	68 611	65 523	7,2	3 088
Total payment appropriations (% GNP) ⁽¹⁾	1,13	1,20	1,15		
Margin (% GNP)	0,07	0,00	0,05		
Own resources ceiling (% GNP)	1,20	1,20	1,20		

⁽¹⁾ Based on the figures and estimates used for the 1993 adjustment of the financial perspective.

Chart 10
 Comparison between 1992 budget, 1993 financial perspective (FP) and 1993 budget

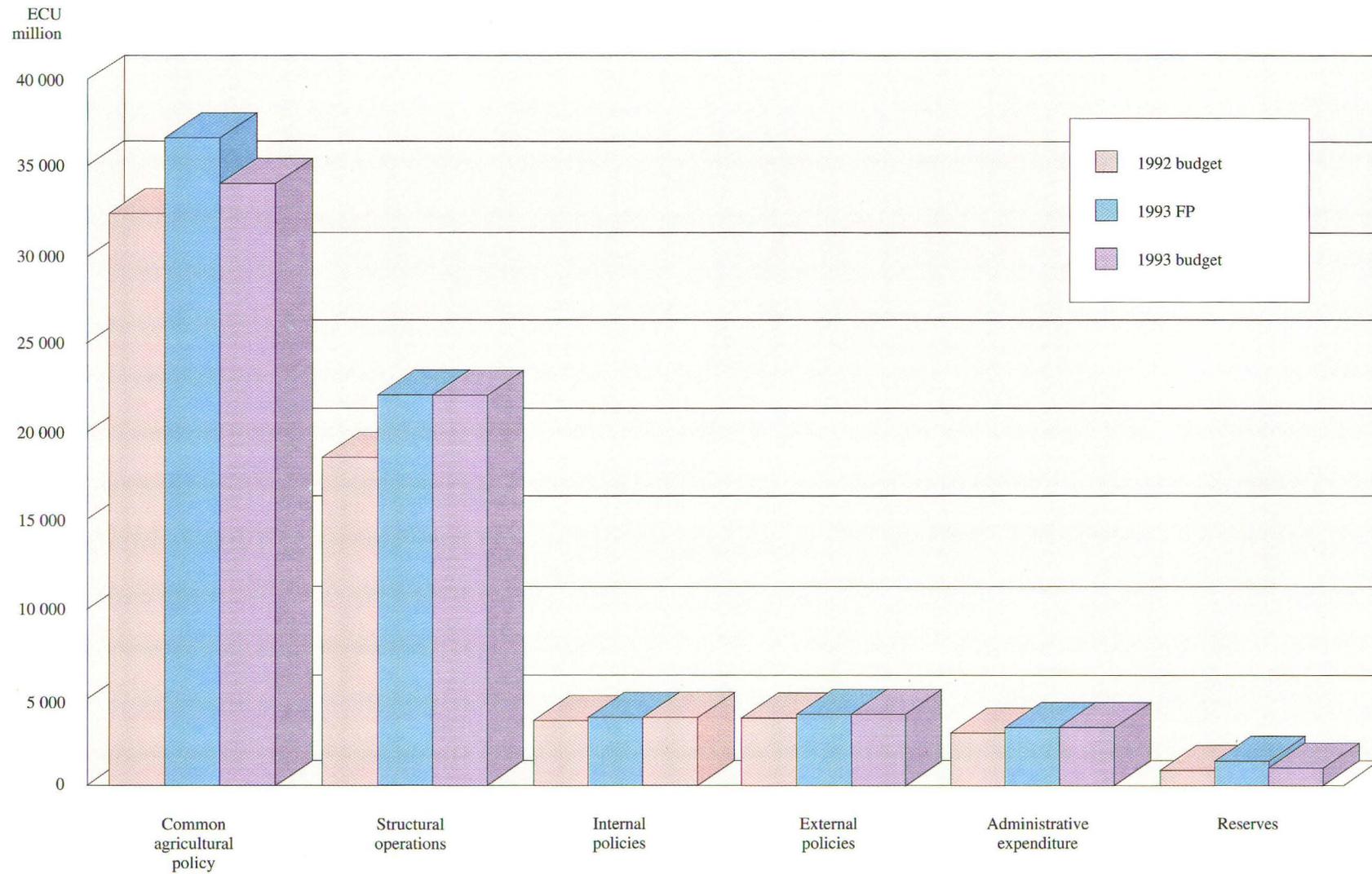


Table 22
The 1993 budget by subsection

(ECU million)

	1993 budget				Percentage change on 1992 budget (in %)	
	Commitments		Payments		Commitments	Payments
	Amount	%	Amount	%		
Commission (Section III)						
B1 : EAGGF Guarantee	35 052,0	50,8	35 052,0	53,5	4,9	4,9
B2 : Structural operations, other agricultural and regional operations, transport and fisheries	22 451,5	32,5	20 709,8	31,6	19,0	18,1
B3 : Training, youth, culture, information and other social operations	536,1	0,8	470,1	0,7	18,0	3,0
B4 : Energy, Euratom nuclear safeguards and environment	314,5	0,5	242,6	0,4	10,3	14,7
B5 : Consumer protection, internal market, industry and technological innovation	428,6	0,6	298,5	0,5	12,6	-7,0
B6 : Research and technological development	2 555,8	3,7	2 351,5	3,6	3,5	16,0
B7 : Cooperation with developing countries and other third countries	4 319,1	6,3	2 997,3	4,6	8,2	-2,9
B0 : Repayments, guarantees, reserves ⁽¹⁾	0,0	0,0	0,0	0,0	-100,0	-100,0
Operating appropriations (Section III/B) — Total	65 657,6	95,1	62 121,8	94,8	8,2	7,3
Administrative appropriations (Section III/A) — Total	2 283,6	3,3	2 283,6	3,5	6,3	6,3
Commission — Total	67 941,2	98,4	64 405,4	98,3	8,1	7,3
Other institutions (Sections I, II, IV and V)	1 117,2	1,6	1 117,2	1,7	5,8	5,8
Grand total	69 058,5	100,0	65 522,6	100,0	8,1	7,2

⁽¹⁾ Reserve for Subsection B6.

Chart 11
The 1993 budget by subsection
(Commitments)

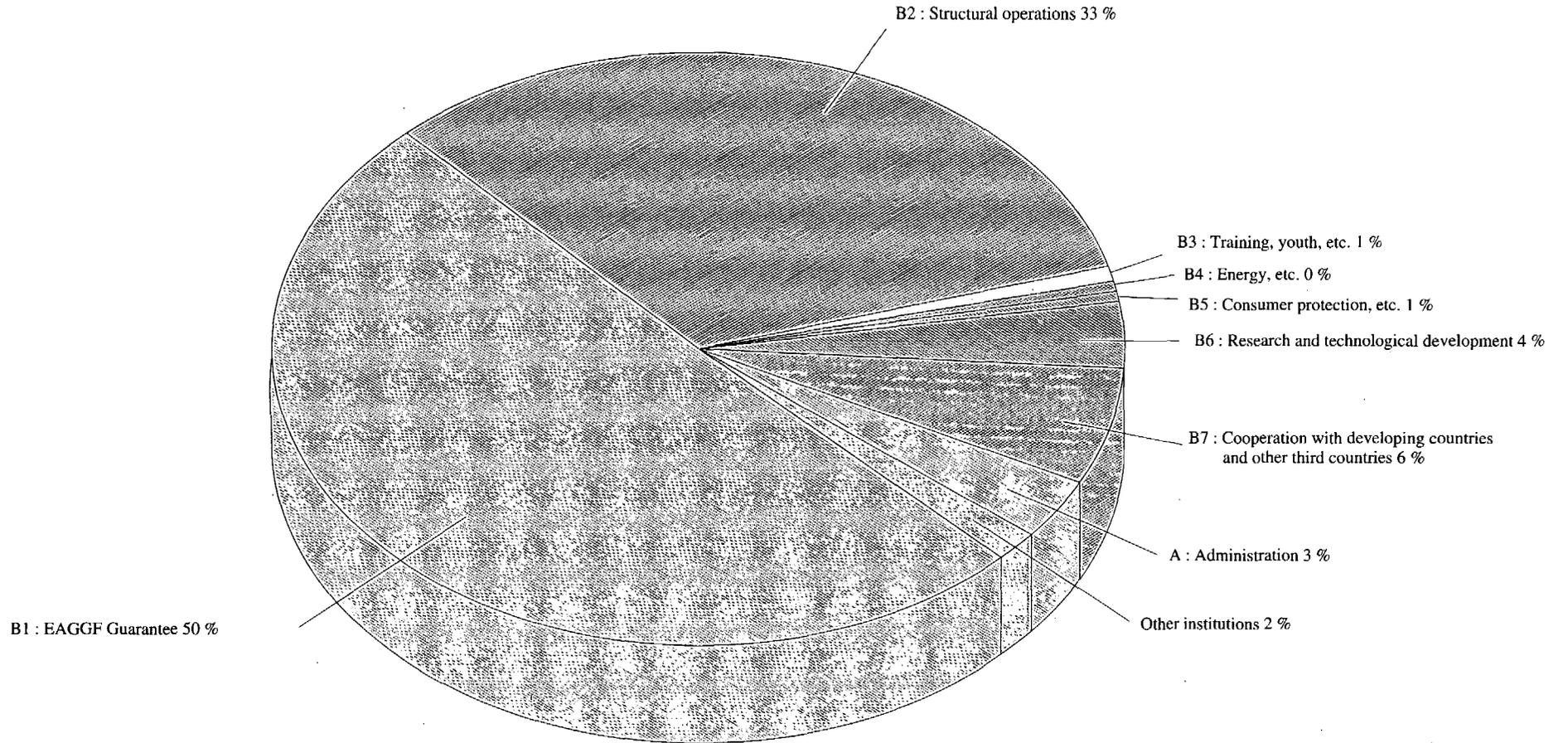


Table 23
The 1993 budget — EAGGF Guarantee (subsection B1)

(ECU million)

	Budget 1993 Commitments = Payments		Percentage change on 1992 budget (in %)
	Amount	%	
B1-1 : Plant products	19 984,0	57,0	3,2
— Cereals and rice	7 104,0	20,3	26,2
— Sugar	2 031,0	5,8	1,8
— Oils and fats	4 833,0	13,8	- 19,5
— Protein plants	728,0	2,1	- 16,0
— Fibre plants and silkworms	717,0	2,0	- 5,8
— Fruit and vegetables	1 483,0	4,2	20,2
— Vine-growing sector	1 535,0	4,4	11,2
— Tobacco	1 274,0	3,6	7,3
— Other	279,0	0,8	- 10,0
B1-2 : Animal products	11 655,0	33,3	6,8
— Milk and milk products	5 337,0	15,2	28,4
— Beef/veal	3 811,0	10,9	- 14,7
— Sheepmeat and goatmeat	1 833,0	5,2	0,6
— Pigmeat	256,0	0,7	35,4
— Eggs and poultrymeat	241,0	0,7	19,3
— Other	150,0	0,4	275,0
— European Fisheries Guarantee Fund	27,0	0,4	- 6,9
B1-3 : Ancillary expenditure	1 683,0	4,8	0,8
B1-4 : Set-aside and income aid	548,0	1,6	19,1
B1-5 : Accompanying measures	182,0	0,5	∞
B1-6 : Monetary reserve	1 000,0	2,9	0,0
Subsection B1 — Total	35 052,0	100,0	4,9

Chart 12
Breakdown of subsection B1 : EAGGF Guarantee 1994

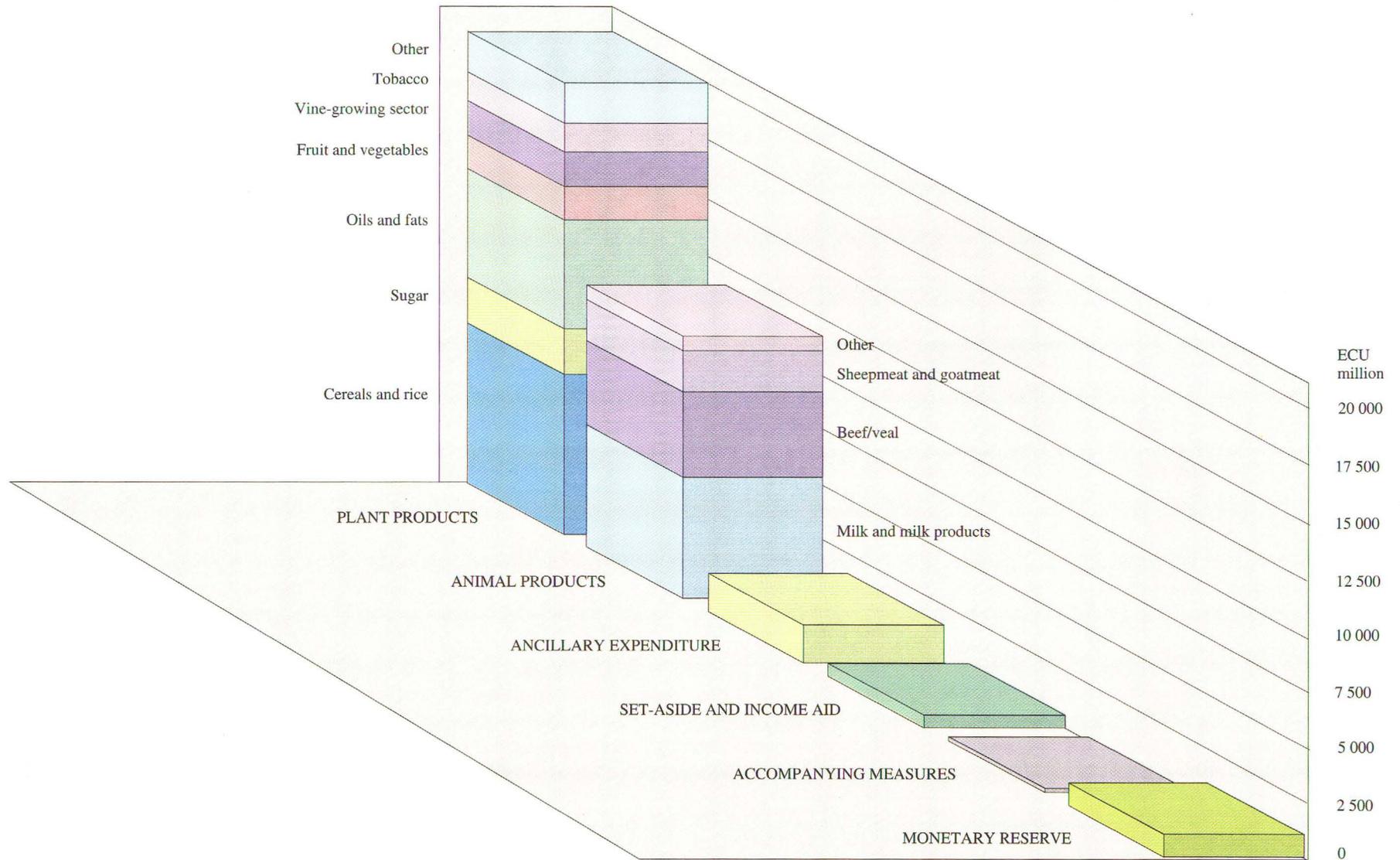


Table 24
The 1993 budget — Structural operations and fisheries (subsection B2)

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B2-1 : Structural Funds	20 193,0	18 923,8	14,2	13,6
— EAGGF Guidance	3 138,0	3 453,8	5,5	25,6
— ERDF	9 808,0	8 914,0	17,1	15,3
— European Social Fund	6 049,0	5 416,0	14,4	10,7
— Other	1 198,0	1 140,0	14,5	- 11,3
B2-2 : Other structural operations	420,0	573,7	- 51,8	- 1,0
B2-3 : Cohesion Fund	1 565,0	1 000,0	∞	∞
B2-4 : Accompanying measures				
B2-5 : Other agricultural operations	205,8	128,1	8,5	- 35,6
B2-6 : Other regional operations	30,0	53,0	- 64,7	- 32,5
B2-7 : Transport	12,8	12,6	37,0	34,9
B2-9 : Other measures concerning fisheries and the sea	25,0	18,7	5,5	11,8
Subsection B2 — Total	22 451,5	20 709,8	19,0	18,1

Chart 13
Breakdown of subsection B2 : Structural operations 1993

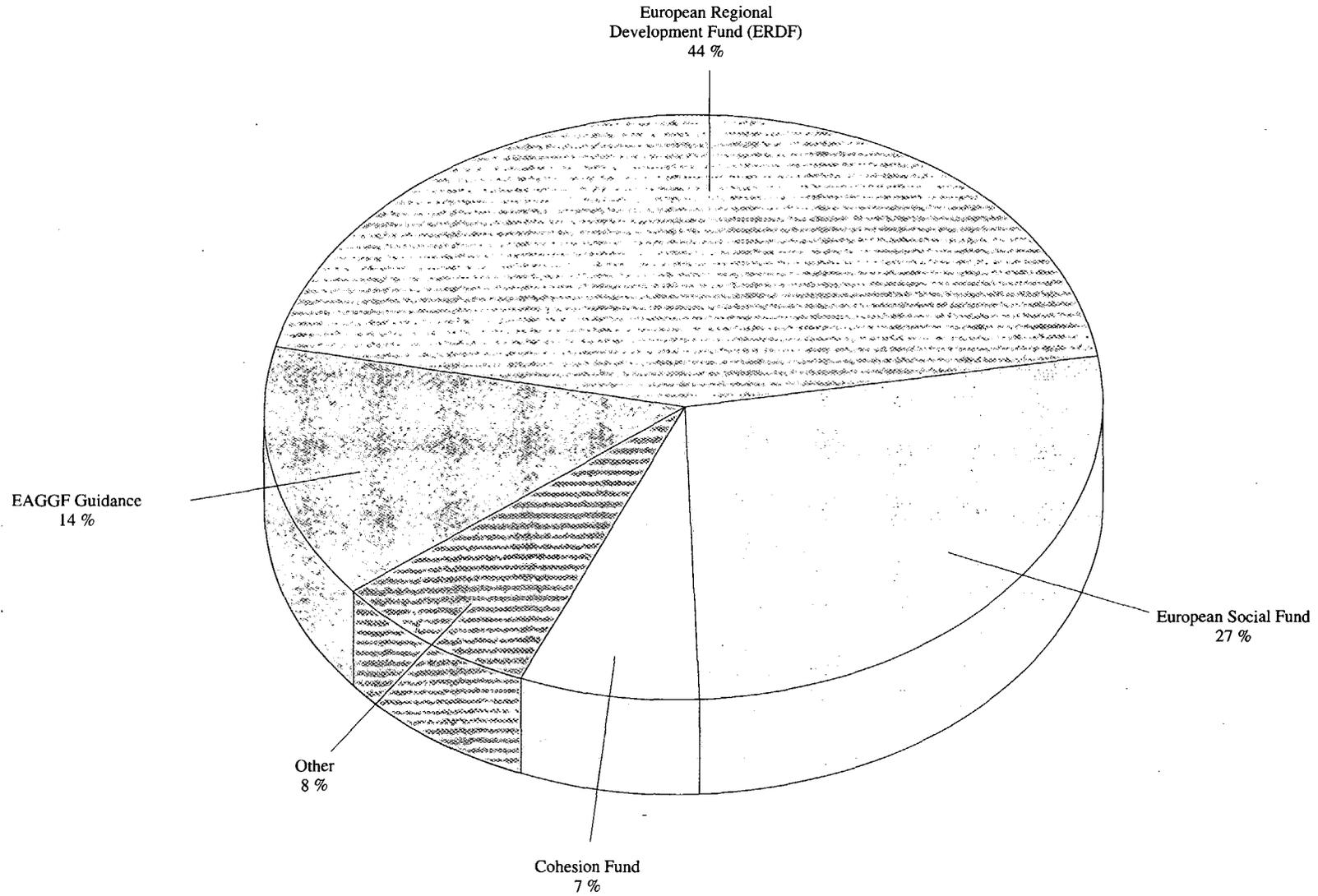


Table 25

**The 1993 budget — Training, youth, culture, information
and other social operations (subsection B3)**

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B3-1 : Education, vocational training and youth policy	270,1	253,6	12,2	5,8
B3-2 : Culture and audiovisual media	63,6	63,9	- 0,2	40,7
B3-3 : Information and communication	33,7	22,1	2,6	- 32,7
B3-4 : Other social operations	168,7	130,4	44,3	- 5,6
Subsection B3 — Total	536,1	470,1	18,0	3,0

Table 26

**The 1993 budget — Energy, Euratom nuclear
safeguards and environment (subsection B4)**

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B4-1 : Energy	202,3	139,9	12,3	0,0
B4-2 : Euratom nuclear safeguards	11,5	7,4	29,7	28,9
B4-3 : Environment	100,7	95,3	4,8	44,5
Subsection B4 — Total	314,5	242,6	10,3	14,7

Table 27

**The 1993 budget — Consumer protection, internal market,
industry and trans-european networks (subsection B5)**

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B5-1 : Consumer protection	16,0	10,0	- 0,8	- 39,3
B5-2 : Aid for reconstruction	12,9	12,5	- 30,8	- 33,1
B5-3 : Internal market	118,8	93,9	- 5,2	- 7,8
B5-4 : Industry	32,9	31,8	11,2	11,7
B5-5 : Innovation and the information market	10,0	11,6	0,0	22,1
B5-6 : Statistical information	29,0	30,9	- 3,2	22,8
B5-7 : Trans-European networks	209,0	107,8	38,6	- 10,9
Subsection B5 — Total	428,6	298,5	12,6	- 7,0

Table 28
The 1993 budget — Research and technological development
(subsection B6)

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B6-1 : Joint Research Centre — staff and resources	206,2	199,1	1,1	- 1,6
B6-3 : Joint Research Centre — direct operating appropriations — framework programme 1990 to 1994	36,0	27,1	- 3,6	79,1
B6-4 : Joint Research Centre — direct operating appropriations — activities in support of framework programmes 1987 to 1991 and 1990 to 1994	17,0	14,1	- 15,0	- 59,6
B6-5 : Indirect action projects (shared-cost projects) and concerted action projects — framework programme 1987 to 1991	15,8	493,0	- 93,5	- 46,0
B6-6 : Indirect action projects (shared-cost projects), concerted action projects and supplementary programmes — framework programme 1990 to 1994	1 754,9	1 232,6	6,4	86,1
B6-7 : Dissemination and exploitation activities — framework programme 1990 to 1994	22,0	18,8	- 12,0	246,4
B6-8 : Accompanying and support activities for framework programmes 1987 to 1991 and 1990 to 1994	202,8	211,8	- 30,1	9,9
B6-9 : Pilot research and development action programmes	5,0	5,0	∞	∞
B0-40 : Reserves	296,0	150,0	∞	∞
Subsection B6 — Total	2 555,8	2 351,5	3,5	16,0

Table 29
The 1993 budget — Cooperation with developing countries
and other third countries (subsection B7)

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)	
	Commitments	Payments	Commitments	Payments
B7-0 : Common foreign and security policy	p.m.	p.m.		
B7-1 : European Development Fund	p.m.	p.m.		
B7-2 : Food aid	574,0	570,8	18,0	9,5
B7-3 : Cooperation with Asian and Latin American developing countries	634,0	354,2	14,6	2,5
B7-4 : Cooperation with Mediterranean countries	408,7	352,1	- 2,4	18,8
B7-5 : Other cooperation measures	623,7	494,6	- 21,2	- 31,1
B7-6 : Cooperation with countries of central and eastern Europe and the independent States of the former Soviet Union	1 573,0	692,6	7,5	- 23,0
B7-7 : Cooperation with other third countries	3,0	32,0	∞	6,7
B7-8 : External aspects of certain Community policies	293,7	291,9	6,0	6,3
B7-9 : Reserves	209,0	209,0	∞	∞
Subsection B7 — Total	4 319,1	2 997,3	8,2	- 2,9

Chart 14
Subsections B3 to B6 — Comparison between 1992 and 1993 budgets

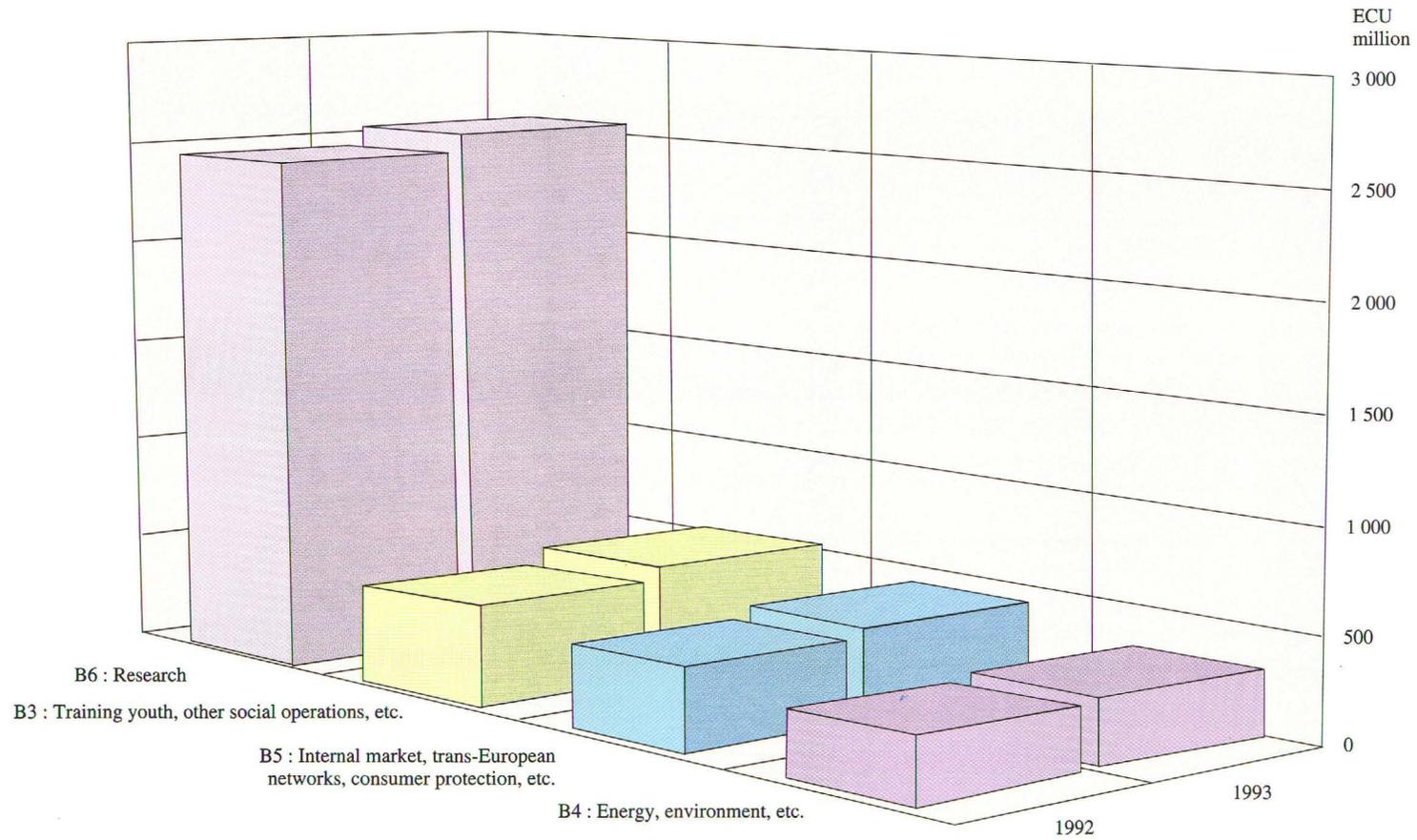


Chart 15
Breakdown of subsection B7 : external action 1993

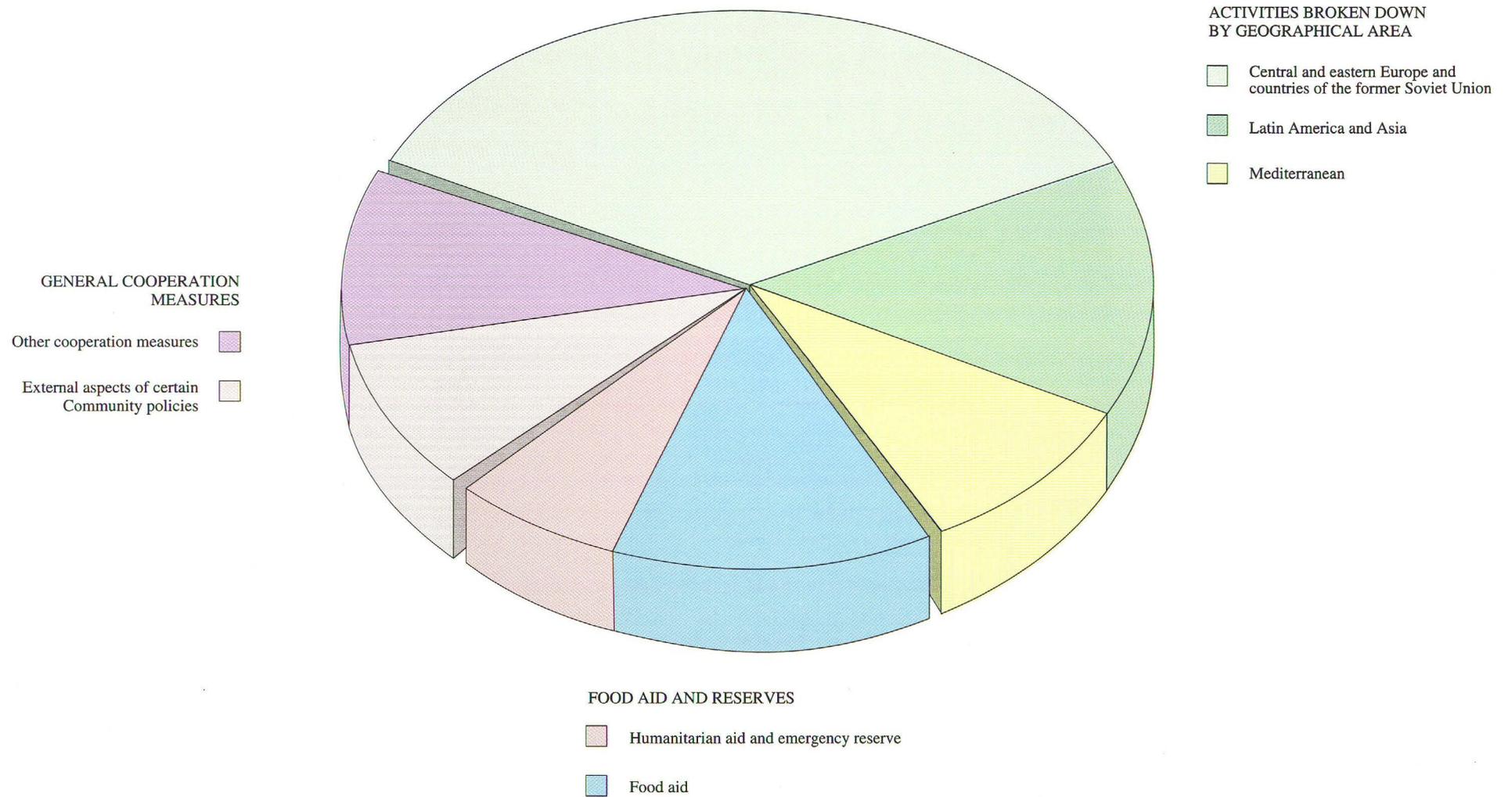


Table 30
The 1993 budget — Commission administrative expenditure (Section III/A)

(ECU million)

	1993 budget	Percentage change on 1992 budget (in %)
A-1 : Expenditure relating to persons working with the institution	1 459,3	4,2
A-2 : Buildings, equipment and miscellaneous operating expenditure	336,5	10,1
A-3 : Expenditure resulting from special functions carried out by the institution	185,3	- 7,9
A-5 : Data processing	93,5	7,3
A-6 : Staff and administrative expenditure outside the Community	179,4	16,4
A-10 : Other expenditure	29,6	∞
Part A — Total	2 283,6	6,3

Table 31
The 1993 budget — Administrative expenditure of all the institutions

(ECU million)

	1993 budget		Percentage change on 1992 budget (in %)
	Amount	%	
1. Parliament	630,0	18,5	6,9
2. Council	357,3	10,5	2,9
3. Commission (Part A)	2 283,6	67,1	6,3
4. Court of Justice	89,8	2,6	7,8
5. Court of Auditors	40,1	1,2	9,3
Total	3 400,9	100,0	6,1

Chart 16
Administrative expenditure of all the institutions

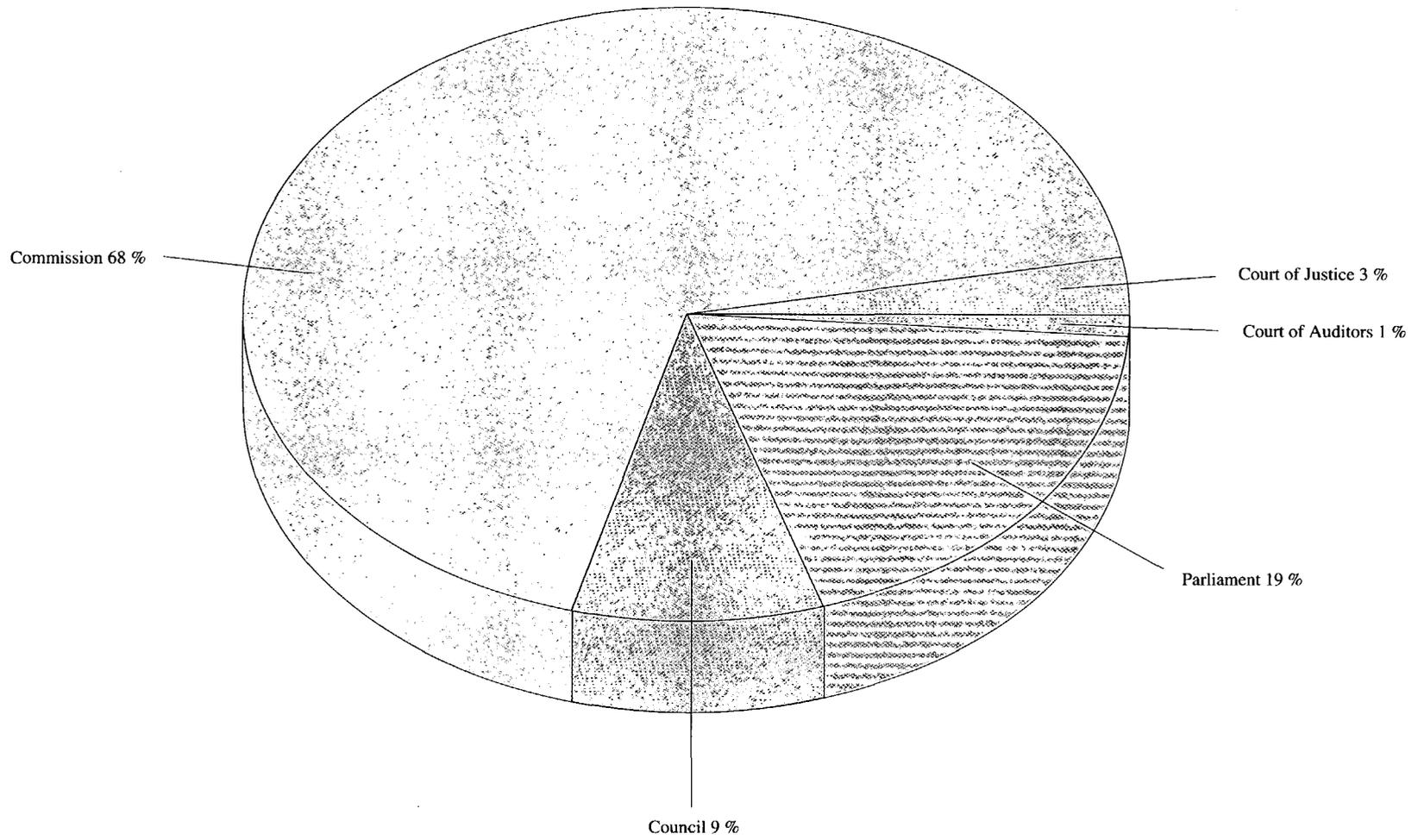


Table 32

Summary of the financing of expenditure from the 1993 general budget

(ECU million)

	Agricultural levies	Customs duties	VAT	Fourth resource	Total
Belgium	131,9	873,9	1 106,0	424,3	2 536,2
Denmark	44,3	270,0	623,0	279,6	1 216,9
Germany	472,2	4 051,3	10 414,6	3 759,8	18 697,9
Greece	33,1	215,6	513,1	161,1	923,0
Spain	231,1	669,8	3 581,9	1 186,9	5 669,7
France	384,4	1 654,2	7 466,0	2 584,4	12 088,9
Ireland	13,4	158,7	264,6	83,1	519,7
Italy	368,3	1 170,0	6 188,0	2 566,3	10 292,6
Luxembourg	0,1	14,9	83,7	26,3	125,0
Netherlands	197,6	1 440,0	1 840,4	612,5	4 090,6
Portugal	141,5	152,2	555,6	174,5	1 023,7
United Kingdom	221,4	2 448,0	3 040,1	2 171,1	7 880,6
Other					457,7
Total	2 239,4	13 118,6	35 677,1	14 029,9	65 522,6

Table 34

Summary of the financing of expenditure from the 1993 general budget

(in %)

	Agricultural levies	Customs duties	VAT	Fourth resource	Other	Total
Belgium	5,2	34,5	43,6	16,7		100,0
Denmark	3,6	22,2	51,2	23,0		100,0
Germany	2,5	21,7	55,7	20,1		100,0
Greece	3,6	23,4	55,6	17,5		100,0
Spain	4,1	11,8	63,2	20,9		100,0
France	3,2	13,7	61,8	21,4		100,0
Ireland	2,6	30,5	50,9	16,0		100,0
Italy	3,6	11,4	60,1	24,9		100,0
Luxembourg	0,1	11,9	67,0	21,0		100,0
Netherlands	4,8	35,2	45,0	15,0		100,0
Portugal	13,8	14,9	54,3	17,0		100,0
United Kingdom	2,8	31,1	38,6	27,6		100,0
EUR 12	3,4	20,0	54,5	21,4	0,7	100,0

Table 33

Summary of the financing of expenditure from the 1993 general budget

(in %)

	Agricultural levies	Customs duties	VAT	Fourth resource	Total
Belgium	5,9	6,7	3,1	3,0	3,9
Denmark	2,0	2,1	1,7	2,0	1,9
Germany	21,1	30,9	29,2	26,8	28,5
Greece	1,5	1,6	1,4	1,1	1,4
Spain	10,3	5,1	10,0	8,5	8,7
France	17,2	12,6	20,9	18,4	18,5
Ireland	0,6	1,2	0,7	0,6	0,8
Italy	16,4	8,9	17,3	18,3	15,7
Luxembourg	0,0	0,1	0,2	0,2	0,2
Netherlands	8,8	11,0	5,2	4,4	6,2
Portugal	6,3	1,2	1,6	1,2	1,6
United Kingdom	9,9	18,7	8,5	15,5	12,0
Other					0,7
Total	100,0	100,0	100,0	100,0	100,0

Chart 17

Financing of expenditure from the general budget by Member State

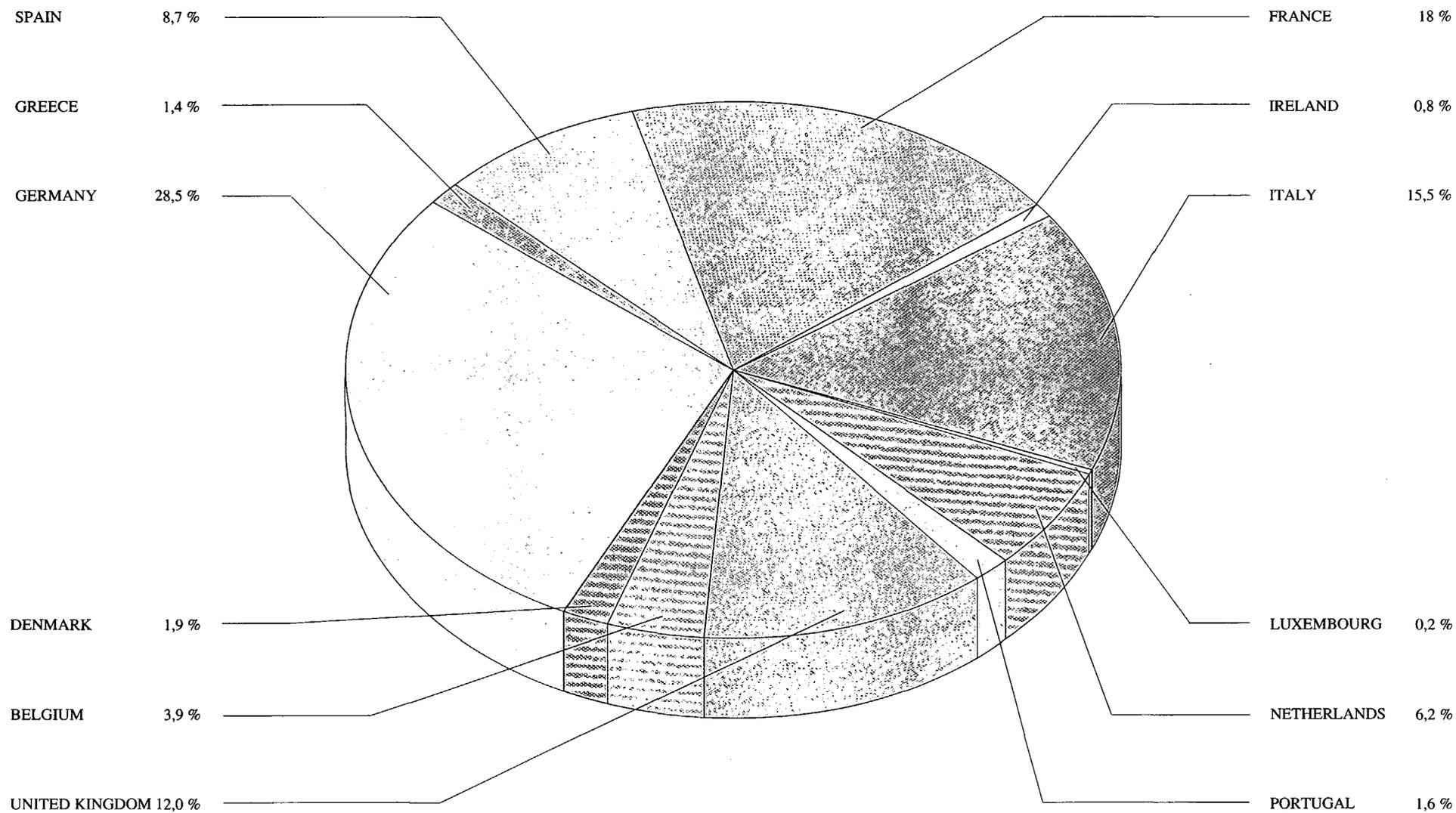
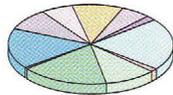


Chart 18

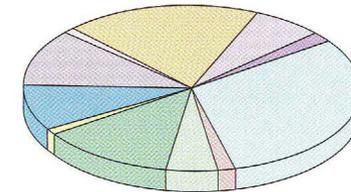
Summary of the financing of expenditure from the 1993 general budget

1. Agricultural levies

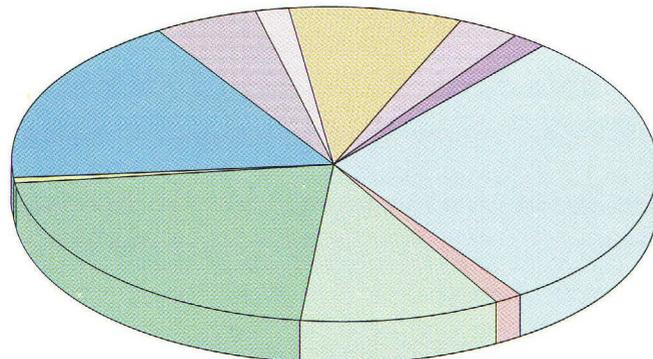


%		%
5,9	Belgium	6,7
2,0	Denmark	2,1
21,1	Germany	30,9
1,5	Greece	1,6
10,3	Spain	5,1
17,2	France	12,6
0,6	Ireland	1,2
16,4	Italy	8,9
0,0	Luxembourg	0,1
8,8	Netherlands	11,0
6,3	Portugal	1,2
9,9	United Kingdom	18,7

2. Customs duties

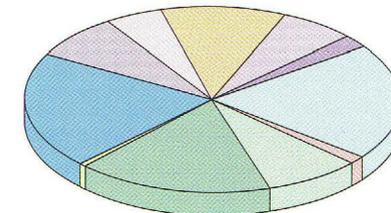


3. VAT



%		%
3,1	Belgium	3,0
1,7	Denmark	2,0
29,2	Germany	26,8
1,4	Greece	1,1
10,0	Spain	8,5
20,9	France	18,4
0,7	Ireland	0,6
17,3	Italy	18,3
0,2	Luxembourg	0,2
5,2	Netherlands	4,4
1,6	Portugal	1,2
8,5	United Kingdom	15,5

4. Fourth resource



Part V

1994 preliminary draft budget

Preliminary draft budget for 1994

The Commission's preliminary draft budget for 1994 has been drawn up in line with the financial perspective adopted at Edinburgh and again leaves margins beneath the ceilings of headings 3 and 4 in order to give the budgetary authority room for manoeuvre and also to allow for the financing of any unforeseen expenditure, given that there will be no possibility of revising the financial perspective in 1994.

1. The broad lines of the preliminary draft budget for 1994

The expenditure proposals in the preliminary draft budget total ECU 73 167 million in commitment appropriations and ECU 70 099 million in payment appropriations. These figures are up by 5,9 % and 7,0 % respectively in 1993.

Table 35 and Chart 19 compare the ceilings agreed at Edinburgh, the 1993 appropriations (in the budget adopted) and the appropriations proposed for 1994 for the various headings of the financial perspective.

Table 36 contains the figures for the 1994 preliminary draft according to the budgetary nomenclature.

2. Analysis of expenditure by heading

Agricultural expenditure (heading 1)

There will be heavy budgetary strains on the EAGGF Guarantee Section in 1994 : appropriations required are significantly higher than in 1993, the reasons being that the common agricultural policy reform decided in May 1992 will take effect in the 1993/94 marketing year and the budgetary impact of the recent currency realignments must be accommodated. Another factor is the cost of measures recently adopted by the Council and the impact of the price package adopted in May 1993.

The 1994 preliminary draft none the less complies with the agricultural guideline (ECU 36 465 million) in accordance with the spirit of the Edinburgh conclusions and as dictated by budgetary discipline. However, there are still substantial requirements which are not covered. If no savings, additional revenue or reductions in expenditure emerge during the year, the mechanisms agreed by the Edinburgh European Council may have to be applied,

in particular the monetary reserve may have to be drawn on. The reserve will only be mobilized, however, if the utilization of appropriations so requires and once it is possible to produce fairly accurate estimates of actual needs and of the impact of movements in the dollar/ecu parity.

Structural operations (heading 2)

Appropriations for all structural operations covered by heading 2 total ECU 23 176 million, an increase of 4,5 % over 1993. This is the exact amount agreed by the Edinburgh European Council.

The Community support frameworks for the new programming period have not yet been established nor have appropriations been distributed by objective for the period 1994 to 1999. The proposed distribution of appropriations by Objective and then by Fund for 1994 is therefore based, purely as a safeguard measure, on the relative shares in 1993 of Objectives 2, 3/4 and 5(b). This is not the case with Objective 1, for which the Edinburgh conclusions gave a specific figure, and Objective 5(a), to which the same conclusions gave a lower priority.

The ECU 1 853 million for the Cohesion Fund is what is specified in the Edinburgh decisions. It represents an increase of 18,4 % at current prices.

Internal policies (heading 3)

The total appropriations for heading 3 (ECU 4 243 million) are 3,3 % up on the 1993 budget, leaving a margin of some ECU 80 million below the ceiling for the heading. The expenditure forecasts for 1994 are as follows :

Research and technological development (RTD)

The commitment appropriations for research and technological development (ECU 2 553 million) are virtually the same as in 1993 (ECU 2 551 million on a comparable base). They are based on completion of the second and third framework programmes, the deferred entry in the budget of the bulk of the increase for the third framework programme (ECU 750 million out of the ECU 900 million agreed by the Council) and a massive increase for support operations. The proposed amount, which represents around 59 % of appropriations for heading 3, is still entirely consistent with the

Edinburgh conclusions, under which the proportion of appropriations for research and technological development must be between a half and two-thirds of the appropriations for the entire heading. The amounts proposed break down into ECU 2 021 million for the framework programmes and ECU 532 million for the support operations, including ECU 100 million for high-definition television (HDTV).

Trans-European networks

In view of the priority given to trans-European networks by the Treaty on European Union, ECU 310 million is earmarked in the preliminary draft for 1994 for a Community contribution of ECU 30 million to the European Investment Fund and for the development of networks in the following areas : transport (ECU 200 million), energy (ECU 8 million), telecommunications infrastructure (ECU 20 million) and data interchange between administrations (ECU 52 million).

The other internal policies

Substantial increases are possible for only a few policies such as the internal market (27 %), action to promote small businesses under the growth initiative agreed at Edinburgh (8,1 %), environment (10,6 %) and information/communication (18,6 %). In the specific cases of the internal market and the environment, the appropriations proposed cover the implementation in 1994 of three agencies on which final political agreement is expected in 1993 : these are the Community Trade Marks Office, the European Agency for the Evaluation of Medicinal Products and the European Environment Agency.

Because of the constraints on this heading the increases for the other internal policies have to be small or even non-existent (other agricultural operations : 1 %; education, vocational training and youth : 3,8 %; audiovisual media and culture : 2,7 %; other regional operations : 3,3 %; energy).

External action (heading 4)

The appropriations for action covered by heading 4 total ECU 4 173,6 million. The very small increase in allocations compared with 1993 (1,6 %) is divided between the following :

- Food aid, with an increase of 1,5 % over the 1993 allocations. This increase will guarantee virtually constant quantities. It should be added that the allocation for the Emergency Humanitarian Aid Office (B7-51) increases by 3,9 %.
- Cooperation with developing countries in Asia and Latin America is given a small increase of some 1,5 %, which, despite the budgetary constraints, will enable development aid and economic cooperation operations with these countries to continue.
- A significant effort is made for cooperation with Mediterranean countries, with a 3,9 % increase in allocations. Special priority has been given to implementing the third and fourth protocols with the southern Mediterranean countries, for which the increase over 1993 is 9,5 %.
- The appropriations for the external aspects of certain Community policies (such as fisheries) are allowed a relatively large increase : 4,8 %.
- Other cooperation measures, which enjoyed a far larger increase in the 1993 budget than the Commission had envisaged in its preliminary draft, are cut back slightly in relation to the 1993 budget.
- The appropriations for the aid programmes for the countries of central and eastern Europe and the States of the CIS (Phare and Tacis) are rolled over. This is a consolidation phase prior to stepping up cooperation efforts.

The margin left beneath the ceiling for the heading as set out in the framework agreed at Edinburgh is around ECU 60 million.

Administrative expenditure (heading 5)

The position concerning administrative expenditure under heading 5 is particularly difficult in 1994. The specific constraint is not a direct result of the financial framework agreed in Edinburgh; instead the difficulty derives from the fact that much of the adminis-

trative expenditure is in Belgian or Luxembourg francs. The result of this is that changes in the ECU/Bfrs, Lfrs parity have an immediate impact on the amounts that are available for this expenditure. With the ecu depreciating against these currencies, resources available for administrative expenditure will remain virtually constant in real terms. For the 1993 budget the impact of this can be put at around ECU 130 million for all the institutions, of which ECU 85 million for the Commission alone, i.e. 3,7 % of the total appropriations available; this means that drastic measures will have to be taken to keep expenditure within the limits of what is actually available. This additional burden will again have to be borne in 1994.

Reserves (Heading 6)

As agreed by the Edinburgh European Council, this heading now contains three reserves to be entered in the preliminary draft budget, for which resources will be called in only if the need arises during the financial year. The first one is the monetary reserve for EAGGF guarantee expenditure (ECU 1 000 million), to which are now added the emergency aid reserve (ECU 212 million) and the guarantees reserve (ECU 318 million). The legislative proposals are currently before the Council and have been submitted to Parliament for its opinion.

Table 35
Comparison between 1993 budget, 1994 financial perspective and 1994 PDB

(ECU million)

	1993 budget	1994 FP	1994 PDB	4 = 3/1	5 = 2-3
	1	2	3	%	Amount
Commitment appropriations					
1. Common agricultural policy	34 052	36 465	36 465	7,1	0,0
2. Structural operations	22 178	23 176	23 176	4,5	0,0
2.1. Structural Funds	20 613	21 323	21 323	3,4	0,0
2.2. Cohesion Fund	1 565	1 853	1 853	18,4	0,0
3. Internal policies	4 109	4 325	4 243	3,3	81,7
4. External action	4 110	4 236	4 174	1,5	62,4
5. Administrative expenditure	3 401	3 579	3 579	5,2	0,0
6. Reserves	1 209	1 530	1 530	26,6	0,0
Monetary reserve	1 000	1 000	1 000	0,0	0,0
External action :					
— loan guarantees	—	318	318	∞	0,0
— emergency aid	209	212	212	1,4	0,0
Total commitment appropriations	69 058	73 311	73 167	5,9	144,1
Total payment appropriations	65 523	70 232	70 099	7,0	133,1
Total payment appropriations (% GNP) ⁽¹⁾	1,18	1,20	1,20		
Margin (% GNP)	0,02	0,00	0,00		
Own resources ceiling (% GNP)	1,20	1,20	1,20		

⁽¹⁾ Based on the figures and estimates used for the 1994 adjustment of the financial perspective.

Chart 19
Comparison between 1993 budget, 1994 financial perspective and 1994 PDB

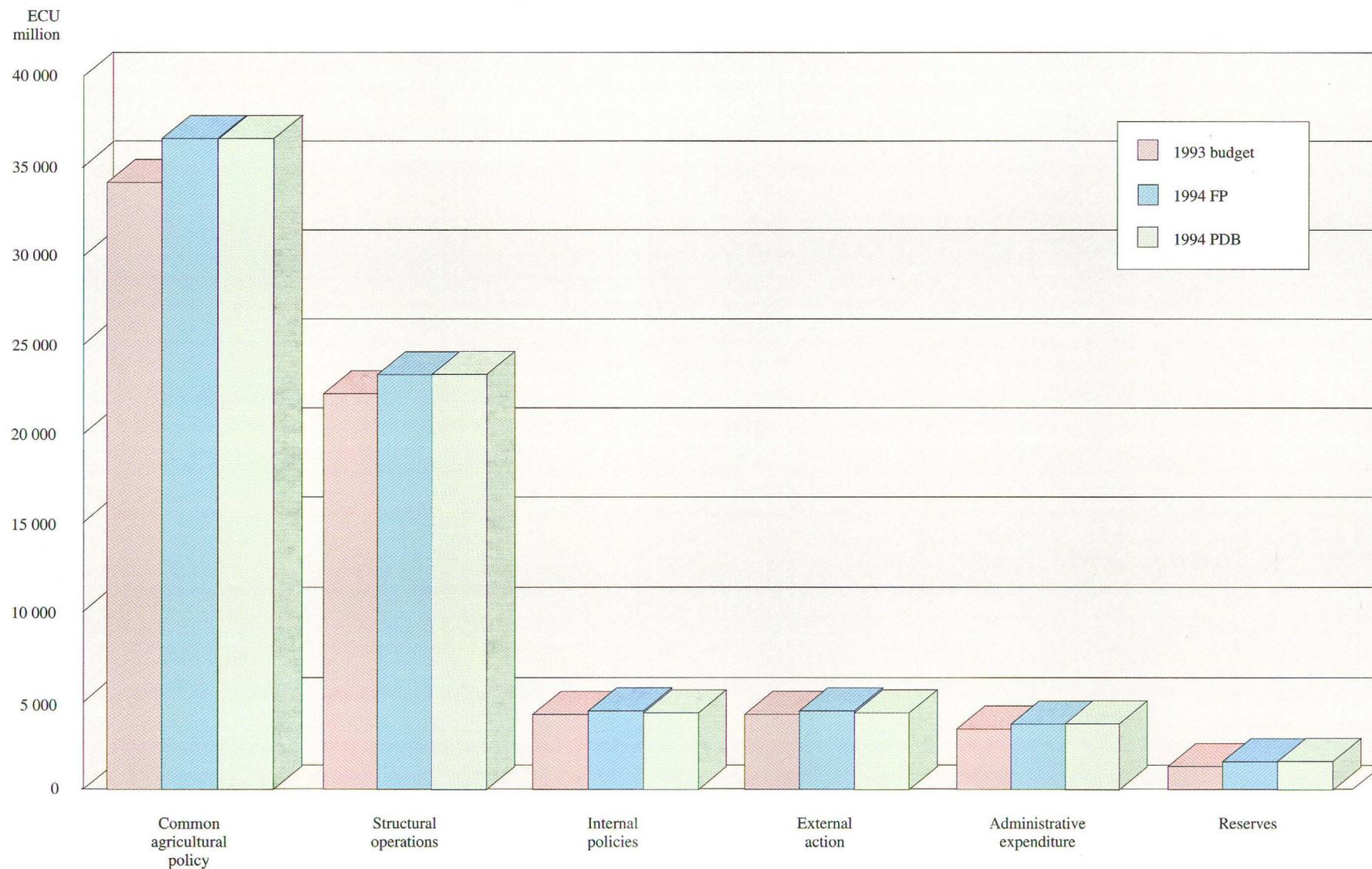


Table 36
1994 preliminary draft

(ECU million)

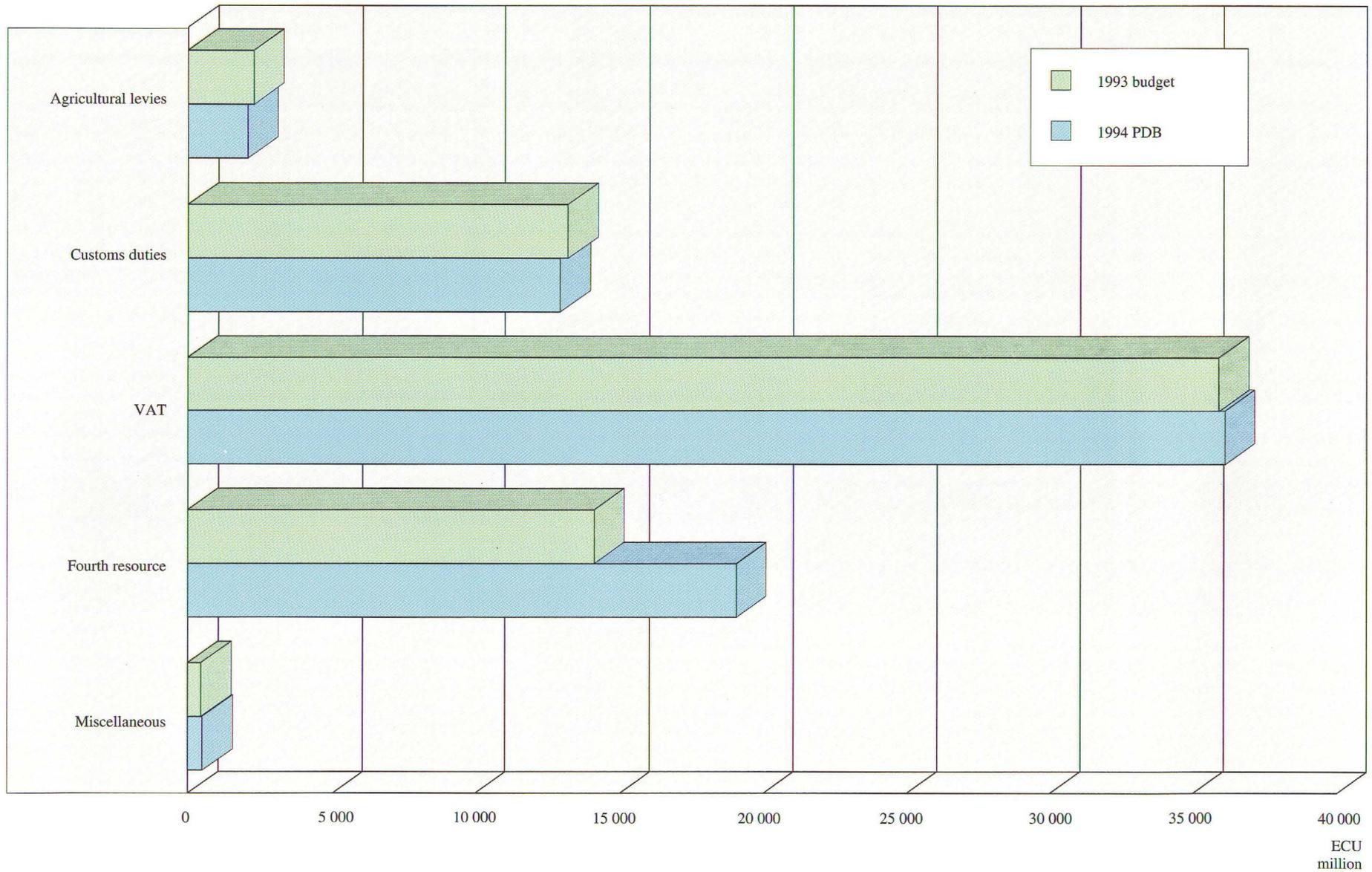
	Appropriations for commitments		Appropriations for payments	
	Amount	%	Amount	%
Commission (Section III/B)				
B1 : EAGGF Guarantee	37 465,0	51,2	37 465,0	53,4
B2 : Structural operations, other agricultural and regional operations, transport and fisheries	23 451,5	32,1	21 681,4	30,9
B3 : Training, youth, culture, information and other social operations	529,3	0,7	514,9	0,7
B4 : Energy, Euratom nuclear safeguards and environment	333,2	0,5	303,9	0,4
B5 : Consumer protection, internal market, industry and network	552,3	0,8	441,6	0,6
B6 : Research and technological development	2 553,0	3,5	2 401,5	3,4
B7 : Cooperation with developing countries and other third countries	4 385,6	6,0	3 393,6	4,8
B0 : Repayments, guarantees, reserves	318,0	0,4	318,0	0,5
Operating appropriations (Section III/B) — Total	69 587,9	95,1	66 519,9	94,9
Administrative appropriations (Section III/A) — Total	2 415,8	3,3	2 415,8	3,4
Commission — Total	72 003,7	98,4	68 935,8	98,3
Other institutions (Sections I, II, IV and V)	1 163,2	1,6	1 163,2	1,7
Grand total	73 166,9	100,0	70 098,9	100,0

Table 37
Financing the general budget 1993 and 1994

(ECU million)

Type of revenue	1993 budget		1994 PDB	
	Amount	%	Amount	%
Agricultural levies	2 239,4	3,4	2 039,0	2,9
Customs duties	13 118,6	20,0	12 619,4	18,0
VAT	35 677,1	54,5	35 850,5	51,1
Fourth resource	14 029,9	21,4	19 088,6	27,2
Miscellaneous	457,7	0,7	501,4	0,7
Total	65 522,6	100,0	70 098,9	100,0

Chart 20
Community revenue, comparison between 1993 budget and preliminary draft budget for 1994



Glossary

Abbreviation or acronym	Meaning		
Bridge	Biotechnology research for innovation, development and growth in Europe	HDTV	High-definition television
CAP	Common agricultural policy	Helios	Handicapped people in the European Community living independently in an open society
CE	Compulsory expenditure	IMP	Integrated Mediterranean programmes
CIS	Commonwealth of Independent States	Jet	Joint European Torus
COM	Reference to official Commission publications	Life	Financial instrument for the environment
Comett	Action programme of the Community in education and training for technology	Media	Measures to promote the development of the audiovisual industry
EAEC	European Atomic Energy Community (Euratom)	NCE	Non-compulsory expenditure
EAGGF Guarantee	European Agricultural Guidance and Guarantee Fund, Guarantee Section	NCI	New Community instrument
EAGGF Guidance	European Agricultural Guidance and Guarantee Fund, Guidance Section	PDB	Preliminary draft budget
ECSC	European Coal and Steel Community	PDSAB	Preliminary draft supplementary and amending budget
EDF	European Development Fund	Pedip	Specific programme for the development of Portuguese industry
EEC	European Economic Community	Phare	Poland-Hungary : aid for restructuring of the economy
Erasmus	European Community action scheme for the mobility of university students	P.M.	Pour mémoire (token entry)
ERDF	European Regional Development Fund	Race	Research and development in advanced communication technologies for Europe
ESF	European Social Fund	RTD	Research and technological development
Esprit	European strategic programme for research and development in information technology	SAB	Supplementary and amending budget
Euratom	See EAEC	Save	Specific actions for vigorous energy efficiency
Force	Continuing vocational training	Tacis	Technical assistance to the Commonwealth of Independent States
GNP	Gross national product	Thermie	European technologies for energy management
		VAT	Value added tax

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