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

**Technical adjustment of the financial framework for 2012  
in line with movements in GNI**

**(Point 16 of the Interinstitutional Agreement of 17 May 2006  
on budgetary discipline and sound financial management)**

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**1. INTRODUCTION**

The Interinstitutional Agreement (IIA) of 17 May 2006 on budgetary discipline and sound financial management (OJ C 139/1 of 14/06/2006) contains the financial framework table for EU-27 for the period 2007-2013, expressed in 2004 prices (Table 1).

According to Point 16 of the IIA, the Commission makes each year, ahead of the budgetary procedure for year n+1, a technical adjustment to the financial framework in line with movements in the EU's gross national income (GNI) and prices and communicates the results to the two arms of the budgetary authority. As far as prices are concerned, expenditure ceilings at current prices are established using the fixed 2% deflator foreseen in point 16 of the IIA. As far as movements in GNI are concerned, the present Communication includes the latest economic forecasts available.

The purpose of this communication is to present to the budgetary authority the result of the technical adjustment (EU-27) for 2012 according to Point 16 of the IIA.

**2. TERMS OF THE ADJUSTMENT OF THE FINANCIAL FRAMEWORK TABLE (TABLES 1-2)**

Table 1 shows the financial framework for EU-27 in 2004 prices as modified in accordance with point 17 of the IIA (COM(2010) 160 of 16 April 2010).

Table 2 shows the financial framework for EU-27 adjusted for 2012 (i.e. in current prices, unchanged as compared to the adjustment for 2011 and point 17, see COM(2010) 160, except that the financial framework expressed in percentage of GNI is updated with the latest economic forecasts available).

**2.1. Total figure for GNI**

According to the latest forecast available, the GNI for 2012 is established at EUR 13 114 511 million in current prices for EU-27 (according to the last paragraph of Point 16 no technical adjustments are made in respect of the current year or the past ones; for information only, the updated GNI is established at EUR 12 650 080 million for 2011, at EUR 12 218 528 million for 2010, at

EUR 11 626 995 million for 2009, EUR 12 312 555 million for 2008 and EUR 12 243 045 million for 2007).

For 2013 the EU-27 GNI has been calculated on the basis of internal Commission projections for the annual average growth rate in real terms. These projections are indicative and will be updated annually on the basis of the latest economic forecasts available.

Since 2010 GNI includes financial intermediation services indirectly measured (FISIM) based on Council Decision 2010/196/EU, Euratom of 16 March 2010 to apply FISIM for own resources purposes<sup>1</sup> from 1 January 2010 onwards.

## **2.2. Main results of the technical adjustment of the Financial Framework for 2012 (EU-27)**

The overall ceiling on commitment appropriations for 2012 (EUR 147 546 million) equals 1.13 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 141 360 million) equals 1.08 % of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.23 % own resources ceiling of EUR 19 948 million (0.15 % of GNI for EU-27).

The ceilings for own resources and for commitment appropriations were adapted following the entry into force of Decision 2010/196 to apply FISIM for own resources purposes<sup>2</sup>.

## **3. OTHER ELEMENTS LINKED TO THE TECHNICAL ADJUSTMENT**

### **3.1. Heading 5 (Administration)**

In the case of heading 5, a footnote to the financial framework states that the figures for pensions included under the ceiling for this heading are to be calculated net of staff contributions to the pension scheme, up to a maximum of EUR 500 million (2004 prices) for the period 2007-2013. This provision should be interpreted as imposing a dual limit on the amounts deducted from expenditure on pensions when applying the ceiling of the heading:

- This amount may not exceed the contributions actually entered as budget revenue in any one year;
- The accumulated total of deductions for the period 2007-2013 may not exceed EUR 500 million at 2004 prices, equivalent to an average of EUR 71.4 million (EUR 84.0 million at 2012 prices).

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<sup>1</sup> Council Decision 2010/196/EU, Euratom of 16 March 2010 on the allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the Gross National Income (GNI) used for the purposes of the European Union's budget and its own resources, OJ L 87, 7.4.2010, p. 31.

<sup>2</sup> Communication from the Commission to the EP and the Council on the adaptation of the ceiling of own resources and of the ceiling for appropriations for commitments following the decision to apply FISIM for own resources purposes, COM(2010) 162.

The recurrent nature of administrative expenditure imposes that an average limit is adopted annually to avoid using a margin at the start of the period which would no longer be fully available afterwards. For 2012 the amount to be deducted is EUR 84.0 million at current prices.

### **3.2. Expenditure items outside the financial framework 2007-2013**

A number of instruments are available outside expenditure ceilings agreed in the financial framework 2007-2013. These instruments aim at providing rapid response to exceptional or unforeseen events, and provide some flexibility beyond the agreed expenditure ceilings within certain limits:

- the *Emergency Aid reserve*, which can be mobilised up to a maximum amount of EUR 221 million per year in 2004 prices, or EUR 258.9 million in 2012 at current prices (EUR 1 744 million for the whole period in current prices);
- the *EU Solidarity Fund*, whose maximum annual amount in current prices is EUR 1 billion;
- the *Flexibility Instrument*, with a maximum annual amount in current prices of EUR 200 million, plus the portion of the unused annual amounts of the years 2010-2011, which may be carried over to year 2012;

In addition, it will be possible to mobilise the *European Globalisation Adjustment Fund* (EGF) up to a maximum of EUR 500 million per year in current prices by drawing from any margin existing under the global ceiling for commitment appropriations of the previous year, and/or from cancelled commitments from the previous two years (excluding those related to heading 1b).

## **4. OPERATIONS OUTSIDE THE BUDGET AND OWN RESOURCES**

The fourth subparagraph of Point 11 of the Interinstitutional Agreement states that information relating to operations not included in the general budget and the foreseeable development of the various categories of own resources is to be set out in tables, as an indication, and updated annually when the technical adjustment is made to the financial framework.

This information, updated in line with the latest estimates available, is set out in Tables 3.1 to 3.2. It covers the European Development Fund (EDF) and the structure of own resources.

## ANNEXES

### TABLE 1: FINANCIAL FRAMEWORK 2007-2013

*(EUR million - constant 2004 prices)*

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
<b>1. Sustainable Growth</b>	<b>50 865</b>	<b>53 262</b>	<b>55 879</b>	<b>56 435</b>	<b>55 693</b>	<b>57 153</b>	<b>58 537</b>	<b>387 824</b>
1a Competitiveness for Growth and Employment	8 404	9 595	12 018	12 580	11 306	12 122	12 914	78 939
1b Cohesion for Growth and Employment	42 461	43 667	43 861	43 855	44 387	45 031	45 623	308 885
<b>2. Preservation and Management of Natural Resources</b>	<b>51 962</b>	<b>54 685</b>	<b>51 023</b>	<b>53 238</b>	<b>52 528</b>	<b>51 901</b>	<b>51 284</b>	<b>366 621</b>
of which: market related expenditure and direct payments	43 120	42 697	42 279	41 864	41 453	41 047	40 645	293 105
<b>3. Citizenship, freedom, security and justice</b>	<b>1 199</b>	<b>1 258</b>	<b>1 375</b>	<b>1 503</b>	<b>1 645</b>	<b>1 797</b>	<b>1 988</b>	<b>10 765</b>
3a Freedom, Security and Justice	600	690	785	910	1 050	1 200	1 390	6 625
3b Citizenship	599	568	590	593	595	597	598	4 140
<b>4. EU as a global player</b>	<b>6 199</b>	<b>6 469</b>	<b>6 739</b>	<b>7 009</b>	<b>7 339</b>	<b>7 679</b>	<b>8 029</b>	<b>49 463</b>
<b>5. Administration <sup>(1)</sup></b>	<b>6 633</b>	<b>6 818</b>	<b>6 816</b>	<b>6 999</b>	<b>7 255</b>	<b>7 400</b>	<b>7 610</b>	<b>49 531</b>
<b>6. Compensations</b>	<b>419</b>	<b>191</b>	<b>190</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>117 277</b>	<b>122 683</b>	<b>122 022</b>	<b>125 184</b>	<b>124 460</b>	<b>125 930</b>	<b>127 448</b>	<b>865 004</b>
as a percentage of GNI	1.08%	1.09%	1.06%	1.06%	1.03%	1.02%	1.01%	1.049%
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>115 142</b>	<b>119 805</b>	<b>109 091</b>	<b>119 245</b>	<b>116 899</b>	<b>120 649</b>	<b>119 933</b>	<b>820 764</b>
as a percentage of GNI	1.06%	1.06%	0.95%	1.01%	0.97%	0.98%	0.95%	1.00%
Margin available	0.18%	0.18%	0.29%	0.22%	0.26%	0.25%	0.28%	0.23%
Own Resources Ceiling as a percentage of GNI	1.24%	1.24%	1.24%	1.23%	1.23%	1.23%	1.23%	1.23%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

**TABLE 2: FINANCIAL FRAMEWORK (EU-27) ADJUSTED FOR 2012**

(EUR million - current prices)

COMMITMENT APPROPRIATIONS	2007	2008	2009	2010	2011	2012	2013	Total 2007-2013
<b>1. Sustainable Growth</b>	<b>53 979</b>	<b>57 653</b>	<b>61 696</b>	<b>63 555</b>	<b>63 974</b>	<b>66 964</b>	<b>69 957</b>	<b>437 778</b>
1a Competitiveness for Growth and Employment	8 918	10 386	13 269	14 167	12 987	14 203	15 433	89 363
1b Cohesion for Growth and Employment	45 061	47 267	48 427	49 388	50 987	52 761	54 524	348 415
<b>2. Preservation and Management of Natural Resources</b>	<b>55 143</b>	<b>59 193</b>	<b>56 333</b>	<b>59 955</b>	<b>60 338</b>	<b>60 810</b>	<b>61 289</b>	<b>413 061</b>
of which: market related expenditure and direct payments	45 759	46 217	46 679	47 146	47 617	48 093	48 574	330 085
<b>3. Citizenship, freedom, security and justice</b>	<b>1 273</b>	<b>1 362</b>	<b>1 518</b>	<b>1 693</b>	<b>1 889</b>	<b>2 105</b>	<b>2 376</b>	<b>12 216</b>
3a Freedom, Security and Justice	637	747	867	1 025	1 206	1 406	1 661	7 549
3b Citizenship	636	615	651	668	683	699	715	4 667
<b>4. EU as a global player</b>	<b>6 578</b>	<b>7 002</b>	<b>7 440</b>	<b>7 893</b>	<b>8 430</b>	<b>8 997</b>	<b>9 595</b>	<b>55 935</b>
<b>5. Administration <sup>(1)</sup></b>	<b>7 039</b>	<b>7 380</b>	<b>7 525</b>	<b>7 882</b>	<b>8 334</b>	<b>8 670</b>	<b>9 095</b>	<b>55 925</b>
<b>6. Compensations</b>	<b>445</b>	<b>207</b>	<b>210</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>862</b>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>124 457</b>	<b>132 797</b>	<b>134 722</b>	<b>140 978</b>	<b>142 965</b>	<b>147 546</b>	<b>152 312</b>	<b>975 777</b>
as a percentage of GNI	1.02%	1.08%	1.16%	1.18%	1.16%	1.13%	1.12%	1.12%
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>122 190</b>	<b>129 681</b>	<b>120 445</b>	<b>134 289</b>	<b>134 280</b>	<b>141 360</b>	<b>143 331</b>	<b>925 576</b>
as a percentage of GNI	1.00%	1.05%	1.04%	1.12%	1.09%	1.08%	1.05%	1.06%
Margin available	0.24%	0.19%	0.20%	0.11%	0.14%	0.15%	0.18%	0.17%
Own Resources Ceiling as a percentage of GNI	1.24%	1.24%	1.24%	1.23%	1.23%	1.23%	1.23%	1.23%

(1) The expenditure on pensions included under the ceiling for this heading is calculated net of the staff contributions to the relevant scheme, within the limit of € 500 million at 2004 prices for the period 2007-2013.

**TABLE 3: INDICATIVE PROGRAMME OF EXPENDITURE NOT ENTERED IN THE GENERAL BUDGET  
AND PROSPECTIVE TREND IN THE VARIOUS OWN RESOURCES**

**TABLE 3.1 : EUROPEAN DEVELOPMENT FUND**

Commitments (C) and Payments (P)  
EUR million - current prices

2000		2001		2002		2003		2004		2005	
C	P	C	P	C	P	C	P	C	P	C	P
4 007	1 640	1 927	1 779	2 125	1 922	3 769	2 345	2 648	2 464	3 511	2 544

2006		2007		2008		2009		2010		2011		2012	
C	P	C	P	C	P	C	P	C	P	C	P	C	P
3 408	2 826	3 636	2 919	4 843	3 215	3 502	3 123	2 662	3 321	3 750	3 919	3 750	4 100

The series relate to the measures managed by the Commission. Measures managed by the European Investment Bank are not included.  
The amounts for 2001 to 2004 have been amended to take account of the impact of the regularisation of certain payments made on the Stabex instrument.

**TABLE 3.2 : OWN RESOURCES BY CATEGORY**

% of total	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Traditional own resources (TOR)	17%	18%	12%	13%	13%	14%	15%	15%	16%	13%	13%	13%
VAT	40%	39%	29%	26%	15%	16%	17%	18%	17%	12%	11%	11%
GNP/GNI	43%	43%	59%	61%	72%	70%	69%	67%	67%	75%	76%	76%

2000-2009: outturns (including the retroactive adjustment in 2002 of 15% of the amounts retained in 2001 as TOR collection costs)

2010: Amending Budget 6/2010 & 2011: Adopted Budget 2011.