

THE EU FINANCING RULES (OWN RESOURCES)

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST

4.2 COUNTRIES' FEEDBACK

4.3 ADVISORY COMMITTEE ON OWN RESSOURCES
(ACOR)

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (1/7)

 Traditional Own Resources (TOR)

 VAT bases

 GNI bases

→ same methodology for all Member States, and for acceding countries (if any) on the basis of data available

Explanatory screening with Croatia and Turkey – 6 September 2006

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (2/7)

FORECAST OF TOR



OVERALL EU TOR-FORECAST INFLUENCES THE RATE OF CALL OF THE GNI-BASED RESOURCE



FORECAST FOR INDIVIDUAL COUNTRIES IS IRRELEVANT



NO IMPACT ON TOR PAYMENTS



NO IMPACT ON GNI RATE OF CALL



FORECAST DONE AT EU-LEVEL



SPLIT-UP BY COUNTRY ONLY TO SATISFY FORMAL REQUIREMENTS

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (3/7)

FORECAST OF TOR

- TOR forecasts presented both gross and net
(i.e. before and after deduction of the 25% retained as collection costs)
- Agricultural duties: overall EU forecast of DG AGRI
*No economic forecast: price & quantity established for each product.
Allocation by country according to latest receipts.*
- Sugar levies: forecast of DG AGRI for each country
No economic forecast: price & quantity established for each product and country.
- Customs duties: forecast of DG BUDG for each country
Calculated as the product of:
 - DG ESTAT latest data of extra-EU non-agricultural imports;
 - DG ECFIN latest forecast growth rates of extra-EU imports;
 - and the estimated average tariff.

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (4/7)

FORECAST OF TOR

	Agricultural duties	Sugar levies	Customs duties
Forecast Base	DG AGRI overall EU forecast	DG AGRI forecast by country	= DG ESTAT data of extra-EU non-agricultural imports x DG ECFIN latest forecast growth rates of imports x estimated average tariff ⁽¹⁾
Allocation <i>(by country)</i>	latest receipts ⁽²⁾		

(1) & (2) Adjusted for acceding countries (if any) by using, as a proxy, the EU estimated average tariff.

(1) Calculated, for each Member State, as the ratio of DG ESTAT latest data of extra-EU non-agricultural imports divided by the latest receipts of customs duties.

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4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (5/7)

FORECAST OF VAT & GNI BASES

	VAT base	GNI base
Initial Base	latest simulation, statement or estimate ⁽¹⁾	
Growth rate applied ⁽²⁾	<u>PROXY</u> ⁽³⁾ , the sum of: Private final consumption expenditure + Net purchases of goods & services of general government + Gross fixed capital formation of general government	GNI

(1) Simulation for acceding countries (if any), statement for year n-2 (provided for VAT before 31 July of year n-1 pursuant to Reg. 1553/89 Art. 7 §1 and for GNI before 22 September of year n-1 pursuant to Reg. 1287/2003 Art. 2§2) or estimate for year n-1 (if provided, on a voluntary basis, by Member States)

(2) Based on DG ECFIN Economic Forecasts.

(3) A proxy is used, since forecasts of VAT base do not exist.

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4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (6/7)

VAT & GNI RATE OF CALL

- **VAT:** - CAP, if necessary, THE VAT BASE AT 50% OF GNI BASE
- VAT RATE OF CALL
 - * CURRENT ORD: 0.50% minus the frozen rate, based on
 - ➡ CAPPED VAT BASES
 - ➡ UK CORRECTION AMOUNT
 - * PROPOSAL FOR A NEW ORD: 0.30%
- **GNI:** SET THE GNI RATE OF CALL SO THAT:
TOTAL REVENUE = TOTAL EXPENDITURE

4. OWN RESOURCES BUDGETARY PROCEDURE

4.1 COMMISSION FORECAST (7/7)

EXCHANGE RATES

- RULE OF UNIT OF ACCOUNT IMPOSES THAT THE FORECAST IS CONVERTED IN EURO
- ALL AGGREGATES ARE CALCULATED IN NATIONAL CURRENCY
- EXCHANGE RATE USED IS A CONVENTION

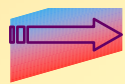
LAST DAY OF QUOTATION of year $n-1$ ⁽¹⁾ for the forecast of year n
APRIL 1ST of year n for the forecast of year $n+1$

(1) See Reg. 1150/2000 Art. 10 §3.

4. OWN RESOURCES BUDGETARY PROCEDURE

4.2 COUNTRIES' FEEDBACK

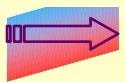
- 1 FIRST SET OF COMMISSION FORECAST
(BASED ON DG ECFIN 'FALL ECONOMIC FORECAST')



SENT TO MEMBER STATES MID-APRIL

- 2 COUNTRIES SEND FEEDBACK/OWN FORECAST ON
 - VAT & GNI BASES (before end of April)
 - TOR (if any)

- 3 SECOND SET OF COMMISSION FORECAST
(BASED ON DG ECFIN 'SPRING ECONOMIC FORECAST')
INCLUDING A COMPARISON WITH COUNTRIES' FORECAST



SENT TO MEMBER STATES MID-MAY

4. OWN RESOURCES BUDGETARY PROCEDURE

4.3 ACOR MEETING

ACOR = ADVISORY COMMITTEE OWN RESOURCES

set-up according to Reg. 1150/2000, Art. 21§1(c)



MEETING HELD MID-MAY



DETAILED EXAMINATION OF FORECAST BY

- Member State Representatives
- Commission officials



AGREEMENT (SOMETIMES COMPROMISE) IS SOUGHT
(AND ALMOST ALWAYS FOUND)



IF NO AGREEMENT ON A CERTAIN FIGURE THE
CHAIRMAN (COMMISSION OFFICIAL) DECIDES

(SINCE THE COMMISSION PRESENTS THE PDB & PDAB)

NOTE: During the ACOR meeting, the Commission also presents, for information, the calculation of the UK corrections to be included in the PDB & PDAB (Preliminary Draft Budget for the year $n+1$ & Preliminary Draft Amending Budget for the year n).

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