

EUROPEAN COMMUNITIES

FINANCIAL REPORT

**1991**



## FOREWORD

**T**he recent upheavals in Europe have naturally had a considerable impact on the European Community's relations with the former Comecon countries. The financial assistance granted by the Community to the countries of Central and Eastern Europe and the former Soviet Union reflects the determination of the 12 Member States to support the process of democratization and economic restructuring which has been under way since 1989. Following the unification of Germany in October 1990 the Community has extended its internal policies — in particular those concerning the structural development of the regions — to the new *Länder*. The execution of the 1991 budget described in this report clearly illustrates the impact of the new Europe on the Community's finances.

Nevertheless, the lion's share of the 1991 budget was used to finance existing Community policies within the framework laid down by the financial perspective

for 1988-92. More resources were devoted to internal policies to strengthen the Community's economic and social cohesion, to develop its research efforts and to help prepare for the single market. The Community's traditional external activities were also expanded in 1991 — not forgetting the substantial financial contribution granted from the budget to the countries most directly affected by the Gulf crisis.

The total appropriations for commitments available in 1991 rose to ECU 60 420 million.

This financial report shows how these resources have allowed the Community to pursue the objectives of European integration and to meet the new challenges confronting it.



**Peter M. Schmidhuber,**  
*Member of the Commission*  
*with responsibility for budgetary*  
*affairs*

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# ECONOMIC AND FINANCIAL FRAMEWORK

**T**he Community policies provided for by the 1957 Rome Treaties (European Economic Community and European Atomic Energy Community) and the administrative expenditure of the Community institutions are financed by the general budget of the European Communities. Community operations provided for by the 1951 Treaty of Paris (European Coal and Steel Community) are financed by a specific budget (totalling ECU 528 million in 1991).

Despite the low level of growth, inflation remained relatively high (5.0% as against 5.2% in 1990).

However, the improvement in structural growth factors (greater flexibility in supply, moderate increase in real wages, better management of public finance, etc.) was not profoundly affected. The medium-term outlook is therefore still encouraging provided that appropriate policies are pursued, in particular to control public deficits, which tended to increase in 1991.

## The economic situation in 1991

The growth in Community GDP again slowed from 2.8% in 1990 to 1.3% in 1991.

Investment — one of the main factors contributing to growth in previous years — fell by 0.5% in real terms, whereas in 1990 it had increased by 4.1%, outstripping GDP. Nevertheless investment in capital goods remained around 50% higher in real terms than in 1984.

The situation outside the Community was also rather bleak. International trade (excluding the Community) fell by 2% and the world economy shrank by 0.2% in 1991 because of the recession in North America and the collapse of production in Eastern Europe. These two factors, plus the effects of German unification, contributed to a considerable increase in the Community's current deficit.

The Community economy has thus stood up relatively better to the depressed international situation than that of other regions, notably because of the impetus generated by German unification.

Unemployment rose again from 8.4% of the active population in 1990 to 8.6% in 1991. Yet this pressure on the labour market was barely able to hold down the rise in nominal salaries, which reached 7%, causing a further rise in nominal unit production costs in view of the low growth in productivity. As a result there was a slight decline in the rate of profitability of investment.

## Financial perspectives 1988-92

In February 1988 the Brussels European Council adopted the broad outlines of a financial reform involving tighter budgetary discipline to ensure an orderly increase in budget spending and a better balance between the various categories of expenditure. In particular, the increase in agricultural expenditure was limited and the amounts allocated to the structural Funds were to be doubled in real terms over a period of five years.

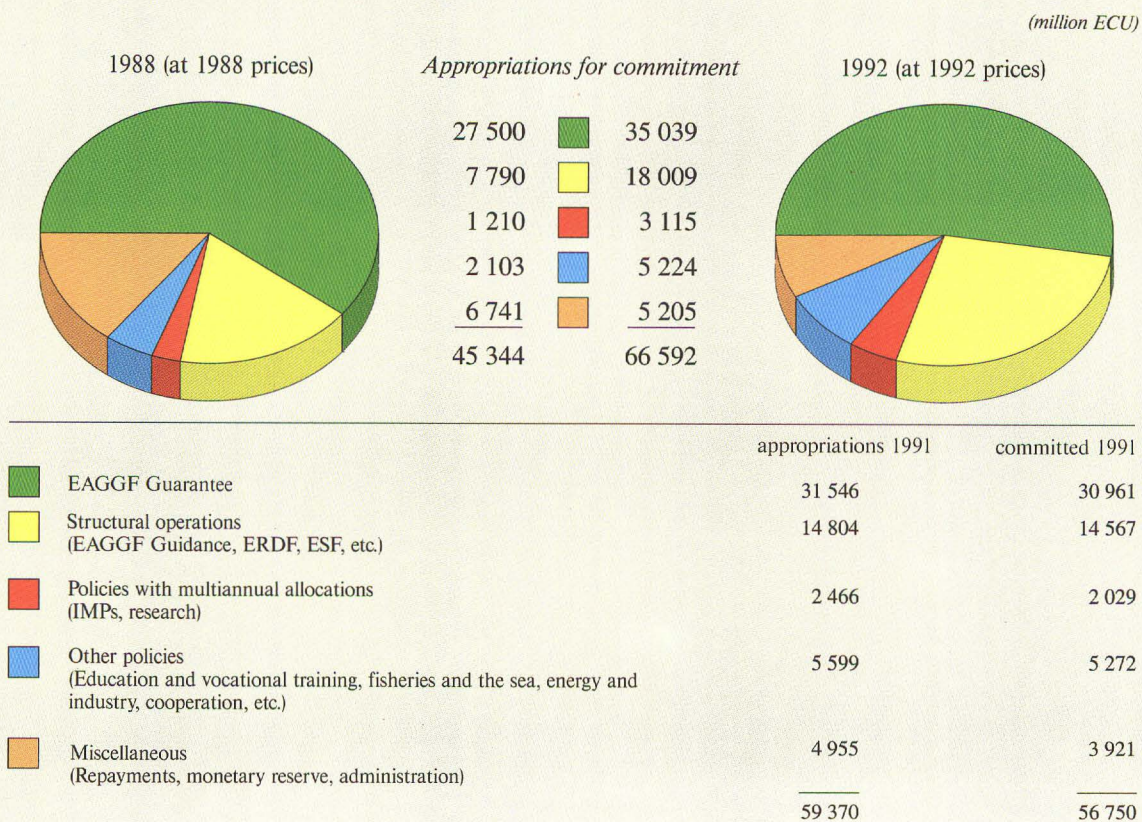
In June 1988 an agreement was reached between the institutions involved in drawing up the general budget of the Communities — Parliament, the Council and the Commission — to place these objectives in a medium-term programme. The Interinstitutional Agreement contains a financial perspective for the period 1988-92 which lays down annual ceilings for the main categories of expenditure. The institutions have agreed to keep expenditure beneath these ceilings.

The Commission updates the financial perspective every year before the budgetary procedure begins, in order to adjust the figures in line with movements in GNP and prices. Parliament, the Council and the Commission may also decide to adjust the perspective to take account of the actual conditions of implementation in the previous year. This was done in 1991. Finally, the financial perspective may be revised; this too requires a decision by Parliament, the Council and the Commission, on a proposal from the Commission.

The financial perspective was revised in 1991 to release additional funds for external measures (the Soviet Union, Israel and the Occupied Territories, Kurdish refugees and famine in Africa) for the 1991 financial year only. A total of ECU 728 million was provided for these various measures including ECU 400 million for technical assistance to the Soviet Union.

The financial perspective ceilings for 1991 had already been revised in 1990, mainly to provide aid to Central and Eastern Europe and to take account of the financial consequences of German unification and the Gulf crisis.

**FIGURE 1**  
Financial perspective 1988—92



## The budget

The Community budget is subject to the principle of annuality, which requires that budgetary operations relate to a specific financial year so that it is easier to control the activities of the Community executive.

Each expenditure operation involves the commitment of appropriations followed by actual payment. In the case of multiannual operations, the time-lag between the two stages may be considerable. In practical terms, the budget therefore sets two limits to guarantee compliance with the principle of annuality: the amount of appropriations for commitments, which is the limit to the new financial commitments which may be entered into in the course of the financial year, and the amount of appropriations for payments (identical with the amount of revenue forecast for the financial year), which is the limit to the payments to be made during the year against existing commitments.

The Community has to reconcile application of the principle of annuality with the need to administer the multiannual operations which have assumed ever-increasing importance in the budget. Its response to this twin demand takes the form of 'differentiated appropriations', which consist of commitment appropriations and payment appropriations; the commitment appropriations cover, for the year in question, the total cost of the legal obligations entered into in respect of operations which may extend over more than one year; the payment appropriations cover expenditure deriving from the honouring of commitments entered into during the year in question and, where applicable, previous years up to the limit of the amount entered in the budget.

For the administrative expenditure of all the institutions, EAGGF Guarantee Section expenditure and certain other annual operations, the budget contains 'non-differentiated appropriations', which are the limit for both the commitments and payments which may be made in the financial year. At the end of the year the appropriations corresponding to commitments entered into during the year

but not yet paid are carried over automatically to the following year to allow the payments to be made.

Subject to certain conditions, other amounts may be added to the appropriations entered in the budget, including appropriations relating to financial contributions by third parties to Community programmes. By way of exception to the principle of annuality, in addition to the automatic carry-over of non-differentiated appropriations mentioned above, in certain cases appropriations not used at the end of a financial year may be carried over to the next year.

## Execution of the 1991 budget

Table 1 presents a summary of the execution of the general budget of the European Communities in 1991. The revenue forecast came to ECU 56 086 million, corresponding to the appropriations for payments entered in the budget.

Actual revenue was ECU 56 249 million, consisting mainly of own resources, for which the overall out-turn came to 97.6% of the forecasts. The main reason for this discrepancy was that actual customs duties were lower than those forecast in the budget because of the unfavourable economic situation in 1991, in particular the decline in the value of the Community's external trade. Imports were also 5.5% lower than forecast, with the difference being particularly significant in the case of raw materials.

On the expenditure side, a total of ECU 57 646 million was committed — a utilization rate of 95%. For appropriations for payments, the rate was 94%, with under-utilization affecting mainly headings 1 and 4 of the financial perspective — the EAGGF Guarantee Section and other policies.

Taking into account all the commitments and payments made during the year and the commitments outstanding at the end of 1990, the total amount of commitments to be settled in 1992 or subsequent years is ECU 21 233 million. Table 10 contains a breakdown of this



TABLE 1  
Implementation of the budget in 1991

**Revenue**

(million ECU)

Forecasts of revenue in the 1991 budget	56 085.5
Revenue in 1991	56 249.4

**Expenditure**

	Differentiated appropriations (multiannual operations)		Non-differentiated appropriations (administrative expenditure and annual operations)		Total	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Available appropriations:						
Entered in 1991 budget	20 947.8	17 663.7	38 421.8	38 421.8	59 369.6	56 085.5
Other	112.6	30.9			112.6	30.9
Carried over from 1990:	246.7	205.1	691.3	1 198.5	938.0	1 403.6
• automatic carry-overs				507.2		507.2
• other carry-overs	246.7	205.1	691.3	691.3	938.0	896.4
<b>Total available</b>	<b>21 307.1</b>	<b>17 899.7</b>	<b>39 113.1</b>	<b>39 620.3</b>	<b>60 420.2</b>	<b>57 520.0</b>
of which:						
Appropriations used in 1991	20 552.0	16 938.4	37 094.0	36 858.1	57 646.0	53 796.5
• entered in 1991 budget	20 243.2	16 876.8	36 506.3	35 817.3	56 749.5	52 694.1
• other	80.3	18.4			80.3	18.4
• carried over from 1990	228.5	43.2	587.7	1 040.8	816.2	1 084.0
Appropriations carried over to 1992	521.3	264.4	171.7	860.7	693.0	1 125.1
• automatic carry-overs				689.0		689.0
• other carry-overs	521.3	264.4	171.7	171.7	693.0	436.1
Appropriations lapsing	233.8	696.9	1 847.4	1 901.5	2 081.2	2 598.4
Utilization rate	97%	95%	95%	93%	95%	94%
Commitments outstanding at 1.1.1991	18 485.8		507.2		18 993.0	
of which:						
Cancelled	866.3		54.1		920.4	
• corresponding appropriations made available again in 1992	290.9					
• other	515.4					
Paid	6 938.7		453.1		7 391.8	
Outstanding at 31.12.1991	10 680.8		—		10 680.8	
Commitments made in 1991	20 552.0		37 094.0		57 646.0	
of which:						
Paid	9 999.7		36 405.0		46 404.7	
Outstanding at 31.12.1991	10 552.3		689.0		11 241.3	
<b>Total commitments outstanding at 31.12.1991</b>	<b>21 233.1</b>		<b>689.0</b>		<b>21 922.1</b>	



amount for measures allocated differentiated appropriations.

Table 1 shows the year's results (as defined and presented in the second part of the report) as the difference between the year's revenue of ECU 56 249 million and the 1991 appropriations for payments used during the year (ECU 52 713 million) plus the ECU 1 110 million in appropriations for payments carried over to 1992.

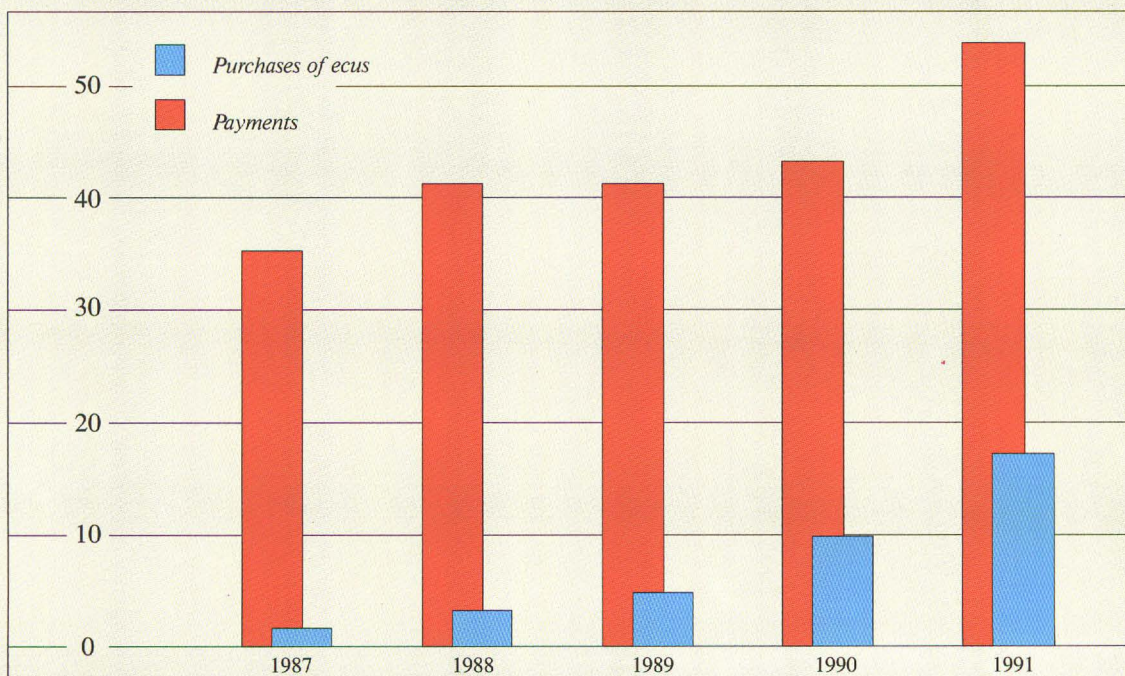
### The ecu

The Communities' currency unit is the ecu, a 'basket' of the 12 Community currencies, the composition of which is periodically adjusted (see Table 2).

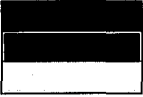











The Commission promotes the adoption of the ecu as a single currency by using it as much as possible in the execution of the budget. Some major sections of the budget, such as research and energy policy, have been implemented mainly in ecus for several years now. Since the last quarter of 1990 the Commission has also used ecus for the payment of financial assistance under the structural Funds. In 1991, 33% of the budget was implemented in ecus.

**FIGURE 2**  
Volume of payments and purchases of ecus, 1987-91

(billion ECU)



**TABLE 2**  
Composition of the ecu

Member State	Composition of the ecu	Share in the ecu %
 Germany	<i>DM</i> 0,6242	30,7
 France	<i>FF</i> 1,332	19,1
 United Kingdom	<i>UKL</i> 0,08784	12,3
 Italy	<i>LIT</i> 151,8	9,8
 The Netherlands	<i>HFL</i> 0,2198	9,6
 Belgium	<i>BFR</i> 3,301	7,9
 Spain	<i>PTA</i> 6,885	5,3
 Denmark	<i>DKR</i> 0,1976	2,5
 Ireland	<i>IRL</i> 0,008552	1,1
 Portugal	<i>ESC</i> 1,393	0,8
 Greece	<i>DR</i> 1,440	0,6
 Luxembourg	<i>LFR</i> 0,130	0,3
	<i>ECU</i> 1	100



## REVENUE

The Community budget was financed from a number of sources in 1991, in the proportions shown in Figure 3. Total revenue came to ECU 56 249 million.

### Traditional own resources

The Communities' traditional own resources are made up of customs duties, agricultural levies and sugar levies. They are established by the Member States, which keep 10% to cover collection costs.

The Communities receive customs duties in respect of trade with non-member countries, based on the Common Customs Tariff. These rates are subject to regular reductions as a result of negotiation rounds under the General Agreement on Tariffs and Trade (GATT) and specific agreements granting preferential tariffs to certain trade partners. There was an increase — albeit less than expected — in the amount of customs duty collected in 1991 compared with 1990. The rise in imports was particularly marked in products subject to high tariffs.

Agricultural levies are charged when a Member State imports agricultural products from a non-member country. Their purpose is to offset differences between world prices and the Community price. Although the proportion of Community revenue accounted for by agricultural levies has tended to decline because the Member States have become increasingly self-sufficient in agricultural products, the yield in 1991 was higher than in 1990 as a result of the steady volume of imports, in particular maize, and the continuing high level of the rates levied.

Sugar and isoglucose producers pay levies on production to cover market support arrangements and to finance a system of equalization of sugar storage costs introduced to ensure that sugar is released on the market regularly throughout the year. These levies do not increase the Community's net resources, since they are offset by expenditure of virtually the same amount. Because of the way the sugar market developed in 1991, the expenditure to be financed was higher than in 1990 and as a result the levies rose.

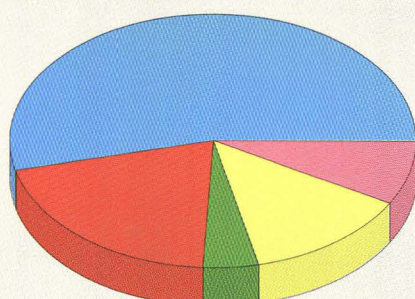
### VAT own resources






The VAT own resources are calculated by applying a uniform rate to the uniform VAT bases of the Member States, which are determined in accordance with Community rules. The maximum rate applicable has been fixed at 1.4%, and the base used must not exceed 55% of a Member State's GNP. In 1991 this capping of the VAT base applied in five Member States — Greece, Ireland, Luxembourg, Portugal and the United Kingdom.

The uniform rate is determined by applying 1.4% to the Member States' VAT bases, capped where necessary at 55% of GNP, and incorporating the correction made to compensate the United Kingdom for the imbalance in its net contributions to the budget. The payments of the other Member States are increased by their share in financing this compensation subject to the maximum rate of 1.4%.

Payments for a given year derive from the estimates for that year and the negative or posi-

FIGURE 3  
Revenue of the Communities in 1991



VAT own resources	53,8%	
Customs duties	20,4%	
Agricultural and sugar levies	4,4%	
Percentage of Member States' GNP	13,2%	
Other	8,2%	



tive adjustments for previous years established from the final statements of the bases. Since economic activity in the Community in 1990 had been more vigorous than expected, the Member States made considerable positive corrections in 1991.

### GNP-based own resources

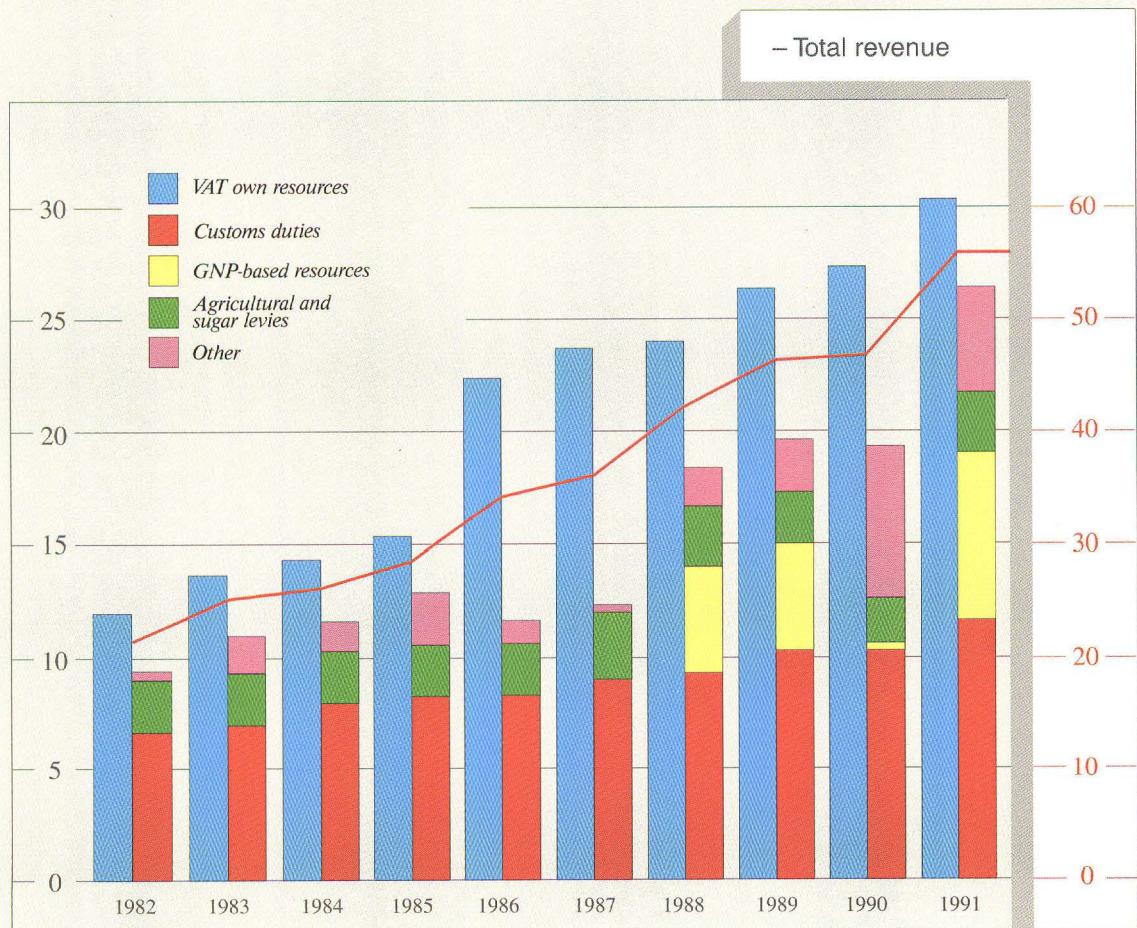
A new source of revenue based on a proportion of each Member State's GNP was first introduced in 1989 to balance budget revenue and expenditure, i.e. to finance the part of the

budget not covered by other revenue. The rate is fixed during the budgetary procedure and depends on the total of other revenue; the rate is applied to the aggregate GNP of all the Member States, determined in accordance with Community rules.

This additional resource was called in 1991 with each Member State paying 0.16% of their GNP. In addition, three Member States had to finance their share of the compensation for the United Kingdom by making a payment based on GNP as their VAT payments had reached the maximum rate of 1.4% of their base.

FIGURE 4  
Revenue 1982-1991

(billion ECU)





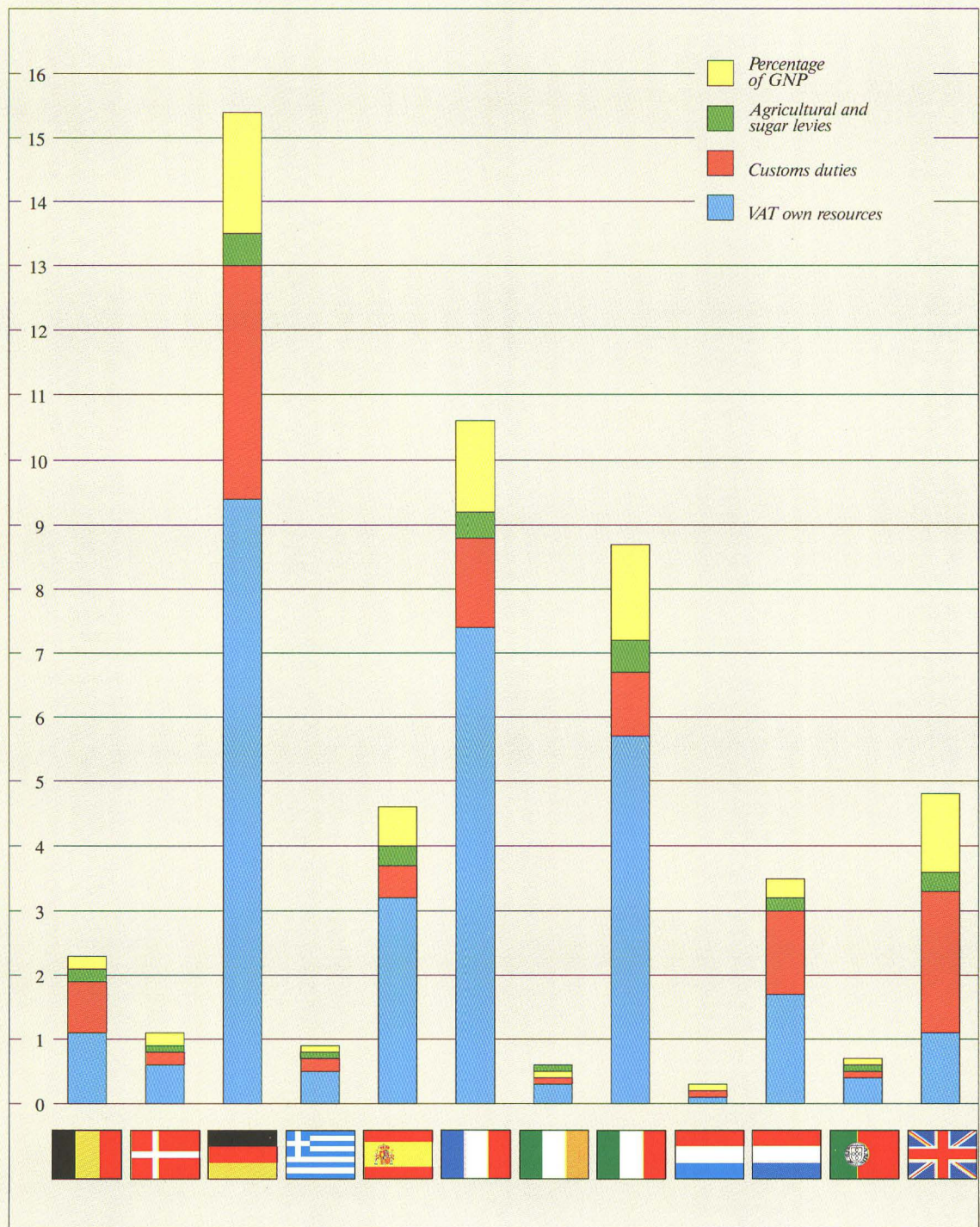
### Miscellaneous revenue

The general budget is also financed by miscellaneous revenue, including tax and other deductions from staff remuneration, bank interest, contributions to research programmes and repayments of unused Community aid.

The surplus available from the previous financial year also counts as revenue. The revenue for 1991 includes the surplus from 1990 — ECU 2 842 million — and the remainder of the 1989 surplus which was not included with the revenue for 1990.

**FIGURE 5**  
Own resources by Member State in 1991

(billion ECU)





# EXPENDITURE

**A**ppropriations for commitments available in 1991 totalled ECU 60 420 million. Figure 6 gives the breakdown by sector of amounts actually committed.

## Agricultural market guarantees

### Objectives and means

Article 38 of the EEC Treaty provides that the common market shall extend to agriculture and trade in agricultural products, and that the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy among the Member States. Article 39 defines the objectives of the common agricultural policy as:

- to increase agricultural productivity;
- to ensure a fair standard of living for the agricultural community;

- to stabilize markets;
- to assure the availability of supplies;
- to ensure that supplies reach consumers at reasonable prices.

In pursuit of these objectives, the common market in agricultural produce is based on three principles: the single market, Community preference and financial solidarity. The third of these principles is fundamental to the policy, and in April 1962 the Member States accordingly decided to set up a Community fund — the European Agricultural Guidance and Guarantee Fund (EAGGF) — which is part of the Community budget. It is subject to the general budgetary rules, with the addition of specific provisions.

The Fund was subdivided into two sections in 1964: the Guarantee Section covers Community expenditure on markets and prices and the Guidance Section covers expenditure on farm structures.

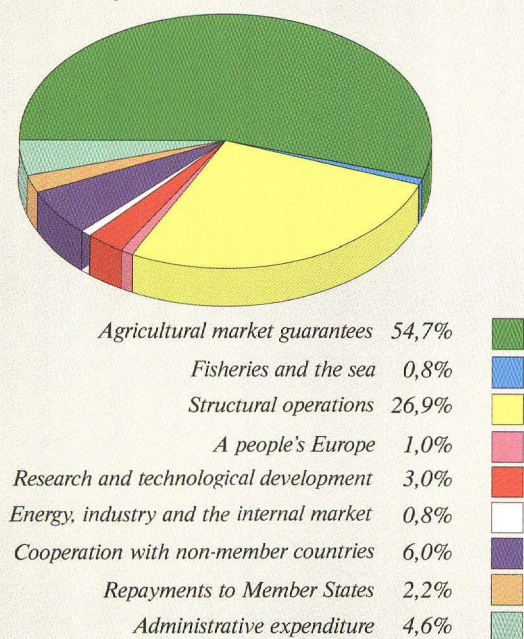
### Constraints

In June 1988, when own resources had run out as a result of ever-increasing agricultural expenditure, the European Council agreed principles of budgetary discipline in order to establish a better balance between the various categories of expenditure and keep their growth under control.

To bring agricultural expenditure under control, the European Council adopted a guideline figure of ECU 27 500 million for 1988, the annual growth rate not to exceed 74% of the growth of Community GNP. Within this guideline the EAGGF Guarantee Section has to finance:

- export refunds;
- market intervention operations, including depreciation of new stocks;
- half of set-aside expenditure;
- market-related rural development operations and measures to combat fraud.

**FIGURE 6**  
Expenditure by sector in 1991



The amounts available under the guideline are not used to finance:

- depreciation of old stocks;
- reimbursement to the Member States of amounts advanced by them to cover the special butter sales programme of 1987 and 1988.

### Expenditure in 1991

The 1991 budget contained ECU 31 516 million for the EAGGF Guarantee Section, including ECU 97 million for reserves and provisions but not the ECU 1 billion set aside for the monetary reserve. This left a margin of ECU 995 million under the agricultural guideline.

A total of ECU 810 million was earmarked for the reimbursement to the Member States of amounts advanced by them to finance the disposal of butter from public stocks.

### Functioning of agricultural markets

At ECU 30 961 million, the appropriations finally used were ECU 555 million less than the amount entered in the budget. To this should be added ECU 30 million from the monetary reserve, making a final balance of unused appropriations of ECU 585 million, part of which (ECU 166 million) will be carried over to 1992. The surplus is made up of:

- revenue resulting from the clearance of earlier years' accounts (ECU 438 million); the impact of this amount on the budget was almost totally offset by the additional expenditure on refunds and production aids (ECU 430 million) as a result of changes in the dollar/ecu rate, which at 0.78 was lower than the 0.83 assumed in the budget;
- the savings from management measures (ECU 385 million) adopted by the Commission to offset the additional costs arising from the dollar/ecu rate and the lower level of expenditure as a result of decisions taken in the 1991-92 price package (ECU 4 million);

- the budgetary consequences of the fluctuations in the parameters affecting agricultural markets (world prices, production, consumption, etc.).

In some chapters the initial appropriations were insufficient and had to be supplemented by transfers during the financial year. The main chapters affected were beef/veal, sheepmeat, milk products and rural development.

The considerable shortfall in appropriations for beef/veal was caused by a rise in internal production, the slaughtering of animals in the former GDR and the import of 800 000 cattle at low prices in 1990, especially calves from Eastern Europe. Consumption continued to decline as a result of the BSE crisis (mad cow disease) and competition from other, cheaper kinds of meat.

The additional requirements for milk products were caused by large-scale intervention buying of skimmed-milk powder and butter and the need to boost the consumption of subsidized butter in the internal market.

The appropriations for sheepmeat proved inadequate because of a major fall in internal prices during the 1990 marketing year from April onwards.

The appropriations for expenditure on rural development were exceeded as a result of the decision to pay the whole flat-rate premium of ECU 4 per ewe in less-favoured and mountain regions for the 1991 marketing year.

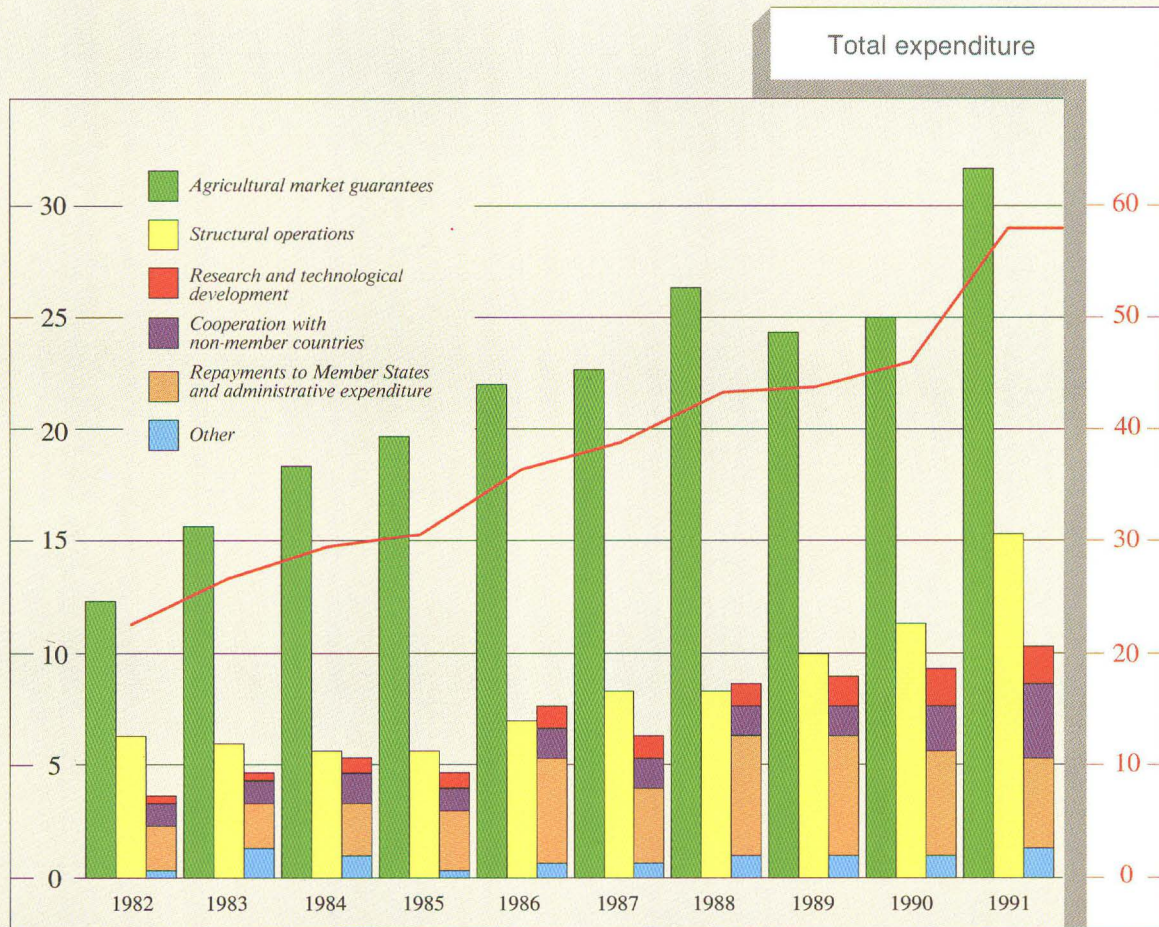
In other chapters appropriations were underspent, the main areas being oils and fats, sugar, wine products, eggs and poultrymeat, fruit and vegetables, monetary compensatory amounts, cereals and rice, refunds for food aid measures and textile plants.

Appropriations for oils and fats were considerably underspent, mainly because of the favourable price of oils on the world market and the poor olive oil harvest in 1990/91. There were also delays in the payment of production aid for olive oil for the 1990/91 marketing year.



FIGURE 7  
Expenditure 1982-91

(billion ECU)



The under-utilization of the appropriations for products of the vine-growing sector is attributable to the poor table wine harvest and to the very low rate of expenditure on grubbing premiums for the 1990/91 marketing year.

Underspending on fruit and vegetables was chiefly the result of the below average production of citrus fruit and the poor raisin harvest.

Appropriations for cereals were underspent mainly as a result of the poor harvest of 160 million tonnes, which was below the fore-

cast of 167 million tonnes used in drawing up the budget.

The under-utilization of appropriations for textile plants was due mainly to the generally high level of world cotton prices, which resulted in a fall in production aid. Payments for the 1991/92 marketing year were very low because of the late harvest.

Underspending on sugar was caused mainly by sustained internal demand, which cut back exports (2.8 million tonnes as against



3.2 million tonnes), and a reduction in the amounts in storage (81 million tonnes/month instead of 96 million tonnes/month).

The savings in the eggs and poultrymeat sector were the result of management measures: the level of refunds was not adjusted despite the fall in world cereal prices.

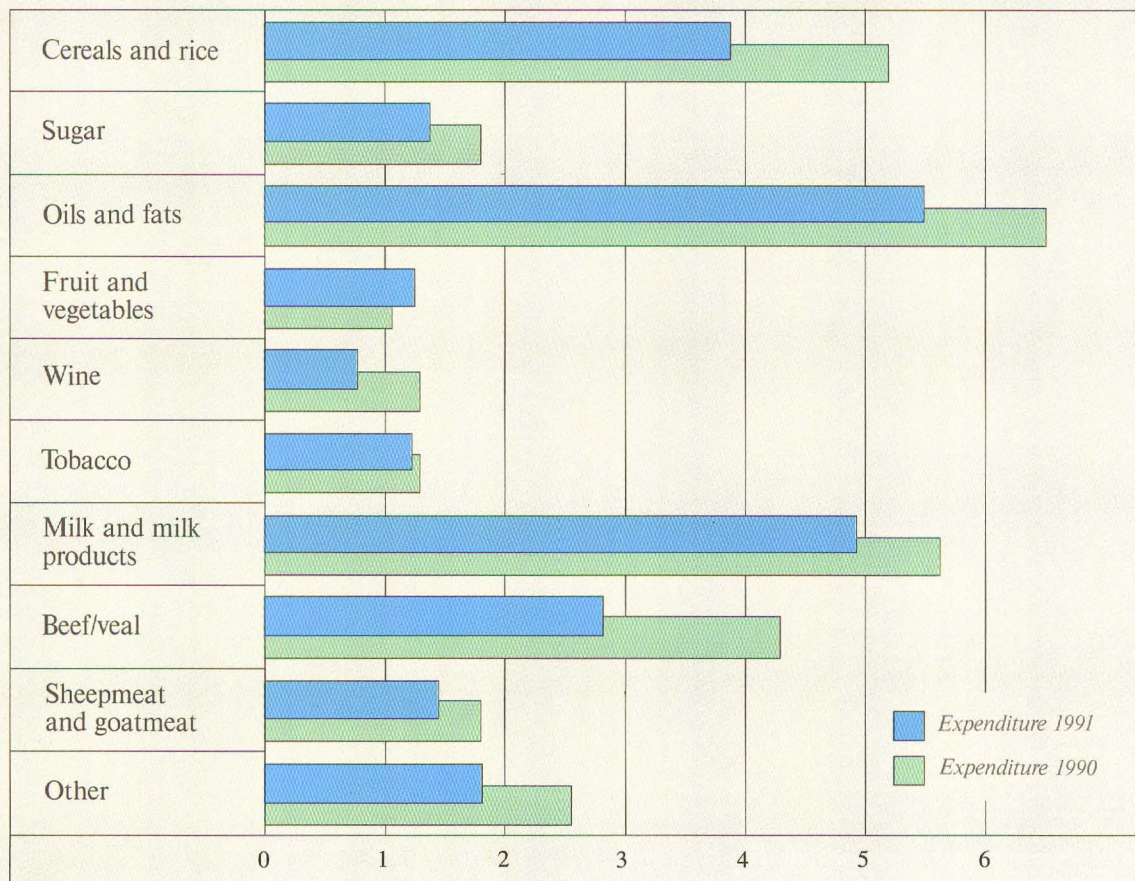
There was a reduction in expenditure on monetary compensatory amounts (MCAs) as

the value of sterling remained higher than that assumed in the budget after its entry into the EMS. Savings also resulted from the dismantling of MCAs following the Council's decision on prices for the 1991/92 marketing year.

Underspending on refunds for food aid measures was due mainly to the particularly low utilization rate for the programme for butter-oil and skimmed-milk powder.

**FIGURE 8**  
Agricultural expenditure by sector in 1991

(billion ECU)



### Set-aside

Expenditure on set-aside was ECU 154 million in 1991 (50% being charged to the EAGGF Guarantee Section and 50% to structural operations), allowing 1.3 million hectares of land to be left fallow.

### Repayments to the Member States

In accordance with the Council Decision on budgetary discipline, the budgetary authority decided to enter in the 1991 budget a total of ECU 810 million for the repayment to the Member States of expenditure on the special disposal of butter. A total of ECU 797 million was paid in 1991, leaving a balance of about ECU 800 million to be reimbursed in 1992.

However, unlike previous years, there were no appropriations in the budget for the repayment to the Member States of expenditure on the depreciation of agricultural stocks as existing stocks had been fully depreciated by the end of the 1990 financial year.

### Fisheries and the sea

The Community devotes a growing volume of resources to its policy on fisheries and the sea. The main areas of this policy are access to, conservation and management of, resources, the common organization of markets, structural operations to improve productivity and the conclusion of fishing agreements with non-member countries.

In 1991 appropriations were ECU 481 million, not including the ECU 53 million earmarked for fisheries in the EAGGF Guidance Section.

These appropriations were used to finance intervention expenditure for fish products under the European Fisheries Guarantee Fund, to cover certain financial obligations arising from international fisheries agreements and to fund the Community's participation in in-

spection and surveillance operations in the maritime waters of certain Member States.

Under the policy for improving structures, the appropriations in the 1991 budget were used to grant Community aid to nearly 600 modernization projects, around 30 projects for the construction of fishing boats, more than 200 installation projects involving aquaculture and artificial reefs and about 30 projects for the equipping of fishing ports.

### Structural operations

Since the beginning of the European integration process, three structural Funds have been set up to promote harmonious economic and social development in Europe: the European Social Fund (ESF) in 1958, the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) in 1964 and the European Regional Development Fund (ERDF) in 1975.

The 1986 Single European Act provides for close cooperation between the three Funds so that they may contribute effectively, with a large injection of additional funds, to the achievement of five priority objectives: the development and structural adjustment of regions whose development is lagging behind, the conversion of regions seriously affected by industrial decline, the fight against long-term unemployment, the occupational integration of young people, and, finally, the adjustment of agricultural structures and the development of rural areas.

There are other programmes under the Communities' structural policy, in particular the specific industrial development programme for Portugal (Pedip), the integrated Mediterranean programmes (IMPs) and transport policy.

While 1992 will be the last year of implementation of the Pedip programme and the IMPs, the most recent development in the Community's structural policy concerns the five new German *Länder*. A total of ECU 3 billion is available for these regions for the period

1991-93, of which ECU 900 million was committed in 1991.

The following appropriations were available for commitments in 1991:

	<i>(million ECU)</i>
EAGGF Guidance Section	2 479
ERDF	6 725
ESF	4 530
New German <i>Länder</i>	900
Other structural operations	1 148

### Activity of the three structural Funds

The 1991 budget earmarked ECU 13 734 million for operations under the three structural Funds (not including appropriations for the new German *Länder*) in line with the plan for doubling the appropriations allocated to the structural Funds between 1987 and 1993.

Out of this total of ECU 13 734 million, ECU 13 689 million was actually committed — ECU 2 460 million under the EAGGF Guidance Section, ECU 6 712 million under the ERDF and ECU 4 517 million under the ESF. All of the ECU 900 million available for the new German *Länder* was committed.

There were no transfers between the structural Funds during 1991. However, ECU 735 million was transferred within the ERDF from the Community support frameworks to the Community initiative programmes, which are designed to supplement the support frameworks in areas of particular interest to the Communities not covered by the plans put forward by the Member States (environment, energy, research, remote regions). The amounts transferred helped to make up for the delays which had occurred when the programmes were launched in 1990.

A total of ECU 1 974 million was spent on Community initiatives — 14.4% of the appropriations available for the three Funds.

This expenditure speeded up the implementation of the programmes themselves and boosted the overall utilization rate for the structural Funds' appropriations with only ECU 45 million — 0.3% — left unused. This amount will be re-entered in the budget to ensure that the objective of doubling the resources devoted to the structural Funds is achieved by 1993. From a management point of view, this is a considerable improvement on 1990 when ECU 494 million had to be re-entered in the budget.

The actual implementation of programmes has been improved by the establishment of special committees in which operations are monitored jointly by the Commission and the national authorities. Other improvements have been made where experience had revealed a need for rationalization in the management of funds. Planning mechanisms, financial management and assessment procedures have been reviewed. Further changes are planned for the next generation of structural operations after 1994 — in particular to improve coordination between aid measures and loans from the European Investment Bank. However, the changes introduced in 1991 simplified existing provisions, thereby improving the coherence of measures covered by more than one Fund and the partnership between the Commission and the authorities responsible for implementing operations.

The most important new development under the structural Funds was the assistance for the new German *Länder* and East Berlin. The Community support framework for Berlin (East), Mecklenburg-Western Pomerania, Brandenburg, Saxony-Anhalt, Thuringia and Saxony was adopted in March 1991. The task of restructuring these regions is different in nature and scale from structural operations undertaken elsewhere in the Community and has to be based on sometimes relatively unreliable data. A total of ECU 3 billion is to be committed between 1991 and 1993 — a substantial aid effort which at the same time demonstrates the Community's solidarity in the face of the great challenges confronting these regions.



## Other structural operations

As in previous years, the appropriations allocated for the specific industrial development programme for Portugal (Pedip) in 1991 were used in full. This programme, adopted in 1988 and providing additional Community assistance of ECU 100 million a year between now and 1992, is one of the most successful Community structural operations, although it is on a relatively modest scale and is now entering its final stages.

In 1991 the implementation of the integrated Mediterranean programmes (IMPs) improved considerably. Of the ECU 334 million available, ECU 302 million was committed and ECU 30 million carried over for immediate implementation at the beginning of 1992, after they could not be used in 1991 as a result of a last-minute hitch. There was a more realistic estimate of the needs of the three Member States concerned (France, Greece and Italy), so that in July the Commission was able to allocate the appropriations which had been held in reserve at the beginning of the year — ECU 60 million for France and ECU 193 million for Italy. It should now be possible to make greater progress towards the general objectives of the IMPs, which are due to end in 1993.

Finally, ECU 136 million was committed for operations in the transport sector in 1991, which were based on the programme adopted in 1990. Transport measures will continue to be developed in the future as part of the policy of trans-European networks which is presently being formulated.

## A people's Europe

Various policies are conducted at Community level to enhance the human aspect of Europe. They relate to various sectors of activity for which the following appropriations for commitments were available in 1991:

	<i>(million ECU)</i>
Education, vocational training and youth policy	230
Employment, social protection and public health	132
Protection of the environment	116
Consumer protection	14
Information, communication and culture	74
Aid to disaster victims in the Community	21

In 1991 the Community budget allocated substantial resources to education, vocational training and youth policy. These appropriations, which were used in full, are mainly to finance the Community's major exchange and training programmes such as Erasmus,<sup>1</sup> Comett<sup>2</sup> and Lingua.<sup>3</sup> Implementation of a new programme for continuing vocational training, Force,<sup>4</sup> began in 1991. In July the Council decided to launch the second stage of the Petra programme,<sup>5</sup> which will be allocated ECU 177 million between 1992 and 1994. Its aim is to support and supplement, through measures at Community level, the policies of the Member States geared to ensuring that all young people in the Community who so wish receive one or more years of initial vocational training in addition to their compulsory education. As regards living and working conditions, the 1991 appropriations, which were used in full, made it possible to continue a large number of measures to improve health and safety at work, integrate less-favoured groups, fight poverty and improve public health (campaigns against cancer, AIDS, alcohol and drug abuse).

<sup>1</sup> Erasmus: European Community action scheme for the mobility of university students.

<sup>2</sup> Comett: Community programme in education and training for technology.

<sup>3</sup> Lingua: Programme to promote the teaching and learning of foreign languages.

<sup>4</sup> Force: Action programme for the development of continuing vocational training.

<sup>5</sup> Petra: Action programme for the vocational training of young people and their preparation for adult and working life.

As regards the environment, the majority of the appropriations available are to finance multiannual direct action programmes such as Acnat<sup>1</sup> and Medspa.<sup>2</sup> In December 1991 the Council agreed on an important new financial instrument, LIFE, which is designed to enhance the effectiveness of structures for implementing Community environment policy; the budgetary authority had already approved ECU 30 million in commitment appropriations for 1991. As a response to the urgent problem of global warming and in close relation to its energy policy, the Commission approved a communication to the Council in October on the introduction of a tax on energy and carbon dioxide as a means of meeting the target of stabilizing carbon-dioxide emissions.

The Community stepped up its action to protect consumers and continued the implementation of the three-year action plan (1990-92) in all four areas concerned, namely consumer representation, consumer information and education, consumer health and safety, and consumer transactions.

As regards information and communication, there was a large increase in the 1991 budget in the resources allocated for the development of the European audiovisual industry through the Media programme,<sup>3</sup> which was adopted in 1990. Budgetary measures in the cultural field were mainly concerned with the protection and promotion of the European architectural heritage.

In 1991 the Community continued its measures (interest subsidies on exceptional loans) to reconstruct the regions of Italy hit by the 1980 earthquake and the regions of Greece hit by earthquakes in 1981 and 1986.

## Research and technological development

In the early 1960s Community research and technological development activities were confined to nuclear research under the Euratom Treaty, but in recent years they have acquired new importance as a means of strengthening the scientific and technological base

of European industry and developing its international competitiveness. The Single Act established the dual machinery which governs these activities, Parliament being closely involved: multiannual framework programmes must first be adopted, laying down the main objectives of research and development activities and fixing the amounts judged necessary; these framework programmes are then to be implemented through specific programmes developed within each activity.

Research is undertaken in two forms: the first is direct action by the Joint Research Centre (JRC) with its four establishments (Ispra in Italy, Geel in Belgium, Karlsruhe in Germany and Petten in the Netherlands); the second is shared-cost projects undertaken with research centres, universities and firms with Community financial assistance, as well as concerted action, which takes the form of Community coordination of work conducted by the Member States.

The appropriations for commitment available for research and technological development in 1991 amounted to ECU 2 186 million, allocated as follows:

	<i>(million ECU)</i>
Direct action	1 914
Indirect action	272

The main feature of 1991 was the launch of most of the 15 specific programmes in the new framework programme for 1990-94.

In June the Council adopted the new research programmes in the fields of communication technologies, telematic systems, marine science and technology, the environment, and life sciences for developing countries. In July it adopted the new research programme in the field of information technology.

<sup>1</sup> Acnat: Action by the Community relating to nature conservation.

<sup>2</sup> Medspa: Mediterranean special programme of action for the protection of the environment.

<sup>3</sup> Media: Measures to encourage the development of the audiovisual industry.

In September the Council adopted the new research and technological development programmes in the fields of industrial and materials technologies, agriculture and agro-industry (including fisheries), biomedicine and health, and non-nuclear energy.

In November the Council formally adopted the new research and technological development programme in the field of nuclear fission safety and in December the new research and training programme in the field of controlled thermonuclear fusion. At the end of November the Council adopted common positions on two of the last three programmes awaiting adoption (out of a total of 15), namely the research programme in the field of biotechnology and the human-capital and mobility programme, which is designed to encourage the mobility of researchers.

Because of all the contractual procedures involved in the implementation of RTD programmes (evaluation of projects, referral to committees, etc.), most of the projects will not actually start until early 1992. Nevertheless, a first series of projects has been selected and ECU 296 million was committed in 1991. The Commission has also carried over to 1992 ECU 344 million which was not used in 1991.

There were no problems in the implementation of the appropriations earmarked for the second framework programme on research and technological development (1987-91) or the related promotional, support and follow-up measures, except for the programme on non-nuclear energy where the Commission has decided to carry over ECU 8 million to 1992.

As regards the Joint Research Centre (direct action), the eight institutes which make up the Centre have seen an increase in their operational and budgetary independence and have consolidated their role in the Centre's four areas of activity: specific research programmes under the framework programme, support for Commission departments, exploratory research and work under contract for outside bodies. The demand for scientific and technical work in support of Commission departments was particularly heavy, up 28%

on 1990. The amount of work carried out under contract for outside bodies also continued to increase, with the volume of orders placed with the JRC for the period 1989-91 rising to over ECU 40 million.

In July 1991 the Commission adopted a communication setting out the JRC's programme of activities for the period 1992-94 in the same four fields as at present. It contains proposals for the nuclear and non-nuclear fields and an additional Euratom programme on the operation of the HFR (high-flux reactor).

### Energy, industry and the internal market

Appropriations from the general budget finance a wide range of activities relating to energy, industry and the internal market in the run-up to 1992.

Appropriations for commitments available in 1991 were as follows:

	<i>(million ECU)</i>
Energy	167
Nuclear safeguards	9
Information market and innovation	39
Statistics	44
Internal market and industry	207

Virtually all the appropriations were committed.

In the energy policy sector, the budgetary authority released a second tranche of support under the Thermie programme<sup>1</sup> — ECU 136 million for 1991. The amount deemed necessary for the period 1990-92 comes to ECU 350 million. An important step was taken towards the promotion of energy efficiency in the Community with the adoption by

<sup>1</sup> Thermie: European technologies for energy management.

the Council of the SAVE programme<sup>1</sup> in October (ECU 35 million deemed necessary for the period 1991-95).

Turning to nuclear safeguards, the Commission continued — within its sphere of responsibility — to perform its role of coordinating international efforts to raise the level of nuclear safety throughout Europe, in particular as regards plant safety, workers' training and public information.

As regards the development of the information services market, in December the Council adopted a Decision on the continuation of the Impact programme<sup>2</sup> (Impact II, with estimated resources of ECU 64 million required over four years). Work continued in 1991 on the implementation of the programme on innovation and technology transfer, Sprint<sup>3</sup> (ECU 90 million deemed necessary for the period 1989-93).

The Statistical Office continued the implementation of the five-year priority action plan on statistics, adopted in 1989 to meet the Community's increased need for high-quality detailed and reliable statistics, particularly as regards the internal market.

The Commission pursued the task of implementing the White Paper on completing the internal market by 1 January 1993. Part of this work involves standardization: the Commission entrusts responsibilities in this field to European standardization organizations, which receive substantial funding from the Community budget.

In October 1991 the Commission adopted a communication setting out priority objectives for the introduction of electronic data transmission networks between administrations which are essential for the operation of the internal market, in particular as regards customs, indirect taxation, statistics, veterinary and plant health controls and frontier controls. The plan will involve coordination between national government departments.

In the field of telematics systems of general interest, the Council agreed in July to launch the second stage of the Tedis programme<sup>4</sup>

(with ECU 25 million deemed necessary for the period 1991-93).

The Council adopted a Decision revising the programme for the improvement of the business environment and the promotion of the development of enterprises, in particular small and medium-sized enterprises (SMEs). This Decision provides for the release of an additional ECU 25 million for the action programme for SMEs (revised estimated requirements: ECU 135 million for the period 1990-93).

### Cooperation with non-member countries

For a long time, cooperation with non-member countries financed under the general budget concerned only developing countries, taking the form of food aid or other forms of cooperation with countries in the Mediterranean basin, Asia and Latin America.

In 1990 cooperation with non-member countries was extended to the countries of Central and Eastern Europe, where support was given to reforms undertaken following the events of 1989.

Quite separate from this, other operations are financed from the European Development Fund under the Lomé Conventions. ECU 1 248 million was committed in 1991 for the countries of Africa, the Caribbean and the Pacific.

The appropriations for commitment under the general budget available in 1991 were as follows:

- 1 SAVE: Special action programme for vigorous energy efficiency.
- 2 Impact: Information market policy actions.
- 3 Sprint: Strategic programme for the transnational promotion of innovation and technology transfer.
- 4 Tedis: Trade electronic data interchange systems.

	<i>(million ECU)</i>
Cooperation with the countries of Central and Eastern Europe and the former Soviet Union	1 203
Food aid	685
Expenditure related to the Gulf War	588
Cooperation with Asia and Latin America	474
Cooperation with the Mediterranean countries	228
Other forms of cooperation with developing countries and other non-member countries	394

Virtually all these appropriations were committed.

Economic assistance to Central and Eastern Europe began in 1990. Originally it was organized for Poland and Hungary, but the Phare operation<sup>1</sup> was extended to other countries of the former Warsaw Pact in 1990, and in 1991 the Community granted similar aid to the Soviet Union — now the Commonwealth of Independent States — in the form of a large-scale technical assistance programme. The aim of Community assistance is to support the economic reform process and encourage the changeover to a market economy and free enterprise. Financial and technical assistance is provided so as to help satisfy immediate needs linked to maintaining the production of goods and services which are vital to the economies of the relevant countries, to preparing industry development plans and to supporting projects which may subsequently receive additional assistance from other countries belonging to the Group of 24. Apart from emergency humanitarian aid, financing decisions taken in this context have been directed primarily towards the modernization of agriculture, industrial restructuring, investment promotion, environmental protection, and education and training.

Food aid figures large among the forms of assistance given to developing countries. It is given in various forms ranging from emergency aid to longer term forms of assistance to raise the general standard of nutrition, improve food security and, through integrated deve-

lopment programmes, to contribute to the balanced economic and social development of the assisted areas. Depending on specific needs, aid may be given for free distribution to the population, or for sale on local markets (the proceeds being used to finance rural or other projects in the recipient country) or, in certain cases, in the form of food purchased in one developing country for use as food aid to another country (triangular operations). In 1991 an extra ECU 140 million was provided in addition to the appropriations originally entered in the budget to meet the needs arising from the famine in Africa.

In response to the Gulf War early in 1991 the Community put together a substantial aid package to support the balance of payments of the three allied countries most severely affected by the conflict (Egypt, Jordan and Turkey). Assistance was also granted to Israel, in the form of a loan with interest subsidies, and to its Palestinian population, through investment projects in housing and education, to help alleviate the problems caused by the war. The major Community effort in favour of developing countries in Asia and Latin America takes the form of a programme of support for projects situated particularly in the least prosperous countries and focused on rural development and the improvement of food production. In 1991, 63.7% of these commitments concerned Asia and 36.3% concerned Latin America. Other measures include trade promotion, energy cooperation, joint ventures in investment projects and regional integration.

Aid granted to Mediterranean countries is largely based on a series of financial protocols annexed to agreements with the various recipient countries. The financial protocols provide for a mixture of outright grants for various development projects and loan finance provided by the European Investment Bank, supported in most cases by interest subsidies charged to the general budget. In 1991 the implementation of these programmes was seriously hampered by two factors: they were

<sup>1</sup> Phare: Poland and Hungary: aid for economic restructuring.

temporarily frozen because of the Gulf War, and delays in the ratification of a new generation of financial protocols and a persistent failure to obtain unanimity in the Council on aid to Turkey meant that the utilization of appropriations had to be deferred for some considerable time. In this context ECU 85 million was carried over to 1992 for aid to Tunisia.

In 1990 the Commission made proposals for guidelines and policies to be followed in the years to come as regards cooperation with the countries of Asia and Latin America and with the southern and eastern Mediterranean countries. It pointed to the need to add to the traditional forms of development aid directed to the poorest sectors of the population a new form of economic aid adjusted for the development needs of the recipient countries (strengthening manufacturing and services, transfers of know-how, etc.) so that those countries could take better advantage of the new prospects offered by the single market. Specific attention would also have to be paid to environmental cooperation. In 1991 these guidelines were translated into proposals for Regulations and were the subject of discussions between Parliament, the Council and the Commission. The new provisions will come into force in 1992.

Commitments entered into concerning South Africa (ECU 58 million) chiefly cover measures taken via non-governmental organizations in favour of the poorest sectors of the population (training, health, humanitarian and welfare operations, etc.). Community assistance is also channelled through non-governmental organizations. Development projects benefiting from this assistance are spread worldwide and are mostly small scale, localized schemes in such fields as rural development, training and health.

Emergency and exceptional aid generally takes the form of funds to finance emergency grants in order to demonstrate Community solidarity in support of victims of natural disasters affecting non-associated countries. In 1991 the Community also provided ECU 100 million of relief for Kurdish refugees in northern Iraq.

## Repayments to Member States

The general budget includes appropriations to cover repayments by the Communities to the Member States.

The Act of Accession of Spain and Portugal provided that, over a transitional period from 1986 to 1991, these countries were to be reimbursed part of the Community resources they paid in; the proportion to be reimbursed declined from 87% in 1986 to 5% in 1991. Spain and Portugal are also compensated for their

contribution to financing the depreciation of old agricultural stocks.

From 1988 to 1992 the Communities are also reimbursing to the Member States amounts advanced by them to cover foreseeable losses on agricultural produce in stock on 31 December 1986 and to finance the exceptional butter sales of 1987 and 1988. At the end of 1990 the only debts outstanding were those relating to the butter disposal operation, for which ECU 797 million was repaid in 1991.

TABLE 3  
Administrative expenditure in 1991

Institution	Establishment plan in 1991 budget (Permanent posts and temporary posts)	Staff (million ECU)	Administration (million ECU)
Parliament	3 565	336.1	156.6
Council	2 711	163.5	185.5
of which:			
Economic and Social Committee	506	31.0	17.2
Commission	17 175	1 416.3	576.2
of which:			
administrative staff	13 713	1 198.1 <sup>1</sup>	513.8
research and investment activities	3 462	217.9	62.4
Court of Justice	794	57.8	16.4
Court of Auditors	384	30.0	3.0
Total	24 629	2 003.7	937.7

<sup>1</sup> Includes the pensions paid to former employees of all the institutions (ECU 209.3 million).

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### **Administrative expenditure**

The general budget includes appropriations to cover the institutions' staff and administrative expenditure, representing 4.6% of total expenditure in 1991.



## Structural operations for the five new German *Länder*

The integration of the five new German *Länder* and East Berlin is one of the most important changes experienced by the European Community in recent years.

The restructuring of these regions is clearly an enormous task. The Community plans to commit ECU 3 billion of structural aid between 1991 and 1993 to support the efforts being made by Germany itself. Additional assistance will be provided by loans from the European Investment Bank totalling ECU 1 500 million, loans from the budget of the European Coal and Steel Community totalling ECU 1 100 million, and to a lesser extent through specific Community policies which have been extended to the new regions. This aid effort, which provides substantial and effective support, is also intended as a demonstration of the Community's solidarity.

In March 1991 the Commission adopted the Community support framework (CSF) which it had been working on with the Federal German authorities and the new *Länder* since the unification of Germany in October 1990. The aim of the support framework is to contribute to and strengthen the process of restructuring the new *Länder* within a Community context. Emphasis has been placed on increasing productivity, creating jobs, retraining workers and cleaning up the environment. These objectives are being pursued within the general framework of the rebuilding of the economy, in particular with an eye to integrating the regions fully and quickly into the internal market.

### The Community support framework for the new *Länder*

The ECU 3 billion earmarked for the period 1991-93 under the structural Funds is broken down as follows:

(million ECU) <sup>1</sup>				
	1991	1992	1993	Total
EAGGF-Guidance	130	200	270	600
ERDF	500	500	500	1 500
ESF	270	300	330	900
	900	1 000	1 100	3 000

<sup>1</sup>At 1990 prices.

The following priorities were adopted for the support framework:

1. Economic infrastructure (industrial sites, local transport networks, technology and research centres, etc.);
2. Productive investment (creation, modernization and rationalization of businesses, etc.);
3. Human resources (establishment of training and retraining centres, apprenticeships, etc.);
4. Measures to combat long-term unemployment;
5. Measures to promote the employment of young people;
6. Development of agriculture, forestry, fisheries and the food industry;
7. Improvement of living and working conditions in rural areas;
8. Agriculture, forestry and the rural environment;

### The operational programmes

The operational programmes to implement the above priorities were adopted during 1991. Table 3 shows the breakdown of financing for these programmes (Community funds, German public funds, private funds) for each priority.



By the end of 1991 all the ECU 900 million available for the first year had been committed. Implementation on the ground has been swift and operations are progressing according to plan.

### The combination of private and public sectors

Both public and private firms, including those which were formerly in the public sector, benefit from the operations. Measures covered by priority No 1 (infrastructure) chiefly concern the public sector, while priority No 2 (productive investment) is aimed mainly at private firms, in particular as regards the promotion of service activities and tourism. Priority No 6 (agriculture, forestry and fisheries) includes the setting-up of competitive agricultural undertakings (especially family holdings), with one of the main goals being the transfer of production from public to private hands.

As regards financial procedures, ERDF operations relating to infrastructure and productive investment and EAGGF Guidance operations relating to agriculture are implemented within the framework of aid plans drawn up by the Federal authorities. In the case of ESF operations, aid is channelled through the Bundesanstalt für Arbeit (Federal Institution for Labour) or the appropriate bodies in the *Länder*, which then decide how the funds should be allocated on the basis of clearly defined criteria. In assessing the viability of projects and financing requirements, the same standards and rules are applied to all firms, irrespective of whether they are public or private or have recently been privatized.

The Community support framework expressly prohibits the use of resources from the structural Funds to subsidize the price of businesses which are in the process of being sold off by the Treuhandanstalt. Nevertheless, the Funds can contribute to investment in these firms with a view to their restructuring and rationalization in order to make privatization possible.

### Coordination between budget contributions and bank loans

The support framework and operational programmes provide for coordination between the loans from the European Investment Bank and the ECSC and operations under the structural Funds. Loans totalling ECU 1 500 million will be available from the EIB (ECU 500 million per year), while the ECSC will provide loans worth ECU 1 100 million over three years. The EIB and the Commission work together to determine the best possible combination between loans and assistance from the Funds when projects are launched and during their implementation. They apply the general principle that the higher the return on investment, the more use can be made of loans. There are also plans to coordinate ERDF assistance and ECSC loans so that interest rates can be reduced by subsidies linked to repayments.

Despite the inevitable problems and uncertainties in estimating the use of loans — much depends on the interest of promoters in projects and the nature of the projects themselves — a total of ECU 521 million was lent by the EIB in 1991, i.e. more than the objective of ECU 500 million.

### The environment in the new *Länder*

The environment is given a prominent place in the Community support framework for operations under the structural Funds. The aim is not only to apply the same environmental protection standards as in the rest of Germany: under the CSF, the aim is that the structural Funds must also support the efforts of the Federal authorities and the *Länder* to establish the infrastructure needed to meet these standards.

The rural environment is specifically mentioned as an integral part of the priority objective for agriculture and forestry. This means that measures must be taken to combat pollution in rural areas (in particular pollution of drink-



ing water), to promote more environmentally friendly farming, to protect nature and to introduce methods of forest management which are good for the environment and enhance the natural landscape.

Besides this specific priority, the Community support framework also attaches great importance to the environmental aspects of the other priorities. For example, priorities Nos 1 and 2 will develop infrastructure and promote investment for the rehabilitation and protection of the environment.

**TABLE 4**  
Funding for the five new *Länder* and East Berlin (1991-93)

(million Ecu)

Priority themes	Public spending						Private funds	Total costs (public and private spending)	EIB-ECSC loans
	Community aid				National aid	Total			
	ERDF	ESF	EAGGF	Total					
Infrastructure	590	95		685	1 192	1 877		1 877	p.m.
Productive investments	640	35	15	690	710	1 400	5 175	6 575	p.m.
Human resources	110	360		470	602	1 072		1 072	
Long-term unemployment		90		90	90	180		180	
Youth unemployment		225		225	225	450		450	
Agriculture + fisheries			354	354	803	1 157	1 250	2 407	
Rural development, environment and forestry	115	50	231	396	729	1 125	130	1 255	
Technical assistance	45	45		90	29	119		119	
Total	1 500	900	600	3 000	4 380	7 380	6 555	13 935	p.m.

**F**ollowing the events of 1989 and 1990 the Community expressed its desire to strengthen its links with the countries of Central and Eastern Europe. In December 1991 'Europe agreements' were signed with Hungary, Poland and Czechoslovakia, which provide for the progressive establishment of a free trade area, cooperation in the commercial, economic and financial fields and the development of an institutionalized political dialogue and cultural exchanges throughout Europe. Exploratory talks have also begun with Bulgaria and Romania, the three Baltic States and Albania. The Community's desire for cooperation with Eastern Europe was also demonstrated by the volume of budgetary resources for the programme of Community assistance, Phare,<sup>1</sup> and by the amounts spent on a wide-ranging programme of support for the balance of payments of several of these countries. These financial operations, which got under way in 1990, were considerably expanded in 1991.

Despite the extremely uncertain situation arising from the summer's events in the Soviet Union, the Community also implemented various measures to help that country in the form of financial assistance from the general budget and loans.

## Operation Phare

In 1990 the Phare programme received ECU 500 million. In 1991 it was allocated a total of ECU 785 million to finance technical and financial assistance programmes for Bulgaria, Hungary, Poland, Romania, Czechoslovakia and Yugoslavia, although the aid to Yugoslavia was suspended in the autumn. Figure 9 shows the breakdown of financial assistance in 1991 by country and sector. The programmes put the emphasis on breaking up monopolies, privatization, the restructuring of state-owned firms, the fostering of small and medium-sized enterprises, and the development of the financial sector, the private sector and the labour market. Funds were also granted for structural reform programmes in agriculture, energy, the environment, research and health, and for technical assistance for the modernization of infrastructure in sec-

tors such as telecommunications and transport. Regional cooperation programmes for a number of East European countries were also launched in the fields of statistics, standards, customs, public administration and environmental protection. The Tempus programme of higher-education exchanges and ACE, an economic research programme, were renewed. Finally, some of the Phare resources were allocated for humanitarian aid, including ECU 20 million for medicinal products to Romania and Bulgaria, the continuation of the operation on behalf of children in Romania and emergency food and medical aid for Albania.

## Assistance to the Soviet Union from the general budget

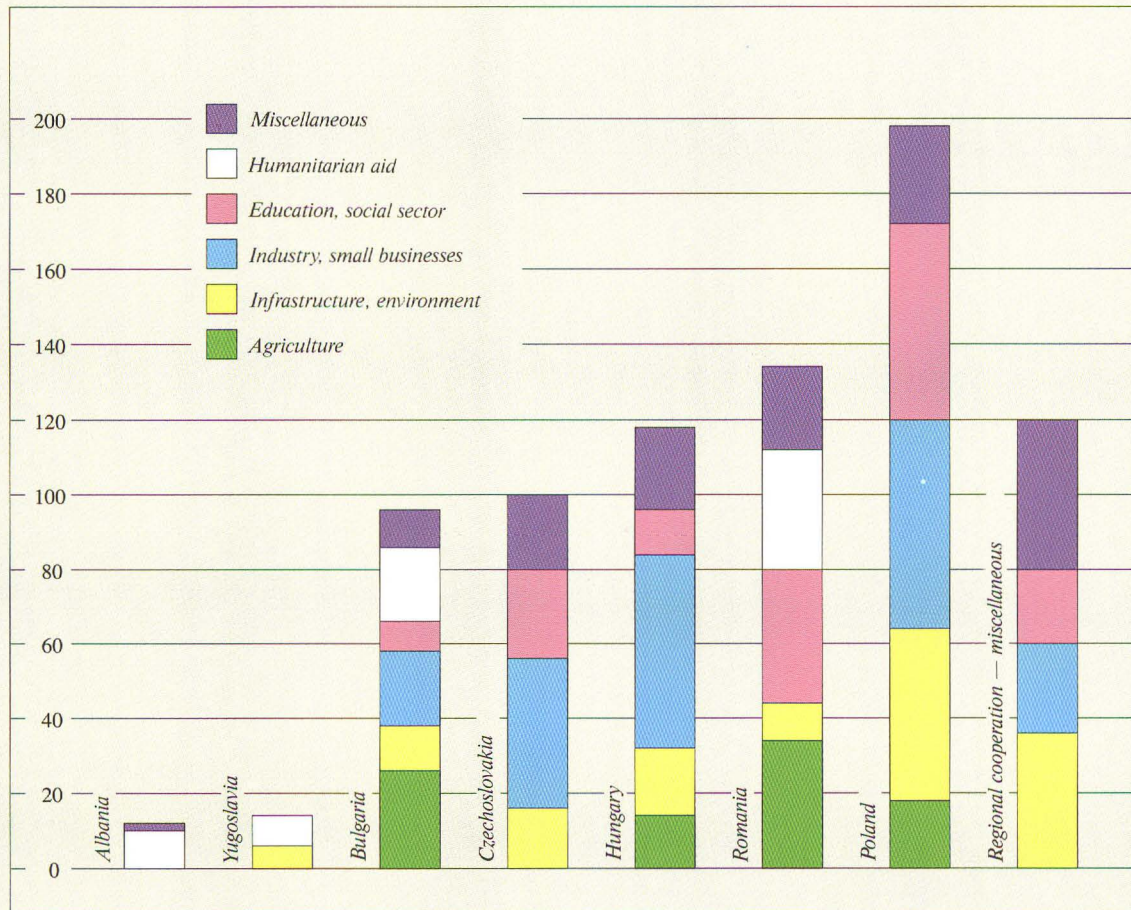
In December 1990 the Rome European Council decided to support the Soviet Government's economic reform and recovery efforts by granting ECU 400 million in technical assistance from the 1991 budget. Five priority sectors were targeted: training in public administration and business management, energy, transport, financial services and the distribution of foodstuffs. Founded on the principles of decentralized cooperation, the indicative programme drawn up by the Commission is designed to promote the changes necessary for the transition to a market economy through a massive transfer of know-how. Despite the delays caused by August's political upheavals in the Soviet Union, financing decisions adopted by the Commission during the last quarter of the year enabled operations planned under sectoral programmes to begin.

Food aid programmes were also financed from the Community budget. Under the first programme, decided at the end of 1990, food products worth ECU 250 million were supplied free of charge, financed by EAGGF Guarantee Section appropriations which were not used in 1990 and carried over to 1991. As a result of the Maastricht European

<sup>1</sup> Phare: Poland and Hungary: aid for economic restructuring.

FIGURE 9  
Funding in 1991 under the Phare operation

(million ECU)



Council in December 1991, emergency aid worth ECU 200 million was granted principally to the cities of Moscow and St Petersburg, financed in part by unused EAGGF Guarantee Section appropriations carried over to 1992; this food aid programme should help alleviate shortages and free prices.

### Loans and guarantees

Besides the aid mentioned above, the Community also provided assistance to Eastern

Europe in the form of loans and guarantees. As a complement to its existing commitments within the context of the International Monetary Fund, the Community began implementing a wide-ranging programme to support the balance of payments of Hungary, Czechoslovakia, Bulgaria and Romania in order to support the adjustment and reform programmes undertaken by those countries (a payment of ECU 190 million was made to Romania at the beginning of 1992). These countries, together with Poland, also receive loans granted by the European Investment Bank from its own re-

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sources and backed by a guarantee from the general budget of the Communities (see the following chapter on borrowing and lending operations).

In December 1990 the Rome European Council decided that the Community should grant a credit guarantee to the Soviet Union of ECU 500 million in support of loans from a consortium of European banks for the purchase of agricultural products and foodstuffs. In view of food shortages, the Community also decided in December 1991 to grant the Soviet Union a direct loan of ECU 1 250 million to finance the import of foodstuffs, agricultural products and medical supplies; half of this amount may be used for triangular operations involving quantities available in Central and Eastern Europe. The loan is also tied to progress in the economic reform of the agri-foodstuffs industry. The political changes in December 1991 will have a profound effect on the implementation of this aid, which, in view of the urgent need, should get under way soon.



# BORROWING AND LENDING OPERATIONS

In addition to the measures financed by the general budget, a number of Community operations are carried out using borrowed funds. The Communities have developed several instruments which give them access to capital markets and are used to finance various categories of loans. In addition to these loans from borrowed funds, a smaller number of loans are granted from budget appropriations. This report deals only with borrowing and lending operations included in the Communities' financial balance sheet; it ignores operations carried out under the financial provisions of the ECSC Treaty (ECU 7 516 million in loans outstanding at 31 December 1991) and those carried out by the European Investment Bank from its own resources under the EEC Treaty (ECU 65 714 million in loans outstanding at 31 December 1991).

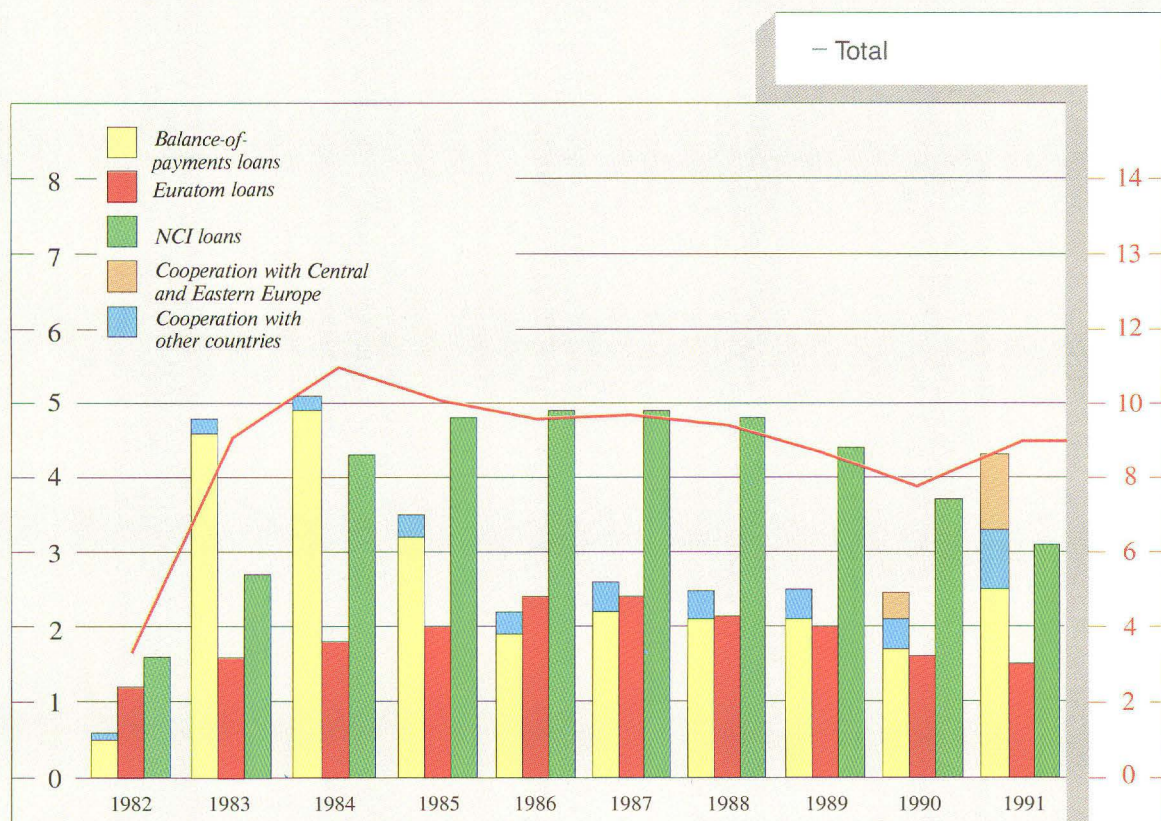
Should the recipient of a loan granted by the Communities default, the corresponding borrowing contracted by the Communities would be repaid by the general budget; some of the loans granted by the European Investment Bank from its own resources are backed by a guarantee from the general budget.

## Borrowing and lending for balance-of-payments support

After the first oil shock a Community borrowing facility was devised to help Member States which had had their balances of payments upset as a result of the rise in oil prices. The first loans were granted in 1976; the Council increased the volume of Community borrowings authorized under this facility to ECU 8 000

FIGURE 10  
Community loans outstanding, 1982-91

(billion ECU)



million in 1984 and to ECU 14 000 million in 1988. At 31 December 1991 loans outstanding totalled ECU 2 471 million.

### Euratom borrowing and lending

Since 1977 the Communities have made use of this instrument, which was devised to finance investment projects involving the industrial generation of nuclear-based electricity and industrial fuel-cycle installations in order to reduce the Community's dependence on imported energy. In 1990 a Council decision increased the amount of borrowings which the Commission is entitled to raise under this facility to ECU 4 000 million. At 31 December 1991 outstanding loans totalled ECU 1 559 million out of an initial ECU 2 902 million granted.

### NCI borrowing and lending

The New Community Instrument (NCI) was created in 1978 to help finance investment projects for developing Europe's industrial competitiveness. These projects must meet the Community's priority objectives concerning energy, industry and infrastructure and, in particular, promote regional development and contribute to the fight against unemployment. The New Community Instrument was strengthened in 1982, 1983 and 1987 and its field of application now extends to the dissemination of new technologies and innovation, mainly for the benefit of small and medium-sized firms. Overall, the volume of borrowings authorized by the Council has risen to ECU 5 750 million and has been used to grant loans of ECU 5 542 million. The NCI has also been used to finance reconstruction projects following the earthquakes in Italy in 1980 and in Greece in 1981. At 31 December 1991 the loans outstanding, including those intended for reconstruction after the earthquake, came to ECU 3 129 million.

### Borrowing and lending in connection with cooperation with non-member countries

The Community grants medium-term financial assistance to a number of countries which

are currently implementing economic reforms. This is financed from its borrowing operations.

In 1991 a second tranche of ECU 260 million was paid to Hungary under a programme of assistance totalling ECU 870 million; ECU 350 million had already been paid in 1990. As the collapse of the Council for Mutual Economic Assistance (Comecon) and the Gulf crisis threatened to undermine the encouraging early results of the reforms undertaken, it was decided to launch an additional operation involving ECU 180 million as part of a global programme of around ECU 360 million of aid from the group of 24 industrialized countries. An initial tranche of ECU 100 million was paid in August 1991.

As part of a global aid programme of around ECU 750 million from the Group of 24 (G-24), the Commission is empowered to borrow ECU 375 million on behalf of the Community to grant financial assistance to Czechoslovakia. The first tranche of ECU 185 million was paid in August 1991.

Under another global aid programme of ECU 580 million from the G-24, the Commission is empowered to borrow ECU 290 million on behalf of the Community to grant financial assistance to Bulgaria. An initial tranche of ECU 150 million was paid in 1991.

In September 1991 the Council adopted a decision authorizing a new operation — a borrowing by the Community to finance a medium-term loan of ECU 400 million to Algeria. An initial tranche of ECU 250 million was paid in December 1991 as a bridging loan pending finalization of the borrowing operation in January 1992.

### Loans from budget appropriations

Besides these loans from borrowed funds, loans are also granted from budget appropriations as part of the policy of cooperation with non-member countries. The Communities have concluded agreements combining commercial cooperation and technical and financial cooperation with most of the Mediterranean countries. In the case of financial and



TABLE 5

## Capital operations guaranteed by the general budget at 31 December 1991

*(million ECU)*

Borrowing/lending operation	Volume of borrowing/lending authorized	Total outstanding at 31.12.1991 covered by a budget guarantee
Balance-of-payments support	14 000	2 468
Euratom	4 000	1 564
NCI (including reconstruction projects)	6 830	4 016
Financial assistance	2 115	1 292
	26 945	9 340
EIB loans:		
Mediterranean countries	4 522	2 069
Central and Eastern Europe	1 700	28
	6 222	2 097
<b>Total</b>	<b>33 167</b>	<b>11 437</b>

technical cooperation, Community aid consists partly of non-repayable grants and partly of loans on particularly favourable terms or risk-capital operations. At 31 December 1991 the outstanding balance of loans on special terms and risk-capital operations came to ECU 444 million.

In 1991 a loan of ECU 175 million was granted to Turkey, financed from budget appropriations, as part of the Community's financial assistance to the countries most directly affected by the Gulf crisis.

Since 1988 the Communities have been able to grant loans and advances, likewise from budget appropriations, to finance joint ventures between European firms and firms in Asia, Latin America and the Mediterranean countries. At 31 December 1991 the outstanding balance of these operations came to ECU 13 million.

### Budget guarantees

Should a debtor default, the amounts borrowed to finance any of the loans listed above would be repaid from the general budget.

Loans granted by the European Investment Bank from its own resources to 12 Mediterranean countries under the financial protocols annexed to the cooperation agreements with these countries are also covered by a budget guarantee; at 31 December 1991 outstanding loans totalled ECU 2 069 million. The guarantee also extends to loans granted by the EIB from its own resources to Hungary and Poland as part of the Community's cooperation with the countries of Central and Eastern Europe; in May 1991 the Council decided to extend this guarantee to two-year loans totalling a maximum of ECU 700 million to Czechoslovakia, Bulgaria and Romania. The gua-

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rantee ceiling for loans to all these countries is ECU 1 700 million; at 31 December 1991 loans granted to the five countries totalled ECU 500 million but only a little under ECU 30 million had been paid.

Table 5 gives an overview of the total risk to which the general budget is exposed as a result of the Communities' borrowing and lending operations.

# TREASURY REPORT

The Commission holds accounts with the treasuries and/or central banks of Member States, on which it receives revenue and through which it pays the bulk of its transactions, in particular those relating to the EAGGF Guarantee Section, some of the expenditure on the structural Funds, and repayments to Member States.

Each month the revenue paid — expressed in national currencies — is equivalent to one-twelfth of the amounts provided in the budget for VAT and GNP-based resources and the amount actually established each month for custom duties and agricultural levies.

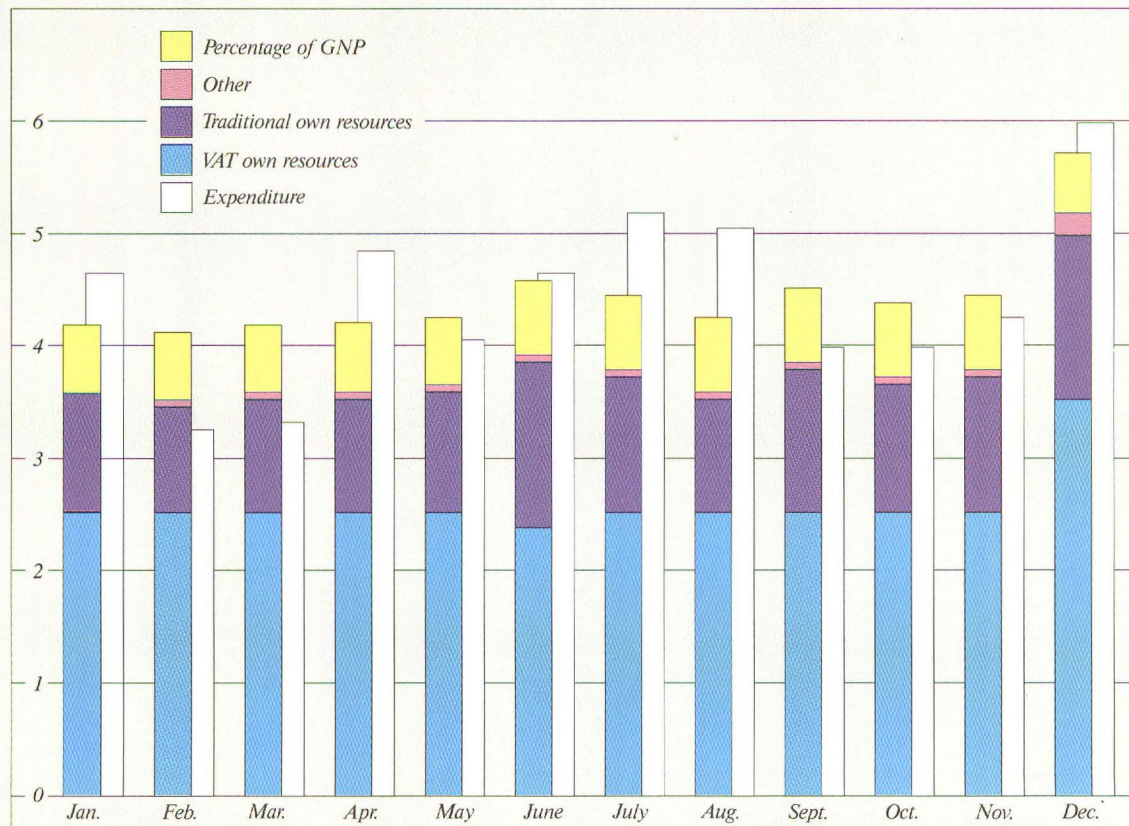
Ordinary commercial bank accounts are used for administrative expenditure and direct payments to recipients other than national authorities, in national currencies and in ecus.

The ecus are bought on the interbank exchange market and also, for payments to the United Kingdom under the structural Funds, through the Bank of England. The Commission distributes its purchases as harmoniously as possible to avoid any destabilization of the market.

In July 1990 the Commission adopted a Regulation on arrangements for using the ecu for

FIGURE 11  
Monthly revenue and expenditure in 1991

(billion ECU)



the purposes of the budgetary management of the structural Funds, which states that grants made by the Commission are to be paid in ecus to the authority designated by the Member States to receive the payments.

Following application of this Regulation the volume of payments made via the network of commercial banks increases annually (some 34% of the annual budget in 1991 compared with 26% in 1990 and 18% in 1989). In 1991 the Commission purchased ECU 17.6 billion on the money market, as against 10 billion in 1990. This was used mainly for payments under the structural Funds — ECU 10.7 billion in 1991 compared with 6.3 billion in 1990.

Various situations may arise in the annual implementation of budget revenue and expenditure; the difference in relation to the initial estimate determines whether the balance for the year is positive or negative. A surplus can result from under-utilization of appropriations or from a revenue out-turn higher than the forecast in the budget or from a combination of these two factors. Since spending may not exceed the limit set by the appropriations entered in the budget, a deficit can be caused only by the revenue out-turn being lower than the forecast in the budget. This was the case from 1984 to 1986.

The cash situation in the course of the financial year depends on the monthly out-turn of revenue and expenditure, which do not necessarily balance. Even if the balance for the year shows a surplus, expenditure might have outstripped revenue at certain times of the year, causing cash-flow difficulties. For these reasons, the rules in force allow the Commission to overdraw on its accounts with the national treasuries. The Commission did not make use of this possibility in 1991 as the cash situation was positive throughout the year.

The rules also stipulate that the positive and negative balances resulting from payment and revenue transactions should be spread over the year in proportion to each Member State's estimated contribution to the budget as a whole. This balance is maintained by transfers between the central banks.

A rolling forecast of cash flow is used to monitor and coordinate these currency transactions. Cash-flow management is strictly regulated: no borrowing is allowed to cover possible deficits, no loans may be made from positive balances and no interest is receivable or payable on balances with Member States.

# FUTURE EXPENDITURE AND REVENUE

It is a feature of the accounting system of the Communities that certain sums due but unpaid at 31 December and certain revenue receivable should be charged to the revenue and expenditure account for that year and entered in the balance sheet.

The main items of future expenditure and revenue entered in the accounts at the end of 1991 were:

- payments authorized in December 1991 and made between 1 and 15 January 1992;
- payments to be authorized in 1992 against appropriations for payments not used at the end of 1991 and carried over to 1992;
- interest and other sums due in connection with borrowing and lending operations for the New Community Instrument and the European Atomic Energy Community; this future expenditure is almost entirely offset by interest and other sums receivable in connection with the same borrowing and lending operations.

However, other potential liabilities and resources are not entered in the accounts but are recorded separately:

- certain sums falling due in future years to clear commitments existing at the end of 1991, to meet outstanding financial obligations or to honour protocols concluded with third parties;
- various potential liabilities and resources;
- contingent liabilities.

These future liabilities and resources are listed in this section of the report to provide information in addition to the consolidated accounts of the Communities.

## Sums falling due in future financial years

As stated in the section concerning the financial framework, some time elapses between the commitment and payment of expenditure: commitment and payment might not take place in the same financial year. This is fre-

quently the case with multiannual operations (which are allocated differentiated appropriations), for which the budget usually contains different amounts of commitment appropriations and payment appropriations.

At the end of the year there are therefore outstanding commitments for which payments will have to be made in future financial years.

For operations allocated non-differentiated appropriations, the rules allow appropriations needed for payment against commitments to be carried over automatically to the following financial year only; as stated above, the carry-overs to 1992 are included with the liabilities for 1991.

At the end of 1991 the commitments outstanding for operations allocated differentiated appropriations amounted to ECU 21 233 million. Of this, ECU 264 million is covered by payment appropriations carried over to 1992; the corresponding liability is also included in the accounts for 1991. The balance of ECU 20 969 million will have to be covered by payment appropriations in the budgets for 1992 and subsequent financial years. The commitments from differentiated appropriations outstanding at 31 December 1991 are analysed and broken down by probable year of payment in Table 10.

The Communities also have a number of known financial obligations which, in the normal course of events, will have to be met in 1992 or during subsequent financial years. These obligations consist of debts owing to Member States in connection with the exceptional disposal of butter stocks in 1987 and 1988: to cover the losses arising from the sale of these stocks, the Member States had provided advance finance of ECU 3 178 million to be repaid in instalments of 25% at the beginning of each year between 1989 and 1992; the Community thus made the third refund of ECU 797 million to the Member States in 1991, reducing its liability to ECU 800 million at the end of 1991.

Finally, the Communities have entered into other obligations towards non-member countries which have not yet given rise to the commitment of appropriations: for cooperation

**TABLE 6**  
Sums falling due in future financial years

(million ECU)

	1991	1990
Commitments from differentiated appropriations still to be settled at 31 December 1991	20 968.7	18 280.7
The Communities' financial obligations at 31 December 1991		
European Agricultural Guidance and Guarantee Fund (EAGGF): Exceptional operation to dispose of butter stocks: debts realized in 1987 and in 1988	799.5	1 588.7
Cooperation with non-member countries: obligations towards Mediterranean countries	153.0	212.0
<b>Total</b>	<b>21 921.2</b>	<b>20 081.4</b>

with developing and non-member countries, they have signed protocols with the Mediterranean countries for the period 1990-92 and undertaken to pay certain amounts, of which ECU 153 million still had to be committed at the end of 1991.

### Potential liabilities and resources

The Communities have potential liabilities and resources. Some of them may never be realized or can only be roughly estimated at 31 December 1991.

The potential liabilities include the cost of disposing of agricultural stocks. At the end of the 1991 financial year for agriculture, this liability had virtually dropped to zero; the new estimate results from comparison between the foreseeable sales value of products in store at 30 September 1991 and their book value, taking into account the depreciation applied in accordance with the decision adopted by the

1988 Brussels European Council. Every annual budget contains a provision for losses on stocks newly bought in. These stocks are depreciated from the date on which they enter the stores. The cost of depreciation is included with EAGGF Guarantee Section expenditure; in 1991 it totalled ECU 4 221 million. The only potential liabilities are those relating to the balance left outstanding because of the differences between the conversion rates used to calculate the foreseeable sales value and the book value; they have nothing in common with the levels reached during the 1980s.

The major potential liability relating to stocks of products which entered storage before 31 December 1986 and to which the principle of immediate depreciation no longer applied, had disappeared by the end of 1990: during that year the last repayments were made to the Member States of amounts advanced by them to finance the depreciation of these old stocks, two years ahead of schedule. The only

debt outstanding at the end of 1991 was that for butter disposal, which consists of only one annual repayment.

The Communities also have potential revenue. For instance, on discovering a fraud or irregularity relating to sums paid under the European Agricultural Guidance and Guarantee Fund, a Member State notifies the Commission and takes steps to recover the amounts involved. The sums likely to be recovered can only be estimated at present on the basis of amounts notified. Similarly, the date of their receipt cannot be estimated with any certainty. Revenue may also have to be paid into the general budget as a result of the Communities' inspections of own resources received in previous years.

### **Contingent liabilities**

The Communities have identified a number of contingent liabilities, only some of which can be quantified.

The Communities undertake to pay pensions to former employees on the basis of years of service. However, although contributions are made by employees, no separate fund is maintained from which the eventual liabilities will be met. There is, therefore, a liability for pension costs, which cannot be determined without an actuarial valuation.

The Commission also guarantees loans to non-member countries granted by the European Investment Bank from its own funds. Not all loans are guaranteed at 100%, the average being 75% of the capital value of loans guaranteed. Interest may also be guaranteed but is not quantified in Table 8 below.

TABLE 7

## Potential liabilities and receipts of the Communities at 31 December 1991

(million ECU)

	1991	1990
<i>Potential liabilities</i>		
European Agricultural Guidance and Guarantee Fund (EAGGF):		
Difference between the guarantee price and selling price of agricultural stocks at 31 December (excluding 1991 butter stocks subject to the exceptional disposal operation and alcohol stocks on which only disposal costs will arise) (Table 9)	12.3	6.8
Judgments awaited from the Court of Justice on sums claimed by Member States relating to clearance of accounts	358.2	102.7
Potential liabilities resulting from a provisional refusal of finance	318.5	391.6
	689.0	501.1
<i>Potential receipts</i>		
European Agricultural Guidance and Guarantee Fund (EAGGF):		
Potential receipts arising from frauds and irregularities	(673.0)	(615.8)
Potential claims resulting from the clearance of EAGGF accounts	(15.1)	(31.1)
	(688.1)	(646.9)
<b>Total</b>	<b>(0.9)</b>	<b>(145.8)</b>

TABLE 8

## Contingent liabilities

(million ECU)

	1991	1990
Pension costs	p.m.	p.m.
Guarantees given		
75% guarantee	2 202.8	2 110.3
100 % guarantee	641.5	141.5
<b>Total</b>	<b>2 844.3</b>	<b>2 251.8</b>



TABLE 9

Volume, book value, foreseeable-sales value and potential liabilities of stocks at 31 December 1991

Product	Quantity (tonnes)	Book value (ECU)	Foreseeable-sales value (ECU)	Unit loss on sales (ECU/t)	Potential liabilities (ECU)
Common wheat	5 820 874	341 223 487	346 574 838	0	0
Common wheat, not breadmaking	173 201	10 589 373	10 114 072	2.74	475 301
Barley	5 381 602	307 609 287	314 258 649	0	0
Rye	3 158 524	183 963 762	184 442 009	0	0
Durum wheat	2 824 359	123 378 731	216 670 701	0	0
Maize	876	45 057	51 154	0	0
Sorghum	0	0	0	0	0
Cereals — Total	17 359 436	966 809 697	1 072 111 423		475 301
Rice	190 750	25 518 928	25 772 233	0	0
Olive oil	42 260	55 110 804	53 226 470	44.59	1 884 334
Colza	13 438	2 438 542	2 367 984	5.25	70 558
Sunflower	416	94 550	94 550	0	0
Leaf tobacco	29	0	8 633	0	0
Manufactured tobacco	22 130	2 950 918	6 588 101	0	0
Baled tobacco	86 877	25 396 797	25 863 283	0	0
Alcohol <sup>1</sup>	2 248 797	8 749 687	10 299 490	0	0
Butter	390 173	360 545 700	350 697 247	25.24	9 848 453
Skimmed-milk powder	490 501	366 498 994	367 863 487	0	0
Bone in beef	425 549	368 440 896	382 494 080	0	0
Boned (boneless) beef	315 121	401 515 751	414 935 577	0	0
Total public storage		2 584 071 264	2 712 322 558		12 278 646
Mixed alcohol <sup>1</sup>	3 553 646	14 981 670	16 275 699	0	
Grand total		2 599 052 934	2 728 598 257		12 278 646

<sup>1</sup> The quantity unit for alcohol is 100 litres.

TABLE 10

Commitments from differentiated appropriations still to be settled at 31 December 1991

*(million ECU)*

Sector	Year in which the commitments were entered into							Totals	Foreseeable schedule of payment			
	before 1986	1986	1987	1988	1989	1990	1991		1992	1993	1994	after 1994
Fisheries and the sea	3.4	16.5	24.8	56.0	68.9	137.4	249.3	556.3	141.0	217.1	167.6	30.6
Structural operations,	1 068.1	476.6	682.5	1 250.9	1 324.6	2 193.5	6 815.6	13 811.8	6 536.3	4 463.1	1 591.5	1 229.9
of which:												
ERDF	(958.9)	(423.2)	(584.4)	(818.2)	(911.2)	(1 145.3)	(3 638.5)	(8 479.7)	(3 677.6)	(2 760.2)	(1 289.6)	(752.3)
ESF	(1.0)	(7.8)	(42.0)	(84.5)	(162.4)	(585.0)	(1 526.7)	(2 409.4)	(1 599.4)	(810.0)		
EAGGF Guidance	(71.6)	(6.5)	(23.8)	(292.7)	(186.2)	(345.6)	(756.1)	(1 682.5)	(620.6)	(462.4)	(246.8)	(352.7)
other	(36.6)	(39.1)	(32.3)	(55.5)	(64.8)	(117.6)	(894.3)	(1 240.2)	(638.7)	(430.5)	(55.1)	(115.9)
A people's Europe	7.5	3.6	4.0	7.6	15.7	22.7	109.7	170.8	93.2	38.2	22.8	16.6
Research and technological development	12.1	19.8	49.1	96.1	200.9	532.7	1 096.2	2 006.9	961.0	633.3	323.1	89.5
Energy, industry and the internal market	22.2	15.8	28.5	44.3	73.3	94.0	271.2	549.3	216.2	148.7	93.6	90.8
Cooperation with non-member countries	231.4	119.1	243.4	305.4	456.6	771.6	2 010.5	4 138.0	1 493.5	872.8	469.8	1 301.9
Total	1 344.7	651.4	1 032.3	1 760.3	2 140.0	3 751.9	10 552.5	21 233.1	9 441.2	6 373.2	2 668.4	2 750.3

**THE CONSOLIDATED ACCOUNTS  
OF THE COMMUNITIES**

## ACCOUNTING POLICIES

### 1. Financial Regulation

The accounts are prepared in accordance with the requirements of the Financial Regulation of 21 December 1977, as supplemented by implementing regulations issued by the Commission. There has been a general revision of the Financial Regulation, with the amended version entering into force on 13 March 1990.

### 2. The ecu

2.1. The accounts are stated in ecus.

2.2. Advances paid in respect of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund are converted at the exchange rates applying on the 20th of the second month preceding that to which they relate.

Some operations relating to staff are converted at special rates.

Other operations are converted at the monthly accounting rates in force when they are carried out.

2.3. The ecu conversion rate for 31 December 1991 has been used to prepare the balance sheet except as follows:

- (i) tangible assets, which are calculated at the accounting rate applying when they were purchased;
- (ii) appropriations carried over, some of which are to cover commitments in national currencies converted into ecus at the monthly accounting rates for December.

2.4. The rates applying on 31 December 1991 for converting national currencies into ecus were as follows:

ECU 1 =	BFR	41.9308	HFL	2.29352
	DKR	7.92945	IRL	0.766332
	DM	2.03553	LFR	41.9308
	DR	235.065	LIT	1 542.4
	ESC	179.886	PTA	129.668
	FF	6.95338	UKL	0.716117

### 3. Consolidation

3.1. The consolidated accounts show the accounting situation resulting from the operations carried out by the Communities under

the general budget. They, therefore, do not include expenditure under the ECSC operating budget and under the European Development Funds.

They consolidate the accounts of the following European institutions: the Parliament, the Council, the Economic and Social Committee, the Commission (including the Publications Office and the Joint Research Centre), the Court of Justice and the Court of Auditors.

3.2. The assets and liabilities resulting from NCI and Euratom borrowing and lending operations are included in the appropriate items of the Communities' balance sheet.

3.3. Balances between the institutions are netted off on consolidation wherever possible. Any residual sums are included in current assets and creditors.

3.4. All figures are in millions of ecus, unless otherwise stated.

### 4. Revenue

4.1. Own resources and financial contributions are entered in the accounts on the basis of the amounts credited in the course of the year to the accounts opened in the name of the Commission by the governments of the Member States. The difference between the budget entries for VAT own resources, GNP-based own resources and financial contributions and the amount actually due is calculated by 1 July of the following year and entered in an amending budget.

4.2. Other revenue is entered in the accounts on the basis of the amounts actually collected in the course of the year.

### 5. Expenditure

5.1. Expenditure for the year, as included in the revenue and expenditure account, represents payments against the year's appropriations for payment plus any appropriations for payment for the year which are unused and are carried over.

5.2. The payments against the year's appropriations for payment are those for which authorization reaches the Financial Controller not later than 31 December and which are effected by the Accounting Officer not later than 15 January of the following year.



5.3. The payments taken into consideration for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund are those effected by the Member States between 16 October and 15 October provided that the Accounting Officer is notified of the commitment and authorization not later than 31 January of the following year.

5.4. Appropriations for payment may be carried over to the following financial year:

- (i) non-differentiated appropriations: the carry-over is generally automatic when it is to cover commitments outstanding; in other cases the prior authorization of the budgetary authority is required;
- (ii) differentiated appropriations: unused payment appropriations usually lapse; however, the Commission may decide to carry them over if the payment appropriations for the following year are not sufficient to meet previous commitments or commitments in connection with commitment appropriations which have themselves been carried over.

## 6. Payments on account and accelerated payments

6.1. Payments on account for operational purposes, other than those paid in connection with the common agricultural policy, are included with the expenditure for the financial year and do not appear as assets in the balance sheet.

## 7. Tangible assets

7.1. The movable property of all the institutions (equipment and furniture) is valued at purchase price in national currency converted into ecus at the accounting rate in force at the time of purchase.

7.2. Buildings in Brussels, those of the external offices and delegations and those at the Geel, Karlsruhe and Petten establishments of the Joint Research Centre are included in the balance sheet at their purchase prices. The buildings at the Ispra establishment site are valued in accordance with the valuation conducted in 1982, increased in 1984 by 14% for buildings and by 20% for other infrastructure. Since then, the valuation has been increased every year by the amount of investment which took place that year.

7.3. No depreciation is provided as the full purchase cost of tangible assets is charged to the revenue and expenditure account in the year of acquisition. The full value remains in the balance sheet until items are withdrawn from service, and is balanced by an exactly equivalent figure which forms part of own capital.

## 8. Stocks

8.1. Stocks represent the consumable stores held by all the institutions, including certain nuclear materials held by the research centres. All items are valued for balance sheet purposes at purchase price, with the exception of nuclear material and heavy water which are valued at commercial valuation, net of reprocessing costs.

## CONSOLIDATED REVENUE AND EXPENDITURE ACCOUNT for the year ending 31 December 1991

<i>Revenue</i>	Notes	1991 (million ECU)	1990 (million ECU)
Own resources	1	51 676.1	39 695.7
Adjustments to previous years' revenue	2	4 002.0	6 181.6
Other revenue	3	571.3	591.9
<i>Total revenue</i>		56 249.4	46 469.2
 <i>Expenditure</i>			
<i>Operational expenditure</i>			
Agricultural market guarantees	4	31 126.8	25 754.7
Fisheries and the sea	5	334.2	298.9
Structural operations	6	13 637.9	10 069.4
A people's Europe	7	516.2	346.1
Research and technological development	8	1 706.3	1 443.9
Energy, industry and the internal market	9	369.2	319.4
Cooperation with non-member countries	10	2 211.2	1 430.6
		49 901.8	39 663.0
 <i>Administrative expenditure</i>			
Staff	11	1 785.8	1 597.7
Administration	11	870.7	755.7
		2 656.5	2 353.4
 <i>Repayments to Member States</i>	 12	 1 264.8	 2 362.5
<i>Total expenditure</i>	13	53 823.1	44 378.9
 <i>Surplus of revenue over expenditure for the year: out-turn for the year</i>		 2 426.3	 2 090.3
 Exchange differences for the year	 14	 31.2	 43.0
Appropriations carried over from previous year which lapse	14	305.1	92.4
 <i>Balance for the year</i>	 14	 2 762.6	 2 225.7

**CONSOLIDATED BALANCE SHEET**  
as at 31 December 1991.

	Notes	1991 (million ECU)	1990 (million ECU)
<i>Fixed assets</i>			
Tangible assets	15	885.5	769.0
Contributions	16	18.5	—
Loans	17	9 084.4	7 894.9
		<u>9 988.4</u>	<u>8 663.9</u>
<i>Long-term debtors</i>	18	11.4	15.2
<i>Current assets</i>			
Stocks	19	93.2	85.4
Amounts owed by Member States	20	307.2	194.0
Amounts owed by Community bodies	21	10.1	34.9
Debtors	22	775.4	663.3
Cash at bank and in hand	23	6 730.4	8 506.1
		<u>7 916.3</u>	<u>9 483.7</u>
Less: Creditors due within one year	24	(4 132.9)	(5 720.4)
		<u>3 783.4</u>	<u>3 763.3</u>
<i>Net current assets</i>			
		<u>13 783.2</u>	<u>12 442.4</u>
<i>Total assets less current liabilities</i>			
<i>Creditors due after more than one year</i>	25	(9 342.8)	(8 274.8)
<i>Provisions for liabilities and charges</i>	26	(47.4)	(42.7)
		<u>4 393.0</u>	<u>4 124.9</u>
<i>Fixed capital</i>			
Own capital	27	1 630.4	1 283.3
Balance brought forward	28	—	615.9
Balance for the year	28	2 762.6	2 225.7
		<u>4 393.0</u>	<u>4 124.9</u>

<b>1. Own resources</b>	1991 (million ECU)	1990 (million ECU)
Agricultural levies	1 621.3	1 173.4
Sugar and isoglucose levies	1 141.8	910.7
Customs duties	12 751.0	11 427.8
VAT resources	30 269.0	27 440.1
Percentage of GNP of the Member States	7 445.1	94.9
Own resources collection costs	(1 552.1)	(1 351.2)
	51 676.1	39 695.7
 <b>2. Adjustments to previous years' revenue</b>		
Surplus available from the previous year	2 841.6	4 464.2
Balance of VAT own resources and adjustments to financial contributions for previous year	787.7	1 191.2
Balance of GNP-based own resources from the previous year	—	189.7
Corrections to the balance of own resources and adjustments to financial contributions for 1979 to 1988	372.7	336.5
	4 002.0	6 181.6

ECU 4 464.2 million of the 1989 balance of ECU 5 080.1 million had been entered in the accounts for 1990; the remaining ECU 615.9 million has been entered in the accounts for 1991.



<b>3. Other revenue</b>	1991 (million ECU)	1990 (million ECU)
Miscellaneous Community taxes, levies and dues	266.4	258.0
Revenue accruing from the administrative operation of the institutions	139.1	171.3
Contributions to Community programmes; repayments of expenditure and revenue from services rendered	97.9	145.0
Interest on late payments and fines	44.4	1.7
Borrowing and lending operations	18.1	13.2
Miscellaneous	5.4	2.7
	571.3	591.9
 <b>4. Agricultural market guarantees</b>		
Expenditure by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF)	31 049.9	25 733.5
Set-aside and income aid	76.9	21.2
	31 126.8	25 754.7
 <b>5. Fisheries and the sea</b>		
Organization of the market	26.2	23.6
Improvement of fishery structures	127.3	99.7
Expenditure in connection with international fisheries agreements	171.3	173.0
Other	9.4	2.6
	334.2	298.9
 <b>6. Structural operations</b>		
European Regional Development Fund	6 306.9	4 554.1
European Social Fund	4 030.0	3 212.0
European Agricultural Guidance and Guarantee Fund — Guidance Section	2 085.4	1 825.3
New German <i>Länder</i>	450.0	—
Other structural policy operations:		
Integrated Mediterranean programmes	283.3	191.9
Specific programme for the development of Portuguese industry (Pedip)	114.4	101.0
Other regional measures	57.9	30.7
Transport and tourism	97.5	26.9
Expenditure in the agricultural sector	131.8	106.4
Set-aside and income aid	80.7	21.1
	13 637.9	10 069.4

<b>7. A people's Europe</b>	1991 (million ECU)	1990 (million ECU)
Education, vocational training and youth policy	226.2	148.3
Employment, social protection and public health	119.8	82.5
Protection of the environment	73.6	40.5
Information, communication and culture	60.9	43.4
Consumer protection	14.7	8.2
Aid to disaster victims in the Community	21.0	23.2
	516.2	346.1
<b>8. Research and technological development</b>		
Research and technological development	1 706.3	1 443.9
	1 706.3	1 443.9
<p>Research and technological development also includes related administrative expenditure incurred in the research centres of Ispra, Karlsruhe, Petten and Geel.</p>		
<b>9. Energy, industry and the internal market</b>		
Energy policy	117.1	115.0
Nuclear safeguards	9.2	6.2
Information market and innovation	32.3	31.2
Statistical information policy connected with the completion of the internal market	41.0	26.0
Industry and the internal market	169.6	141.0
	369.2	319.4

**10. Cooperation with non-member countries**

	1991 (million ECU)	1990 (million ECU)
Aid for economic restructuring of the countries of Central and Eastern Europe	278.2	350.0
Food aid	637.2	483.7
Other cooperation activities with developing and non-member countries	768.3	596.9
Assistance to the countries most directly affected by the Gulf crisis	527.5	—
	<b>2 211.2</b>	<b>1 430.6</b>

A further ECU 217.0 million (1990: ECU 85.6 million) of export refunds made in connection with food aid are included in EAGGF Guarantee Section expenditure.

In addition to the above amounts consolidated:

- (i) the European Development Fund made payments of ECU 1 191.3 million (1990: 1 256.0 million) to developing countries;
- (ii) the European Investment Bank (EIB) grants loans to developing countries from its own funds, guaranteed by the Commission.

**11. Administrative expenditure**

<i>Staff</i>		
Parliament	336.1	297.4
Council	132.5	121.8
Economic and Social Committee	31.0	28.7
Commission	1 178.0	1 052.4
Publications Office	20.4	18.6
Court of Justice	57.8	51.7
Court of Auditors	30.0	27.1
	<b>1 785.8</b>	<b>1 597.7</b>
<i>Administration</i>	<b>870.7</b>	<b>755.7</b>

The administrative expenditure at the various research establishments is included in 'Research and technological development' (Note 8).

**12. Repayments to Member States**

	1991 (million ECU)	1990 (million ECU)
Repayments to the Member States in respect of the depreciation of agricultural stocks	797.4	1 360.7
Refunds and financial compensation to Member States	467.4	1 001.8
	<b>1 264.8</b>	<b>2 362.5</b>

**13. Total expenditure***Operational expenditure*

	Payments for the year (million ECU)	Carried over (million ECU)	Expenditure 1991 (million ECU)	1990 (million ECU)
Agricultural market guarantees	30 936.7	190.1	31 126.8	25 754.7
Fisheries and the sea	318.2	16.0	334.2	298.9
Structural operations	13 477.6	160.3	13 637.9	10 069.4
A people's Europe	380.5	135.7	516.2	346.1
Research and technological development	1 551.8	154.5	1 706.3	1 443.9
Energy, industry and the internal market	303.7	65.5	369.2	319.4
Cooperation with non-member countries	2 140.1	71.1	2 211.2	1 430.6
	<b>49 108.6</b>	<b>793.2</b>	<b>49 901.8</b>	<b>39 663.0</b>

*Administrative expenditure*

Staff	1 748.0	37.8	1 785.8	1 597.7
Administration	591.1	279.6	870.7	755.7
	<b>2 339.1</b>	<b>317.4</b>	<b>2 656.5</b>	<b>2 353.4</b>

*Repayments to Member States*

	<b>1 264.8</b>	<b>0.0</b>	<b>1 264.8</b>	<b>2 362.5</b>
	<b>52 712.5</b>	<b>1 110.6</b>	<b>53 823.1</b>	<b>44 378.9</b>



	Payments for the year (million ECU)	Carried over (million ECU)	Expenditure 1991      1990 (million ECU) (million ECU)	
<b>Breakdown of expenditure by institution</b>				
Commission:				
non-differentiated appropriations	35 028.3	704.8	35 733.1	30 386.9
differentiated appropriations	16 895.2	249.9	17 145.1	13 162.5
	51 923.5	954.7	52 878.2	43 549.4
Parliament	431.6	57.1	488.7	429.8
Council	255.1	93.9	349.0	279.9
Court of Justice	70.9	3.3	74.2	65.9
Court of Auditors	31.4	1.6	33.0	53.9
	52 712.5	1 110.6	53 823.1	44 378.9

**Reconciliation with the budget**

	Expenditure 1991      1990 (million ECU) (million ECU)	
Payment appropriations approved for the year	56 116.4	46 974.7
Less: Appropriations not used and which lapse	(2 293.3)	(2 595.8)
Expenditure for the year	53 823.1	44 378.9

A more detailed analysis of payment appropriations and their use appears in Table 12.

**14. Balance for the year**

In accordance with the Financial Regulation, the amount resulting from the lapsing of the appropriations for payment carried over from the previous financial year but not used and the balance of exchange gains and losses recorded during the year are taken into account when determining the balance for the year.



## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 15. Tangible assets

	Buildings	Furniture and equipment	1991 (million ECU)	Total 1990 (million ECU)
Parliament	1.5	61.5	63.0	53.6
Council		20.6	20.6	17.5
Economic and Social Committee		4.1	4.1	3.7
Commission	335.1	429.7	764.8	662.2
Court of Justice		5.6	5.6	5.1
Court of Auditors	24.0	3.4	27.4	26.9
<b>Total</b>	<b>360.6</b>	<b>524.9</b>	<b>885.5</b>	<b>769.0</b>

## 16. Contributions

	1991 (million ECU)	1990 (million ECU)
Subscription to capital of European Bank for Reconstruction and Development (EBRD)	18.0	—
Other contributions	0.5	—
	<b>18.5</b>	<b>—</b>

## 17. Loans

	1991 (million ECU)	1990 (million ECU)
<i>Loans granted from the budget</i>		
Loans in connection with cooperation with non-member countries		
Loans on special terms	428.9	413.9
Risk-capital operations	15.2	11.0
Loans and advances to promote investment joint ventures	13.3	3.3
Loans granted to assist the countries most directly affected by the Gulf crisis	175.0	—
Loans in favour of migrant workers	0.5	0.5
Building loans to Community officials	0.3	0.3
	<b>633.2</b>	<b>429.0</b>
<i>Loans granted from borrowed funds</i>		
Community loans for balance-of-payments support	2 471.5	1 695.4
Euratom loans	1 558.9	1 683.5
Loans to promote investment in the Communities (NCI)	3 128.8	3 737.0
Financial assistance to non-member countries	1 292.0	350.0
	<b>8 451.2</b>	<b>7 465.9</b>
<b>Total</b>	<b>9 084.4</b>	<b>7 894.9</b>

**18. Long-term debtors**

	1991 (million ECU)	1990 (million ECU)
Deposits, guarantees and working balances paid to third parties	6.5	5.8
Recoverable costs	4.9	9.4
	11.4	15.2

Recoverable costs arise on NCI and Euratom borrowing and lending operations as a result of the difference between the interest rates charged on loans granted and the lower interest rates paid on loans raised. They are recovered gradually over the lifetime of the borrowings.

**19. Stocks**

Parliament	1.1	1.0
Council	1.8	1.7
Economic and Social Committee	0.1	0.1
Commission <sup>1</sup>	90.0	82.3
Court of Justice	0.1	0.2
Court of Auditors	0.1	0.1
	93.2	85.4

<sup>1</sup> Includes nuclear materials held at research centres.

**20. Amounts owed by Member States**

Own resources to be recovered	296.8	184.8
Taxes paid and to be recovered	5.6	6.0
Interest on late payments	4.4	3.2
Outstanding balances of EAGGF advances	0.4	—
	307.2	194.0

## 21. Amounts owed by Community bodies

	1991 (million ECU)	1990 (million ECU)
Due to Parliament	0.6	0.3
Due to the Commission	9.5	34.6
	10.1	34.9

Community bodies include those Communities not consolidated, for example the European Coal and Steel Community (ECSC), and other connected bodies, for example the Medical Insurance Scheme.

## 22. Debtors

Debtors comprise sundry debtors relating to the institutions and balances relating to the borrowing and lending operations of NCI and Euratom.

### *Sundry debtors*

Due from staff of the institutions	8.2	7.8
Due from third parties, including bank interest receivable	26.1	21.4
Advances to be settled	3.1	2.7
Receivable orders to be recovered	448.3	369.3
Prepayments <sup>1</sup>	21.7	27.7
Other	13.7	10.7
	521.1	439.6

### *NCI and Euratom*

Accrued interest	85.4	99.3
Other	168.9	124.4
	254.3	223.7
	775.4	663.3

<sup>1</sup> Prepayments comprise sums paid during 1991 to be charged to the budget of the following year.



### 23. Cash at bank and in hand

In addition to the current and deposit accounts which the institutions have with banks in Community and non-Community countries to carry out their financial operations, the Commission also has accounts with each Member State. The amount of established own resources is credited by each Member State to an account opened for this purpose in the Commission's name with its Treasury or with the body it has appointed for the purpose. The Commission may draw on the sums credited to these accounts to the extent necessary to cover its cash requirements arising out of budget execution.

The institutions may establish imprest accounts to cover payment of certain types of expenditure, and particularly to permit the operation of information offices and delegations in non-member countries and to international organizations. The amounts advanced are to cover cash needs for a short period. The funds are reconstituted on presentation of expenditure vouchers.

The total of bank balances and cash is made up as follows:

	1991 (million ECU)	1990 (million ECU)
Securities (held by NCI)	—	1.9
Fixed-term deposit accounts	78.6	65.8
Accounts with treasuries of Member States	4 831.7	6 437.1
Accounts with central banks	252.0	701.4
Current accounts	1 522.3	1 270.8
Imprest accounts	45.4	27.8
Documentary credits	—	1.0
Cash in hand	0.4	0.3
	<u>6 730.4</u>	<u>8 506.1</u>

The Commission holds accounts with treasuries and central banks. Its deposit and current accounts include ECU 844.2 million (1990: ECU 854.4 million) available from NCI and Euratom borrowing and lending operations. The breakdown of the amounts in the institutions' current accounts is as follows:

Parliament	10.8	4.5
Council	7.9	1.3
Economic and Social Committee	0.3	0.4
Commission <sup>1</sup>	1 502.3	1 262.1
Court of Justice	0.7	2.3
Court of Auditors	0.3	0.2
	<u>1 522.3</u>	<u>1 270.8</u>

<sup>1</sup> Includes ECU 770.2 million (1990: ECU 791.4 million) for NCI and Euratom borrowing and lending operations.

## 24. Creditors due within one year

	1991 (million ECU)	1990 (million ECU)
Payable to Member States <sup>1</sup>	16.5	84.3
Amounts owed to Community bodies <sup>2</sup>	4.0	5.3
Appropriations to be carried over <sup>3</sup>	1 125.1	1 403.6
Sundry creditors <sup>4</sup>	42.1	33.3
Revenue to be entered <sup>5</sup>	244.1	163.3
Revenue to be collected <sup>6</sup>	724.1	561.2
Accruals <sup>7</sup>	1 812.6	3 229.4
Accrued interest (NCI and Euratom)	164.4	208.4
Bank balances <sup>8</sup>	—	31.6
	<b>4 132.9</b>	<b>5 720.4</b>
 <sup>1</sup> <i>Payable to Member States</i>		
This item covers the amounts owed to Member States.		
<sup>2</sup> <i>Amounts owed to Community bodies</i>		
Due by the Council	—	0.4
Due by the Commission	4.0	4.9
	<b>4.0</b>	<b>5.3</b>
 <sup>3</sup> <i>Appropriations to be carried over</i>		
Non-differentiated appropriations		
Automatic carry-overs	689.0	507.2
Non-automatic carry-overs	171.7	691.3
Differentiated appropriations		
Current year's appropriations carried over	249.9	201.5
Appropriations carried over again	14.5	3.6
	<b>1 125.1</b>	<b>1 403.6</b>
 <sup>4</sup> <i>Sundry creditors</i>		
Revenue to be transferred to other bodies	30.1	21.4
Other	12.0	11.9
	<b>42.1</b>	<b>33.3</b>

	1991 (million ECU)	1990 (million ECU)
<i><sup>5</sup> Revenue to be entered</i>		
Revenue available for use	195.1	97.3
Miscellaneous revenue to be identified and booked to an item of account	49.0	66.0
	<u>244.1</u>	<u>163.3</u>

*<sup>6</sup> Revenue to be collected*

This is an entry to balance those debtor balances which relate to revenue to be entered in the accounts of 1992.

*<sup>7</sup> Accruals*

Payments made between 1 and 15 January 1992 authorized before 31 December 1991 are recorded as expenditure of 1991 and appear in the balance sheet as accruals.

*<sup>8</sup> Bank balances*

Current accounts (NCI)	—	29.5
Documentary credits	—	2.1
	<u>—</u>	<u>31.6</u>

**25. Creditors: due after more than one year**

*Loans raised*

Community loans raised for balance-of-payments support	2 471.5	1 695.4
Euratom loans raised	1 563.8	1 687.4
Loans raised to promote investment in the Communities (NCI) <sup>1</sup>	4 015.5	4 542.0
Loans raised for financial assistance to non-member countries	1 292.0	350.0
	<u>9 342.8</u>	<u>8 274.8</u>

<sup>1</sup> The NCI loans include ECU 20.9 million as a redemption premium.

**26. Provisions for liabilities and charges**

	1991 (million ECU)	1990 (million ECU)
NCI	29.4	26.1
Euratom	18.0	16.6
	47.4	42.7

These balances represent surpluses to be allocated by the Commission, and retained to cover costs not yet incurred or to be set against the assets item 'Recoverable costs' recorded in 'Long-term debtors' (Note 18).

**27. Own capital**

This is the contra-item to various assets which are recorded in the balance sheet after first being charged to budgetary expenditure. Like the corresponding assets, this item varies from one year to the next. The assets are tangible assets, loans granted from the budget and inventories.

**28. Balance brought forward and balance for the year**

Balance brought forward <sup>1</sup>	—	615.9
Balance for the year	2 762.6	2 225.7

<sup>1</sup> ECU 4 464.2 million of the 1989 balance of ECU 5 080.1 million had been entered in the accounts for 1990; the remaining ECU 615.9 million has been entered in the accounts for 1991.



# CONSOLIDATED REVENUE AND EXPENDITURE ACCOUNT: FIVE-YEAR SUMMARY

TABLE 11

(million ECU)

	1987	1988	1989	1990	1991
<b>Revenue</b>					
Own resources	35 497.9	35 842.6	41 881.3	39 695.7	51 676.1
Financial contributions	210.6	4 657.2	1 641.8	—	—
Adjustments to previous year's revenue	(359.3)	883.6	1 967.8	6 181.6	4 002.0
Other	434.1	460.0	408.9	591.9	571.3
	35 783.3	41 843.4	45 899.8	46 469.2	56 249.4
<b>Expenditure</b>					
Agricultural market guarantees	22 950.3	26 400.3	24 409.1	25 754.7	31 126.8
Fisheries and the sea	163.7	257.7	279.2	298.9	334.2
Structural operations	6 045.4	6 682.9	8 239.1	10 069.4	13 637.9
of which: ERDF	(2 562.3)	(2 979.8)	(3 920.0)	(4 554.1)	(6 306.9)
ESF	(2 542.2)	(2 298.6)	(2 676.1)	(3 212.0)	(4 030.0)
EAGGF Guidance	(790.3)	(1 140.9)	(1 349.0)	(1 825.3)	(2 085.4)
other	(150.6)	(263.6)	(294.0)	(478.0)	(1 215.6)
A people's Europe	196.7	225.6	289.1	346.1	516.2
Research and technological development	774.9	872.2	1 230.4	1 443.9	1 706.3
Energy, industry and the internal market	209.4	238.0	259.8	319.4	369.2
Cooperation with non-member countries	1 061.9	783.0	1 090.6	1 430.6	2 211.2
	31 402.3	35 459.7	35 797.3	39 663.0	49 901.8
<i>Operational expenditure</i>					
<i>Repayments to Member States</i>	2 380.9	3 729.6	2 961.1	2 362.5	1 264.8
<i>Administrative expenditure</i>					
Staff	1 174.7	1 340.1	1 449.6	1 597.7	1 785.8
Administration	511.3	591.5	642.1	755.7	870.7
	35 469.2	41 120.9	40 850.1	44 378.9	53 823.1
<i>Out-turn for the year</i>					
	314.1	722.5	5 049.7	2 090.3	2 426.3
Appropriations carried over from previous year which lapse	189.5	381.5	98.2	92.4	305.1
Exchange differences for the year	17.9	36.1	(67.8)	43.0	31.2
	521.5	1 140.1	5 080.1	2 225.7	2 762.6
<i>Balance for the year</i>					

# APPROPRIATIONS FOR 1991

TABLE 12

This table shows the appropriations for commitment available in 1991 and the appropriations for payment in 1991. It does not include the appropriations for payment carried over from 1990 which are contained in Table 1 (ECU 1 403.6 million).

(million ECU)

Sector	Commitments					Payments			
	Final appropriations	Commitments entered into	Appropriations		Reconstituted appropriations	Final appropriations	Payments made	Appropriations	
			Available for carry-over	Lapsing				Available for carry-over	Lapsing
<b>Staff</b>									
Commission	1 208.4	1 198.4		10.0		1 208.4	1 175.9	22.5	10.0
Parliament	346.6	336.1		10.5		346.6	323.8	12.3	10.5
Council	164.3	163.5		0.8		164.3	162.0	1.5	0.8
Court of Justice	58.7	57.8		0.9		58.7	56.8	1.0	0.9
Court of Auditors	30.5	30.0		0.5		30.5	29.5	0.5	0.5
<b>Administration</b>									
Commission	514.3	513.8		0.5		513.7	374.2	139.0	0.5
Parliament	169.6	156.6		13.0		165.6	107.8	44.8	13.0
Council	185.7	185.5		0.2		185.7	93.1	92.4	0.2
Court of Justice	16.4	16.4				16.4	14.1	2.3	0.1
Court of Auditors	3.1	3.0		0.1		3.1	1.9	1.1	
<b>Agricultural market guarantees</b>									
guarantees	32 231.5	31 542.7	166.0	522.8		31 546.0	30 936.7	190.1	419.2
Fisheries and the sea	480.8	472.8		8.0		369.4	318.2	16.0	35.2
Structural operations	15 782.1	15 479.5	42.9	259.7	290.9	13 935.3	13 477.6	160.3	297.4
A 'people's Europe'	587.2	556.8	28.1	2.3		525.6	380.5	135.7	9.4
Research and technological development	2 186.2	1 763.5	369.4	53.3		1 771.7	1 551.8	154.5	65.4
Energy, industry and the internal market	466.4	462.5		3.9		389.8	303.7	65.5	20.6
Cooperation with non-member countries	3 571.9	3 442.3	86.6	43.0		2 560.8	2 140.1	71.1	349.6
Repayments to Member States	1 287.0	1 264.8		22.2		1 287.0	1 264.8		22.2
Provisional appropriations and reserve	1 129.5			1 129.5		1 037.8			1 037.8
<b>Total</b>	<b>60 420.2</b>	<b>57 646.0</b>	<b>693.0</b>	<b>2 081.2</b>	<b>290.9</b>	<b>56 116.4</b>	<b>52 712.5</b>	<b>1 110.6</b>	<b>2 293.3</b>
<b>Commission non-differentiated appropriations</b>	<b>59 445.3</b>	<b>56 697.1</b>	<b>693.0</b>	<b>2 055.2</b>	<b>290.9</b>	<b>55 145.5</b>	<b>51 923.5</b>	<b>954.7</b>	<b>2 267.3</b>
<b>Commission differentiated appropriations</b>	<b>38 138.2</b>	<b>36 145.1</b>	<b>171.7</b>	<b>1 821.4</b>		<b>37 450.9</b>	<b>35 028.3</b>	<b>704.8</b>	<b>1 717.8</b>
<b>Parliament</b>	<b>516.2</b>	<b>492.7</b>		<b>23.5</b>		<b>512.2</b>	<b>431.6</b>	<b>57.1</b>	<b>23.5</b>
<b>Council</b>	<b>350.0</b>	<b>349.0</b>		<b>1.0</b>		<b>350.0</b>	<b>255.1</b>	<b>93.9</b>	<b>1.0</b>
<b>Court of Justice</b>	<b>75.1</b>	<b>74.2</b>		<b>0.9</b>		<b>75.1</b>	<b>70.9</b>	<b>3.3</b>	<b>0.9</b>
<b>Court of Auditors</b>	<b>33.6</b>	<b>33.0</b>		<b>0.6</b>		<b>33.6</b>	<b>31.4</b>	<b>1.6</b>	<b>0.6</b>
<b>Total</b>	<b>60 420.2</b>	<b>57 646.0</b>	<b>693.0</b>	<b>2 081.2</b>	<b>290.9</b>	<b>56 116.4</b>	<b>52 712.5</b>	<b>1 110.6</b>	<b>2 293.3</b>

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