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COMMISSION OF THE EUROPEAN COMMUNITIES

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

**Technical adjustment of the financial framework for 2010  
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).

Point 16 of the Interinstitutional Agreement states that each year the Commission will, ahead of the budgetary procedure for year n+1, make a technical adjustment to the financial framework in line with movements in the EU's gross national income (GNI) and prices. Movements in GNI have been updated with the latest economic forecasts available.

As far as prices are concerned, the IIA (point 16) now foresees a fixed 2 % deflator for all expenditure, which was already applied for the technical adjustment for 2007 (see COM(2006) 327 of 22/06/2006). Thus no modification on prices is made in the present adjustment, since expenditure ceilings at current prices for the whole period 2007-2013 are already available since last year.

The purpose of this communication is to present to the budgetary authority the result of the technical adjustment (EU-27) for 2010.

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

Table 1 shows the financial framework for EU-27 as adopted in the IIA (OJ L 6/7 of 10/01/2008), i.e. in 2004 prices.

Table 2 shows the financial framework for EU-27 adjusted for 2010 (i.e. in current prices, unchanged as compared to the adjustment for 2007, see COM(2006) 327 of 22/06/2006, 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 2010 is established at EUR 12 153 601 million in current prices for EU-27 (and at EUR 11 891 507 million for 2009, EUR 12 336 548 million for 2008 and EUR 12 160 707 million for 2007).

For subsequent years (2011-2013) 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.

## **2.2. Main results of the technical adjustment of the Financial Framework for 2010 (EU-27)**

The overall ceiling on commitment appropriations for 2010 (EUR 139 489 million) equals 1.15 % of GNI.

The corresponding overall ceiling concerning the payment appropriations (EUR 133 505 million) equals 1.10 % of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.24 % own resources ceiling of EUR 17 200 million (0.14 % of GNI for EU-27).

## **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 80.0 million at 2010 prices).

The recurrent nature of administrative expenditure imposes that the lowest limit is adopted annually to avoid using a margin at the start of the period which would no longer be fully available afterwards. For 2010 the amount to be deducted is EUR 80.0 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 248.9 million in 2010 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 2005-2009, which may be carried over to year 2010;

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). For the year 2010 the conditions are met to enter the EUR 500 million provision in the budget.

## **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 - 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>54 071</b>	<b>54 860</b>	<b>55 400</b>	<b>56 866</b>	<b>58 256</b>	<b>383 580</b>
1a Competitiveness for Growth and Employment	8 404	9 595	10 209	11 000	11 306	12 122	12 914	75 550
1b Cohesion for Growth and Employment	42 461	43 667	43 862	43 860	44 094	44 744	45 342	308 030
<b>2. Preservation and Management of Natural Resources</b>	<b>51 962</b>	<b>54 685</b>	<b>54 017</b>	<b>53 379</b>	<b>52 528</b>	<b>51 901</b>	<b>51 284</b>	<b>369 756</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>1 380</b>	<b>1 503</b>	<b>1 645</b>	<b>1 797</b>	<b>1 988</b>	<b>10 770</b>
3a Freedom, Security and Justice	600	690	790	910	1 050	1 200	1 390	6 630
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>6 973</b>	<b>7 111</b>	<b>7 255</b>	<b>7 400</b>	<b>7 610</b>	<b>49 800</b>
<b>6. Compensations</b>	<b>419</b>	<b>191</b>	<b>190</b>					<b>800</b>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>117 277</b>	<b>122 683</b>	<b>123 370</b>	<b>123 862</b>	<b>124 167</b>	<b>125 643</b>	<b>127 167</b>	<b>864 169</b>
as a percentage of GNI	1.08%	1.09%	1.07%	1.05%	1.03%	1.02%	1.01%	1.048%
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>115 142</b>	<b>119 805</b>	<b>112 182</b>	<b>118 549</b>	<b>116 178</b>	<b>119 659</b>	<b>119 161</b>	<b>820 676</b>
as a percentage of GNI	1.06%	1.06%	0.97%	1.00%	0.97%	0.97%	0.95%	1.00%
Margin available	0.18%	0.18%	0.27%	0.24%	0.27%	0.27%	0.29%	0.24%
Own Resources Ceiling as a percentage of GNI	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%

(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 2010**

(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>59 700</b>	<b>61 782</b>	<b>63 638</b>	<b>66 628</b>	<b>69 621</b>	<b>433 001</b>
1a Competitiveness for Growth and Employment	8 918	10 386	11 272	12 388	12 987	14 203	15 433	85 587
1b Cohesion for Growth and Employment	45 061	47 267	48 428	49 394	50 651	52 425	54 188	347 414
<b>2. Preservation and Management of Natural Resources</b>	<b>55 143</b>	<b>59 193</b>	<b>59 639</b>	<b>60 113</b>	<b>60 338</b>	<b>60 810</b>	<b>61 289</b>	<b>416 525</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>1 523</b>	<b>1 693</b>	<b>1 889</b>	<b>2 105</b>	<b>2 376</b>	<b>12 221</b>
3a Freedom, Security and Justice	637	747	872	1 025	1 206	1 406	1 661	7 554
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>7 699</b>	<b>8 008</b>	<b>8 334</b>	<b>8 670</b>	<b>9 095</b>	<b>56 225</b>
<b>6. Compensations</b>	<b>445</b>	<b>207</b>	<b>210</b>					<b>862</b>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>124 457</b>	<b>132 797</b>	<b>136 211</b>	<b>139 489</b>	<b>142 629</b>	<b>147 210</b>	<b>151 976</b>	<b>974 769</b>
as a percentage of GNI	1.02%	1.08%	1.15%	1.15%	1.13%	1.12%	1.11%	1.11%
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>122 190</b>	<b>129 681</b>	<b>123 858</b>	<b>133 505</b>	<b>133 452</b>	<b>140 200</b>	<b>142 408</b>	<b>925 294</b>
as a percentage of GNI	1.00%	1.05%	1.04%	1.10%	1.06%	1.07%	1.04%	1.05%
Margin available	0.24%	0.19%	0.20%	0.14%	0.18%	0.17%	0.20%	0.19%
Own Resources Ceiling as a percentage of GNI	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%	1.24%

(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		2006		2007		2008		2009		2010	
C	P	C	P	C	P	C	P	C	P	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	3 408	2 826	3 636	2 920	4 843	3 215	3 750	3 375	3 750	3 550

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
Traditional own resources (TOR)	17%	18%	12%	13%	13%	14%	15%	15%	15%	17%
VAT	40%	39%	29%	26%	15%	16%	17%	18%	17%	7%
GNP/GNI	43%	43%	59%	61%	72%	70%	69%	67%	67%	77%

2000-2007: outturns (including the retroactive adjustment in 2002 of 15% of the amounts retained in 2001 as TOR collection costs)

2008: Amending Budget 10/2008 & 2009: Preliminary Draft Amending Budget 3/2009

In 2009, Council Decision No 2000/597 was repealed and Council Decision No 2007/436 implemented. The corresponding retroactive effect for 2007 and 2008 was budgeted in 2009.