Budgetary discipline and sound financial management as well as financial perspectives 2007-2013

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PURPOSE: to present to the budgetary authority the result of the technical adjustment (EU-27) for 2008.

CONTENT: the Interinstitutional Agreement (IIA) on budgetary discipline and sound financial management that was concluded in May 2006 contains the financial framework table for the EU-27 (2007-2013) and is expressed in 2004 prices.

The Commission is expected (Point 16 of the IIA), on a yearly basis and ahead of the budgetary procedure for year n+1, to 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 forecast.

As far as prices are concerned the IIA now foresees a fixed 2% deflator for all expenditure, as applied for the technical adjustment for 2007. Thus, no modification on prices is made in the present adjustment given that expenditure ceilings at current prices are already available.

In summary, the Communication sets out the following facts :

- According to latest forecasts, the GNI for 2008 is established at EUR 12.454 billion in current prices for the EU-27 compared to EUR 11.941 billion for 2007. For subsequent years (2009-2013) the EU-27 GNI prices will be calculated on the basis of internal Commission projections for the annual average growth rate in real terms.
- The overall ceiling on commitment appropriations for 2008 equals 1.06% of GNI (EUR 131 487 million). The corresponding overall ceiling concerning the payment appropriations EU|R 129 481 million equals 1.04% of GNI. On the basis of the latest economic forecasts, this leaves a margin beneath the 1.24% own resources ceiling of EUR 24.949 million (0.20% of GNI for EU-27).
- On the matter of pensions (heading 5), for 2008 the amount to be deducted is EUR 77.3 million at current prices.
- The Emergency Aid Reserve, can be mobilised up to a maximum amount of EUR 221 million per year in 2004 prices, or EUR 239.2 million in 2008 at current prices (EUR 1.744 million for the whole period in current prices).
- The EU Solidarity Fund, has a maximum annual amount in current prices of EUR 1 billion.
- The Flexibility Instrument, has a maximum annual amount in current prices of EUR 200 million, plus the portion of the unused annual amounts of the years 2005, 2006 and 2007, which may be carried over to year 2008.
- 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 pervious year, and/or from cancelled commitments from the previous two years. For the year 2008 the conditions have been met to enter the EUR 500 million provision in the budget.

On a final point, the Communication also updates, in line with the most recently available statistics the European Development Fund (EDF) and the structure of its own resources.