

Commission working document on the 2007–2013 Financial Perspective (12 April 2005)

Caption: On 12 April 2005, with a view to the European Council due to take place in June, the Commission submits a working document on the technical adjustments to be made to its initial proposal on the 2007–2013 Financial Perspective.

Source: Commission. Working document - Technical adjustments to the Commission proposal for the multiannual financial framework 2007-2013, SEC(2005) 494 final. Brussels: Commission of the European Communities, 12.04.2005. 6 p.

Copyright: (c) European Union, 1995-2012

URL:

http://www.cvce.eu/obj/commission_working_document_on_the_2007_2013_financial_perspective_12_april_2005-en-a082b635-d8fe-4bbc-85b4-fa59b6c201cb.html

Publication date: 06/09/2012

Commission working document — Technical adjustments to the Commission proposal for the multiannual financial framework 2007-2013

Explanatory memorandum

In February 2004, the Commission presented its orientations⁽¹⁾ for the multiannual financial framework 2007-2013. The document includes the proposed breakdown of expenditure by broad category for the period 2007-2013. In July 2004, the Commission confirmed its original orientations and proposed a new text for the related Inter-institutional Agreement⁽²⁾ (IIA); it also presented a first 'legislative package' covering a number of legal bases for spending programmes and for the 2007-2013 period. The proposed IIA also includes the table by expenditure heading for the period 2007-2013 contained in the February communication⁽³⁾.

In view of a possible political agreement on the package at the June European Council, there is the need for a number of technical adjustments to the original figures. The adjustments concern the updating of relevant macroeconomic aggregates, as well as technical adjustments in the commitment and payment appropriations by expenditure headings for the period 2007-2013 to take account of developments since February 2004. The limited impact of the adjustments does not justify a modification of the overall Commission proposal.

1. Update of macroeconomic aggregates

The Commission's original estimates, presented in February and July 2004, were based on the Autumn 2003 economic forecasts for the 2005 gross national income/gross domestic product (GNI/GDP) and on internal long-term forecasts of average annual economic growth rates for the period 2006-2013.

On 4 April 2005, the Commission published its Spring economic forecasts for GNI/GDP for the years 2005 and 2006. The calculation bases have therefore been updated accordingly, while maintaining unchanged the long-term forecasts of average annual economic growth rates for the period till 2013.

On the basis of the latest economic forecasts (spring 2005), the level of the 2006 GNI for the EU-27 is 1.27% larger than the GNI base (Autumn 2003 economic forecasts) used in the original Commission proposal.

As a result of the larger 2006 base, total commitments appropriations proposed over the 2007-2013 period represent a slightly lower percentage (1.24% instead of 1.26%) when expressed in percentage of the Union's GNI.

The increase in the GDP base for most new Member States has also implications on the calculation of the 4% capping for cohesion policy (see section 2 below).

2. Cohesion policy

As for cohesion policy, a number of relevant economic indicators need to be updated with regard to the original Commission proposal for the multiannual financial framework 2007-2013, including:

- (1) Application of the new NUTS regulation updating the administrative division of the Union territory.
- (2) Revised national GDP and GNI data for 2003
- (3) Revised regional GDP and population data for 2002
- (4) Employment and unemployment data for 2003

Moreover, as mentioned above, the use of the Spring 2005 economic forecasts for GDP has an impact on the calculation of the financial envelopes of Member States subject to the 4% capping.

The result of all the above updates is an almost € 3 billion reduction in commitments for the EU-15 and an increase of € 8 billion for the new Member States ‘capped’ at 4% of GNI. The combined effect is a € 5 billion increase in the financial envelope for cohesion policy in commitment appropriations, and € 4 billion increase in related payments for the whole 2007-2013 period compared to the initial Commission proposal (see table below).

[Change\(a\) in the level of appropriations resulting from the latest available \(spring 2005\) economic data](#)

Although not included in the overview table enclosed in annex, the € 5 billion increase in commitment appropriations in the financial envelope of cohesion policy and the € 0.4 billion increase for the new heading 2 (related to transfers from the current structural funds to rural development and to the European fisheries fund) should be taken into account in the ongoing negotiations on the 2007-2013 financial package.

The Commission services will update the information included in the relevant ‘fiches’ on cohesion policy transmitted to Council and Parliament, to take account of all the above adjustments.

3. Adjustments in the breakdown of commitments appropriations by expenditure heading

Commitments appropriations in the multiannual financial framework table have been adjusted as follows:

(1) The 2006 ceiling now includes appropriations already proposed by the Commission for Croatia and in the northern part of Cyprus as part of the new heading 4 ‘The EU as a global partner’.

(2) The 2006 and 2007 ceilings of heading 4 exclude commitment appropriations related to the European Development Fund (EDF) since its integration in the EU budget is proposed to take place only as from 2008⁽⁴⁾.

(3) The 2007-2009 ceilings of heading 4 have been reduced by the amounts corresponding to the budgetary compensations agreed in the accession negotiations with Romania and the related appropriations added to the heading ‘compensations’ (see below).

(4) The expenditure heading ‘compensations’ now also includes the amounts agreed in the accession negotiations with Romania and the heading is numbered (heading 6) for easier reference.

4. Adjustments in the estimates of the payment appropriations for 2007-2013

The calculation of payment appropriations have been revised to take account of:

– The revised payment schedules (including advances) for Rural Development and for the Cohesion Fund to align them with the related legislative proposals of July 2004.

– A revised payment schedule for structural actions to reflect more accurately the payment flows from the EU budget to Member States at the end of the programming period.

The result is a slightly higher (+1.5%) total amount of payments for the period 2007-2013, with a smoothing of the 2008 peak compared to the original estimate. Given the increase in the GNI base, the average level of payment appropriations stays at 1.14% of GNI.

The Commission services will update the related detailed information included in the relevant ‘fiche’ on the estimate of the overall payment ceiling.

The overview table on the expenditure ceilings for the period 2007-2013 (see annex) integrates the adjustments mentioned above under sections 1, 3 and 4, but excludes those related to cohesion policy

mentioned under section 2.

Annex

[Overview of the proposal financial framework 2007-2013 after technical adjustments](#)

⁽¹⁾ Building our common Future. Policy challenges and Budgetary means of the Enlarged Union 2007-2013 - COM(2004) 101.

⁽²⁾ Proposal for renewal of the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure - COM(2004) 498, 14.7.2004.

⁽³⁾ The only differences compared to the February 2004 communication concerned the shift from sub-heading 1b to heading 3 of the amount (€ 1 billion at current prices) corresponding to the EU Solidarity Fund, and the shift from heading 4 to the heading 'compensations' of the amount foreseen for Bulgaria for the period 2007-2009. Those changes, however, had no impact on the total amounts for commitment and payment appropriations over the period.

⁽⁴⁾ In the table presented by the Commission in February and July 2004, the EDF amount was included to have a common basis and therefore facilitate the comparison between 2006 and the 2007-2013 period.