Procedure file

Basic information

BUD - Budgetary procedure	2010/2063(BUD)	Procedure lapsed or withdrawn
Financial framework for 2011: technical adjustment in line with movements in GNI, including the adjustment of amounts allocated from funds supporting cohesion to the Member States concerned by divergence between estimated and actual GDP for the period 2007-2009 Subject 8.70.01 Financing of the budget, own resources 8.70.02 Financial regulations 8.70.60 Previous annual budgets		

Key players

European Parliament		
Council of the European Union		
European Commission	Commission DG	Commissioner
	Budget	LEWANDOWSKI Janusz

Key events

16/04/2010	Non-legislative basic document published	COM(2010)0160	Summary
19/05/2010	Committee referral announced in Parliament		

Technical information

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Procedure subtype	Budget
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Documentation gateway

Non-legislative basic document		COM(2010)0160	16/04/2010	EC	Summary

Financial framework for 2011: technical adjustment in line with movements in GNI, including the adjustment of amounts allocated from funds supporting cohesion to the Member States concerned by divergence between estimated and actual GDP for the period 2007-2009

PURPOSE: to propose a technical adjustment of the financial framework for 2011 in line with movements in GNI, including the adjustment of amounts allocated from funds supporting cohesion to the Member States concerned by divergence between estimated and actual GDP for the period 2007-2009.

CONTENT: the Commission proposes that in 2010, exceptionally, the annual technical adjustment of the financial framework for 2011 concerns not only the regular adjustment to movements in prices and GNI (Point 16 of the Interinstitutional Agreement (IIA) of 17 May 2006 on budgetary discipline and sound financial management1) but also an adjustment for heading 1B (Point 17 of the IIA).

In fact, Point 17 of the IIA states that, "in its technical adjustment for the year 2011, if it is established that any Member's State cumulated GDP for 2007-2009 has diverged by more than +/- 5% from the cumulated GDP estimated when drawing up this Agreement, the Commission will adjust the amounts allocated from funds supporting cohesion to the Member State concerned for that period?". Two conditions are laid down to this effect:

1. a first constraint that the total net effect, whether positive or negative, of those adjustments may not exceed EUR 3 billion;
2. a second constraint that, in case the net effect is positive, "total additional resources shall be limited to the level of under-spending against the ceilings for sub-heading 1B for the years 2007-2010".

The required adjustments will be spread in equal proportions over the years 2011-2013 and the corresponding ceilings will be modified accordingly.

(1) Technical adjustment in line with the movement of GNI: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 GNI for 2011 is established at EUR 12 354 021.3 million in current prices for EU-27:

- the overall ceiling on commitment appropriations for 2011 (EUR 142 965 million) equals 1.16 % of GNI;
- the corresponding overall ceiling concerning the payment appropriations (EUR 134 280 million) equals 1.09 % of GNI.

On the basis of the latest economic forecasts, this leaves a margin beneath the 1.23 % own resources ceiling of EUR 17 674 million (0.14 % of GNI for EU-27).

(2) Adjustment of the 2011-2013 ceilings for heading 1B: according to Point 17 of the IIA, the Commission must adjust the amounts allocated from funds supporting cohesion for any Member State for which the cumulated GDP for 2007-2009 has diverged by more than +/- 5% from the cumulated GDP estimated at the time the IIA was being drawn up. The divergence must therefore be measured between the statistics published in April 2005 and those published in November 2009, which represent the most recent data available.

This provision only has practical applications for those Member States whose global cohesion allocation is subject to capping, i.e. Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia. The amounts allocated from funds supporting cohesion for the other Member States are not affected by the 2007-2009 divergence in GDP.

Based on the global allocations by Member State for the period 2007-2009, the positive adjustment would theoretically have amounted to EUR 3 331 million. However, given the constraint presented by the level of 'underspending', the positive adjustments are proportionally reduced.

The ceilings for commitment appropriations for heading 1B (in current prices) are therefore increased as follows:

- 2011: + EUR 336 million
- 2012: + EUR 336 million
- 2013: + EUR 336 million

Total: EUR 1 008 million for Cohesion for Growth and Employment (1B) from 2011 to 2013.

The ceilings for payment appropriations (in current prices) are therefore increased as follows:

- 2011: + EUR 17 million
- 2012: + EUR 87 million
- 2013: + EUR 187 million

Total: EUR 282 million in payments for heading IB from 2011 to 2013.

It should also be noted that adjustments to heading 5 (Administration) show a deduction of EUR 82 million at 2011 prices for pension schemes.

For more details of the amounts to be taken into consideration due to the technical adjustment are set out in the annex to COM(2010)0160.